



GOVERNMENT OF KERALA

THE KERALA PUBLIC WORKS ACCOUNT CODE

(With Appendices)

FIFTH EDITION

2013

(Incorporating Amendments up to 2-5-2012)

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GOVERNMENT OF KERALA

2013

PREFACE TO THE FIRST EDITION

Consequent on the formation of Kerala, the rules governing the procedure relating to the maintenance of initial accounts and compilation of accounts of officers of the Public Works Department in vogue in the former Travancore-Cochin area and in the territories transferred from Madras required unification. While unifying the rules, care has been taken to incorporate the recent orders on matters relating to procedure now in force in the Kerala State.

Most of the rules in this Code are account rules issued by the Auditor General while some are financial rules issued by the State Government. The rules in this Code supersede the corresponding rules and instructions in force till now on matters with which this Code deals.

The Kerala Public Works Account Code contains rules which are special to the Public Works Department and does not reproduce account rules which are applicable to the P.W.D. in common with other Departments. In all matters in which no special rule exists in this Code, the general rules will apply.

The forms prescribed in this volume are, included in the 'Book of Forms' which is issued separately.

Any officer who notices any error or omission in this Code should report it to the Chief Engineer and if the Chief Engineer considers that there is a real error or omission requiring amendment, he should submit suitable proposals to the Government in the Public Works Department through the Accountant General. The Public Works Department will forward such proposals with their remarks to the Finance Department for necessary action.

P. S. PADMANABHAN,
Finance Secretary.

PREFACE TO THE SECOND EDITION

Consequent on the formation of Kerala, the rules governing the procedure relating to the maintenance of initial accounts and compilation of accounts of officers of the Public Works Department in vogue in the former Travancore-Cochin area and in the territories transferred from Madras required unification. While unifying the rules, care has been taken to incorporate the recent orders on matters relating to procedure now in force in the Kerala State.

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P. S. PADMANABHAN,
Finance Secretary.

PREFACE TO THE THIRD EDITION

The issue of this revised edition of “The Kerala Public Works Account Code” has been rendered necessary consequent on the issue of orders by Government simplifying the Public Works Accounts Procedure on the basis of the recommendations of the working group constituted by the Government of India.

The important features of the revised simplified pattern of accounts are (1) The introduction of settlement of inter-divisional transactions by cheque/bank draft and (2) the changes effected with regard to the procedure of keeping stores and works accounts.

This opportunity has also been availed of to adopt in this edition the present arrangement of major and minor heads of accounts. A new chapter on lump sum contract has also been included in this edition.

The arrangement of the matter in this edition differs from what was adopted in the previous editions. Three numbers given against each paragraph will indicate chapter, section and paragraph correspondingly.

The “Book of Forms” has also been suitably revised and issued separately.

The preface to the first edition has been reproduced and the directions contained therein will continue to apply.

P. VELAYUDHAN NAIR,
Finance Secretary.

PREFACE TO THE FOURTH EDITION

The Kerala Public Works Account Code contains rules which are special to the Public Works Department. In regard to matters for which there are no special rules in this Code, the general rules will apply. The Forms prescribed in this volume are, included in the “Book of Forms” which has been suitably revised and issued separately.

Any officer who notices any error or omission in this Code should report to the Chief Engineer and Chief Engineer, may if required, submit suitable proposals to the Government in the Public Works Department through Accountant General. Public Works Department will forward such proposals to the Finance Department for necessary action.

6-12-1991.

M. MOHANKUMAR,
*Commissioner & Secretary
(Finance).*

PREFACE TO THE FIFTH EDITION

The Fifth Edition of Kerala Public Works Account Code is being released after a gap of 22 years. All possible efforts have been made to incorporate the amendments made to the code during these years. The forms prescribed in this book are included in the “Book of Forms” which is being issued separately.

The Kerala Public Works Account Code contains rules which are special to the Public Works Department. General rules will apply in matters where there are no special rules in this code.

Any officer who notices an error or omission in this Code should report it to the Chief Engineer and the Chief Engineer may, if required, submit suitable proposals to the Government in Public Works Department through the Accountant General. The Public Works Department, in turn, will furnish such proposals with their remarks to Finance Department for necessary action.

Thiruvananthapuram
17-12-2012

DR. V. P. JOY,
Principal Finance Secretary.

TABLE OF CONTENTS

| | PARAGRAPHS | <i>From</i> | <i>To</i> |
|---|------------|-------------|-----------|
| CHAPTER 1 | | | |
| Extent of application | .. | 1.1.1 | 1.1.2 |
| CHAPTER 2 | | | |
| Definitions | .. | 2.1.1 | |
| CHAPTER 3 | | | |
| General outlines of system of accounts | | | |
| 1. Classifications of transactions | .. | 3.1.1 | 3.1.9 |
| 2. System of accounts | .. | 3.2.1 | 3.2.2 |
| CHAPTER 4 | | | |
| Relations with Accountant General | | | |
| 1. General | .. | 4.1.1 | 4.1.2 |
| 2. Divisional Accountant | .. | 4.2.1 | 4.2.15 |
| 3. Accountant General's Inspections | .. | 4.3.1 | |
| 4. Communication of sanction to Accountant General | .. | 4.4.1 | 4.4.4 |
| 5. Results of audit | .. | 4.5.1 | 4.5.7 |
| CHAPTER 5 | | | |
| Appropriations and control of expenditure | | | |
| 1. Introductory | .. | 5.1.1 | |
| 2. Grants and their distribution | .. | 5.2.1 | 5.2.3 |
| 3. Watching of actuals | .. | 5.3.1 | 5.3.5 |

| | | PARAGRAPHS |
|--|-------------|-------------------|
| | <i>From</i> | <i>To</i> |
| CHAPTER 6 | | |
| Cash | | |
| 1. Introductory | .. | 6.1.1 6.1.4 |
| 2. Modes of obtaining cash from Treasuries— | | |
| (1) General | .. | 6.2.1 6.2.8 |
| (2) Limits on Divisional and Sub-divisional Officer's drawings | .. | 6.2.9 |
| (3) Cheques | .. | 6.2.10 6.2.20 |
| 3. Receipt of money— | | |
| (1) Account procedure | .. | 6.3.1 6.3.6 |
| (2) Disposal of receipts | .. | 6.3.7 |
| 4. Payments— | | |
| (1) Manner of payment | .. | 6.4.1 6.4.5 |
| (2) Prohibitory orders or injunctions | .. | 6.4.6 |
| (3) Bills | .. | 6.4.7 |
| (4) Vouchers | .. | 6.4.8 6.4.19 |
| 5. Remittances to treasuries | .. | 6.5.1 |
| 6. Cash accounts— | | |
| (1) Cash book— | | |
| (a) Upkeep | .. | 6.6.1 6.6.2 |
| (b) Balancing | .. | 6.6.3 |
| (c) Rectification of errors | .. | 6.6.4 |
| (d) Verification | .. | 6.6.5 6.6.8 |
| (2) Imprest account | .. | 6.6.9 6.6.13 |
| (3) Temporary advance account | .. | 6.6.14 |
| 7. Cheque books and receipt books | .. | 6.7.1 6.7.10 |

| | | PARAGRAPHS |
|---|-------------|-------------------|
| | <i>From</i> | <i>To</i> |
| CHAPTER 7 | | |
| Stores | | |
| 1. Introductory | .. | 7.1.1 7.1.6 |
| 2. Stock— | | |
| I. General | .. | 7.2.1 7.2.2 |
| II. Priced vocabulary of stores | .. | 7.2.3 |
| III. Quantity accounts— | | |
| (a) Receipts | .. | 7.2.4 7.2.8 |
| (b) Issues | .. | 7.2.9 7.2.11 |
| (c) Bin cards | .. | 7.2.12 7.2.15 |
| IV. Value accounts— | | |
| (a) Payment for stock received | .. | 7.2.16 7.2.18 |
| (b) Recoveries for stock issued— | | |
| (i) Issue rates | .. | 7.2.19 7.2.21 |
| (ii) Storage charges | .. | 7.2.22 |
| (iii) Handling charges | .. | 7.2.23 |
| (iv) Mode of recovery | .. | 7.2.24 |
| (c) Valuation of quantity accounts | .. | 7.2.25 7.2.28 |
| (d) Monthly summary of stock receipts and issues | .. | 7.2.29 7.2.30 |
| V. Priced stores ledger | .. | 7.2.31 7.2.33 |
| VI. Adjustment of profit and loss on stock | .. | 7.2.34 |
| VII. Stock-taking | .. | 7.2.35 7.2.37 |
| VIII. Rectification of accounts | .. | 7.2.38 7.2.41 |

| | | PARAGRAPHS |
|--------------------------------|-------------|------------|
| | <i>From</i> | <i>To</i> |
| 3. Tools and Plant— | | |
| I. General | .. | 7.3.1 |
| II. Numerical accounts— | | |
| (a) Receipts | .. | 7.3.4 |
| (b) Issues | .. | 7.3.5 |
| (c) Tools and plant ledger | .. | 7.3.7 |
| (d) Check in Divisional Office | .. | 7.3.9 |
| III. Payment for supplies | .. | 7.3.10 |
| IV. Recoveries— | | |
| (a) For use of tools and plant | .. | 7.3.11 |
| (b) For sales and transfers | .. | 7.3.13 |
| V. Verification | .. | 7.3.17 |
| VI. Rectification of accounts | .. | 7.3.18 |
| 4. Road metal— | | |
| I. Quantity accounts | .. | 7.4.1 |
| II. Rectification of accounts | .. | 7.4.3 |
| III. Schedule of rates | .. | 7.4.4 |
| IV. Charges for quarries | .. | 7.4.5 |
| 5. Materials charged to works | .. | 7.5.1 |

CHAPTER 8

| | | | |
|------------------|----|-------|-------|
| Transfer entries | .. | 8.1.1 | 8.1.7 |
|------------------|----|-------|-------|

CHAPTER 9

Revenue receipts

| | | | |
|--|----|-------|-------|
| 1. General | .. | 9.1.1 | 9.1.9 |
| 2. Irrigation revenue collected through Land Revenue Department | .. | 9.2.1 | |

| | | PARAGRAPHS | From | To |
|----|---|------------|-------|--------|
| 3. | Rents of buildings and lands— | | | |
| | Demands and recoveries— | | | |
| | (a) From private persons | .. | 9.3.1 | |
| | (b) From Government servants and pensioners | .. | 9.3.2 | 9.3.14 |
| 4. | Refunds and remissions | .. | 9.4.1 | 9.4.2 |
| 5. | Accounts procedure— | | | |
| | (1) Register of revenue | .. | 9.5.1 | 9.5.3 |
| | (2) Register of rents | .. | 9.5.4 | 9.5.6 |

CHAPTER 10

Works accounts

| | | | | |
|----|---|----|---------|---------|
| 1. | General principles | .. | 10.1.1 | 10.1.5 |
| 2. | Cash payments— | | | |
| | I. Introductory | .. | 10.2.1 | 10.2.3 |
| | II. Payments to labourers— | | | |
| | (a) Departmental labour | .. | 10.2.4 | 10.2.7 |
| | (b) Labour engaged through a contractor | .. | 10.2.8 | |
| | III. Payments to suppliers and contractors— | | | |
| | (A) Record of measurement— | | | |
| | (i) Measurement books | .. | 10.2.9 | 10.2.10 |
| | (ii) Detailed measurements | .. | 10.2.11 | |
| | (iii) Standard measurements | .. | 10.2.12 | 10.2.13 |
| | (iv) Review of measurements | .. | 10.2.14 | |
| | (v) Check measurements of works | .. | 10.2.15 | |

| | | PARAGRAPHS |
|--|-------------|--------------------|
| | <i>From</i> | <i>To</i> |
| (B) Bills and vouchers— | | |
| (i) Forms of bills and vouchers | .. | 10.2.16 10.2.21 |
| (ii) Preparation, examination and payment of bills | .. | 10.2.22 10.2.31 |
| (C) Aid to contractors | .. | 10.2.32 |
| (D) Advances to contractors | .. | 10.2.33 |
| IV. Payments to work-charged establishment | | |
| (a) Conditions of employment | .. | 10.2.34 |
| (b) Pay bills | .. | 10.2.35 10.2.37 |
| (c) Unpaid wages | .. | 10.2.38 |
| (d) Travelling expenses | .. | 10.2.39 |
| (e) Classification of charge | .. | 10.2.40 10.2.41 |
| 3. Issue of materials— | | |
| I. General | .. | 10.3.1 10.3.3 |
| II. Issue to contractors— | | |
| (a) General conditions | .. | 10.3.4 10.3.5 |
| (b) Accounts procedure | .. | 10.3.6 10.3.9 |
| (c) Return of surplus materials by contractors | .. | 10.3.10 |
| (d) Tools and plant lent for use | .. | 10.3.11 |
| III. Issue direct to works— | | |
| (a) Detailed accounts of materials issued | .. | 10.3.12 10.3.13 |
| (b) Disposal of surplus materials | .. | 10.3.14 |
| (c) Verification of unused balances | .. | 10.3.15 10.3.19 |
| 4. Adjustments | .. | 10.4.1 |
| 5. Works abstracts— | | |
| I. Introductory | .. | 10.5.1 10.5.3 |

| | | PARAGRAPHS |
|---|-------------|------------|
| | <i>From</i> | <i>To</i> |
| II. Classification and record of final charges— | | |
| (a) Major estimates | .. | 10.5.4 |
| (b) Minor estimates | .. | 10.5.13 |
| III. Suspense accounts— | | |
| (a) General | .. | 10.5.14 |
| (b) 'Materials' account | .. | 10.5.15 |
| (c) 'Purchase' account | .. | 10.5.16 |
| (d) 'Contractors' and 'labourers' accounts | .. | 10.5.17 |
| IV. Liabilities awaiting incorporation | .. | 10.5.24 |
| V. Record of progress | .. | 10.5.27 |
| VI. Preparation, completion and disposal of works abstracts | .. | 10.5.28 |
| 6. Register of works— | | |
| I. Forms of registers of works and their preparation | .. | 10.6.1 |
| II. Examination by Divisional Officer | .. | 10.6.3 |
| III. Closing the Accounts on completion of works— | | |
| (a) Settlement of liabilities and assets and clearance of suspense accounts | .. | 10.6.4 |
| (b) Closing entries and review of expenditure | .. | 10.6.9 |
| (c) Excess over estimates— | | |
| (i) Excess passed by Divisional Officer | .. | 10.6.10 |
| (ii) Completion reports and statements | .. | 10.6.11 |
| IV. Correction of errors after closing accounts | .. | 10.6.12 |
| V. Schedule of rates | .. | 10.6.13 |

| | | PARAGRAPHS | |
|----|---|-------------|-----------|
| | | <i>From</i> | <i>To</i> |
| 7. | Contractors' ledger— | | |
| | I. Form and use of the ledger .. | 10.7.1 | 10.7.2 |
| | II. Posting the ledger .. | 10.7.3 | 10.7.5 |
| | III. Balancing and reconciliation .. | 10.7.6 | 10.7.8 |
| | IV. Scrutiny of accounts by contractors .. | 10.7.9 | |
| 8. | Sundry rulings— | | |
| | I. Carriage and incidental charges .. | 10.8.1 | |
| | II. Charges for examination of soil .. | 10.8.2 | |
| | III. Expenditure on inauguration ceremonies .. | 10.8.3 | |
| | IV. Municipal and local rates and taxes on Buildings .. | 10.8.4 | |
| | V. Execution of works by other Departments .. | 10.8.5 | |
| | VI. Execution of Government works by local bodies .. | 10.8.6 | |
| | VII. Government works partly contributed for by local bodies and private parties .. | 10.8.7 | |
| | VIII. Scope of sanction .. | 10.8.8 | |

CHAPTER 11

Lump sum contracts

| | | | |
|----|--|--------|--------|
| 1. | General .. | 11.1.1 | 11.1.2 |
| 2. | Execution of works through lump sum contracts .. | 11.2.1 | 11.2.7 |
| 3. | Form of contract .. | 11.3.1 | |
| 4. | Payments for work done .. | 11.4.1 | 11.4.4 |
| 5. | Form of bills .. | 11.5.1 | |
| 6. | Subsidiary works accounts .. | 11.6.1 | 11.6.4 |
| 7. | Contractor's ledger .. | 11.7.1 | 11.7.2 |

| PARAGRAPHS | |
|-------------|-----------|
| <i>From</i> | <i>To</i> |

CHAPTER 12

Manufacture Accounts

| | | | |
|----------------------|----|--------|--------|
| 1. Introductory | .. | 12.1.1 | 12.1.4 |
| 2. Operation charges | .. | 12.2.1 | 12.2.3 |
| 3. Value of out-turn | .. | 12.3.1 | 12.3.3 |
| 4. General account | .. | 12.4.1 | 12.4.3 |

CHAPTER 13

Suspense accounts

| | | | |
|--------------------------------|----|--------|--------|
| 1. Introductory | .. | 13.1.1 | |
| 2. Stock | .. | 13.2.1 | 13.2.5 |
| 3. Miscellaneous P.W. advances | .. | 13.3.1 | 13.3.8 |
| 4. Workshop suspense | .. | 13.4.1 | 13.4.4 |

CHAPTER 14

Workshop accounts

| | | | |
|--------------------------------|----|--------|--------|
| 1. Introductory | .. | 14.1.1 | 14.1.4 |
| 2. Direct and indirect charges | .. | 14.2.1 | 14.2.6 |
| 3. Annual account and review | .. | 14.3.1 | 14.3.2 |

CHAPTER 15

Deposits

| | | | |
|--|----|--------|--------|
| 1. Introductory | .. | 15.1.1 | |
| 2. Security deposits | .. | 15.2.1 | 15.2.9 |
| 3. Other deposits— | | | |
| I. For works | .. | 15.3.1 | |
| II. Contractors' closed accounts | .. | 15.3.2 | |
| III. Sums due to other Governments on closed accounts | .. | 15.3.3 | |
| IV. Miscellaneous | .. | 15.3.4 | |

| | | PARAGRAPHS | |
|--|----|-------------|-----------|
| | | <i>From</i> | <i>To</i> |
| 4. Lapsed and confiscated deposits | .. | 15.4.1 | 15.4.2 |
| 5. Accounts of public works deposits— | | | |
| I. Deposit register | .. | 15.5.1 | |
| II. Schedule of deposits | .. | 15.5.2 | |
| 6. Accounts of interest-bearing securities | .. | 15.6.1 | 15.6.2 |

CHAPTER 16

Non-Government works

| | | | |
|----------------------|----|--------|--------|
| 1. Introductory | .. | 16.1.1 | 16.1.5 |
| 2. Deposit works— | | | |
| I. General | .. | 16.2.1 | 16.2.5 |
| II. Local fund works | .. | 16.2.6 | |
| 3. Local loan works | .. | 16.3.1 | 16.3.4 |

CHAPTER 17

Transactions with other Divisions Departments and Governments

| | | | |
|-----------------------|----|--------|--------|
| 1. General Rules | .. | 17.1.1 | 17.1.9 |
| 2. Accounts procedure | .. | 17.2.1 | 17.2.9 |

CHAPTER 18

Pay and allowances

| | | | |
|---|----|--------|--------|
| 1. Introductory | .. | 18.1.1 | |
| 2. Classification | .. | 18.2.1 | 18.2.2 |
| 3. Encashment of bills | .. | 18.3.1 | |
| 4. Distribution of pay and allowances— | | | |
| I. General | .. | 18.4.1 | 18.4.2 |
| II. Miscellaneous recoveries from establishment | .. | 18.4.3 | |

| | | PARAGRAPHS | |
|----|--|-------------|-----------|
| | | <i>From</i> | <i>To</i> |
| 5. | Special arrangements to prevent delays in payments .. | 18.5.1 | |
| 6. | Communication of sanctions to .. Accountant General | 18.6.1 | 18.6.3 |

CHAPTER 19

Contingent charges

| | | | |
|----|----------------------------|--------|--------|
| 1. | Modes of obtaining cash .. | 19.1.1 | |
| 2. | General Rules .. | 19.2.1 | 19.2.2 |
| 3. | Special Rules .. | 19.3.1 | 19.3.2 |

CHAPTER 20

Direction and other Special Offices

| | | | |
|----|------------------------------|--------|--------|
| 1. | Introductory .. | 20.1.1 | 20.1.2 |
| 2. | Receipts .. | 20.2.1 | |
| 3. | Payments— | | |
| | I. Introductory .. | 20.3.1 | 20.3.2 |
| | II. Pay and Allowances .. | 20.3.3 | |
| | III. Contingencies .. | 20.3.4 | 20.3.6 |

CHAPTER 21

| | | |
|--|--------|--------|
| Accounts returns of Sub-divisional Officers .. | 21.1.1 | 21.1.6 |
|--|--------|--------|

CHAPTER 22

Accounts of Divisional Officers

| | | | |
|----|---|--------|---------|
| 1. | Introductory .. | 22.1.1 | 22.1.3 |
| 2. | Scrutiny of accounts .. | 22.2.1 | 22.2.13 |
| 3. | Settlement of accounts with Treasuries .. | 22.3.1 | 22.3.5 |

| | | PARAGRAPHS |
|--|-------------|------------|
| | <i>From</i> | <i>To</i> |
| 4. Compilation of accounts— | | |
| I. Monthly accounts— | | |
| (a) Introductory | .. | 22.4.1 |
| (b) Schedule dockets | .. | 22.4.2 |
| (c) Registers and schedules | .. | 22.4.4 |
| (d) Schedule of works expenditure | .. | 22.4.6 |
| (e) Schedule of debits to stock | .. | 22.4.8 |
| (f) Schedule of transactions adjusted under the head, 'Cash Settlement Suspense Account' | .. | 22.4.10 |
| (g) Classified abstract of expenditure | .. | 22.4.11 |
| (h) Monthly account | .. | 22.4.12 |
| (i) Submission to Accountant General | .. | 22.4.15 |
| II. Review of unsettled accounts | .. | 22.4.20 |
| III. Closing the accounts of the year | .. | 22.4.22 |
| IV. Miscellaneous returns | .. | 22.4.24 |
| V. Corrections in accounts | .. | 22.4.25 |
| VI. <i>Pro forma</i> accounts | .. | 22.4.27 |
| VII. Review by Divisional Officer | .. | 22.4.32 |

CHAPTER 23

Miscellaneous

| | | |
|--|----|--------|
| 1. Transfers of charge— | | |
| I. Divisional and Sub-divisional Officers and other Executive Subordinates | .. | 23.1.1 |
| II. Divisional Accountants | .. | 23.1.2 |
| 2. Reconstitution of executive charges | .. | 23.2.1 |
| 3. Destruction of records | .. | 23.3.1 |

APPENDICES

| | PAGE |
|--|---------|
| 1. A. The Audit and Accounts Order, 1936 .. | 225-227 |
| B. The Initial and Subsidiary Accounts Rules .. | 228-229 |
| 2. A. Rules for Initial Recruitment and .. Training of Divisional Accountants | 229-234 |
| B. Rules for the Divisional Accountants' Test Examination .. | 234-235 |
| 3. List of Major and Minor Heads of Public Works .. Receipts and Disbursements | 236-267 |
| 4. Procedure for the Preparation of Budget Estimates, .. Distribution of Funds, etc. | 267-283 |
| 5. Procedure for Payments from the Central Road Fund .. | 289-295 |
| 6. Rules Governing Expenditure on National Highways .. | 295-307 |
| 7. Notes of Inspection of the Accounts Records of .. Sub-divisional Offices | 308-317 |
| 8. Detailed Procedure to be followed by the P.W. Divisional .. Officers for the settlement of inter-divisional transactions by Cheques/Bank drafts | 317-323 |
| 9. Rules for the Accounting and Distribution of Establishment .. and Tools and Plant Charges | 324-331 |

KERALA PUBLIC WORKS ACCOUNT CODE

CHAPTER 1

EXTENT OF APPLICATION

1.1.1. The rules contained in this Code describe primarily the procedure relating to the initial and compiled accounts of officers of the Public Works Department. They are supplementary to the general rules in Volume 1 of the Kerala Financial Code, which are applicable to that department unless there be something repugnant in the subject or context or except to the extent that they are modified by the rules in this Code.

1.1.2. With regard to matters dealt with in this Code, the execution of Central Public Works, entrusted to the agency of State Government will be regulated, subject to the directions contained in the Account Code, Volume 111 (Central), by rules made by the State Government except where distinct provisions have been made in the Central Public Works Account Code 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 hereinafter explained.

(1) *Accountant General*.—Means the head of an office of Accounts and Audit subordinate to the Comptroller and Auditor General of India and when used in relation to the Public Works Department the head of the office to whom the accounts of the Division are rendered.

(2) *Administrative approval*.—The term denotes the formal acceptance, by the Administrative Department concerned, of the proposals for incurring any 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 (53) below and paragraph 69 of the Kerala Public Works Department Code.

(3) *Appropriation*.—Means the amount provided in the budget estimates for a unit of appropriation or the part of that amount placed at the disposal of a disbursing officer.

(4) *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 payments and sale proceeds or transfer value of surplus materials.

(5) *Bank*.—The term ‘The Bank’ means any office or branch of the Banking Department of the Reserve Bank Of India, any branch of the State Bank Of India acting as agent of the Reserve Bank Of India in accordance with the provisions of the Reserve Bank Of India Act, 1934 (Act II of 1934), and any branch of a subsidiary bank as defined in section 2 of the State Bank Of India (Subsidiary Banks) Act, 1959 (Act 38 of 1959) which is authorised to transact Government business as agent of the State Bank Of India, or any other agency appointed by the Reserve Bank Of India.

(6) *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. Such transactions may either affect the books of a single accounting officer, or they may involve operation on the books of more than one accounting officer whose accounts are ultimately incorporated in the accounts of Government. 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 in to account.

(7) *Charged expenditure*.—Means expenditure which is not subject to the vote of the Legislative Assembly.

Note.—Article 202 of the Constitution of India requires that the estimates of the expenditure embodied in the budget should show the sums required to meet the expenditure described by the Constitution as expenditure charged on the Consolidated Fund of the State, separately from expenditure which is subject to the vote of the Legislature.

(8) *Commercial Department*.—See Chapter IV of Kerala Account Code—Vol.1.

(9) *Competent authority*.—The term “competent authority” Government or any other authority to whom means the relevant powers may be delegated by Government.

(10) *Completion and completed*.—The expression “completion of work” may be understood to include “abandonment of a work”, and “completed work” to include “abandoned work”.

(11) *Contingencies (Works)*.—When used in respect of the accounts of works, the term “Contingencies” indicates the incidental expenses of a miscellaneous character which cannot appropriately be classified under any distinct sub-head or sub-work, yet pertain to the work as a whole.

(12) *Contract and contractor*.—The term “Contract” means any kind of undertaking written or verbal, express or implied, by a person, not being a Government Officer 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 services in connection therewith.

(13) *Department*.—This term when qualified by the prefix “The” is used to indicate the Public Works Department.

(14) *Deposit Works*.—This term is applied to works of constructions 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 either to cash deposits made for the purpose, or to their credit balances at treasuries.

(15) *Detailed Head* (See paragraph 3.1.7.)

(16) *Direct and indirect charges*.—“Direct Charges” and “Direct Outlay” are those charges pertaining to a project, work 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 it as are incorporated in the regular accounts of the expenditure of the Department.

(17) *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., a Chief or a Superintending Engineer, 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 maybe treated as Direction Charges.

(18) *Direction Officer*.—The Head of a Direction Office is known by this designation.

Explanation.—A Government officer 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 or Chief Engineer employed on a special duty is not Direction Officer.

(19) *Direct and Indirect receipts*.—“Direct Receipts” are those items of revenue receipts which are realised 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 a 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.

(20) *Division and Divisional Office*.—These terms are used to denote respectively the executive charges held by a Divisional Officer (clause 21 below) and the head office of such a charge. Thus, the office of an independent executive subdivision 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 and a District store under a Sub-divisional Officer.

(21) *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 recognised as a "division" by the Government concerned. Thus, the officer in charge of an independent sub division/ District Store (major) is also treated as a Divisional Officer for the purposes of this code(see also clause 17.)

Disbursing Officers of other departments, if they spend Public Works Funds and are required to render their accounts direct to the Accountant General are also included in the term Divisional officer.

(22) *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.

(23) *Government*.—Means the State Government unless the context otherwise implies.

(24) *Grant*.—Means the amount voted by the Legislative Assembly in respect of a demand for grant.

Note.—Estimates of expenditure which is not charged on the Consolidated Fund, are submitted to the Assembly in the form of demands for grants on the recommendation of the Governor. There should ordinarily be a demand for grant for each major head of account but in some cases two or more demands may be proposed for a major head while in others two or more minor heads or parts of major heads may be included in a single demand.

(25) *Intermediate payment*.—Is the term applied to a disbursement of any kind on a running account, not being the final payment. It includes a

“Secured Advance” and an “On Account Payment” (other than the final payment on a running account), or a combination of these.

(26) *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 credible 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 “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.

(27) *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 these sub-heads other than (i) the cost of materials issued direct and (ii) carriage and incidental charges in connection with the materials.

(28) *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, or adjusted regardless of whether or not they have fallen due for payment, or adjustment or having fallen due have or have not been placed to the credit of the persons concerned in a suspense head subordinate to the accounts of the work concerned.

(29) *Major estimate*.—Major Estimate is a term applied to the estimate for a work when the sanctioned amount of the works expenditure exceeds ₹50, 000. This term is also applied, for the sake of convenience, to the work itself.

Note:—In the case of Central Civil Works an estimate for works expenditure which exceeds ₹ 1,00,000 is classed as a major estimate with effect from 1st April, 1965.

(30) *Major Head*.—See paragraph 3.1.7.

(31) *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 a 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.

(32) *Minor estimate*.—Is the term applied to the estimate for a work, when the sanctioned amount of the works expenditure does not exceed ₹ 50,000. This term is also applied, for the sake of convenience to the work itself.

Note:—In the case of Central Civil Works an estimate for work expenditure which does not exceed ₹ 1, 00,000 is classed as a minor estimate with effect from 1st April 1965.

(33) *Minor Head*.— See paragraph 3.1.7.

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

(35) *Operation*.—Used in respect of the accounts of manufacture and workshop transactions, this term indicates the charges incurred on the manufacture operations connected with the general requirements of works or for a specific work or job.

(36) *Out-turn*.—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 article brought are not supplied departmentally of manufacture operations connected with general requirements of works or for a specific work or job).

(37) *Progress*.—Means the up-to-date quantities of work done or supplies made.

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

(39) *Rate*.—In estimates of cost, contractors bills and vouchers generally, rate means the consideration allowed for each unit of work, supply or other service. Except in the case of lump sum contracts, every bill or other demand for payment should, as far as possible, set forth the unit rate at which payment is to be made.

(40) *Rate of cost and Inclusive 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. "Inclusive Rate of Cost" means the rate of cost of the entire work relating to a sub-head, including the cost of materials if recorded separately in accounts.

(41) *Reappropriation.*—Means the transfer of funds from one unit of appropriation to another such unit.

(42) *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 of short payment of dues.

(43) *Running accounts.*—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 account on the completion or determination of his contract.

(44) *Sectional Officer.*—Sectional Officer is a non-gazette official who is placed in responsible executive charge of works or stores under the orders of the officer-in-charge of a recognised sub-division and the accounts of whose transactions are, therefore, ultimately incorporated in those of the sub-division.

(45) *Secured advance.*—Is a term applied specially to an advance made, on the security of materials brought to site of works, to a contractor whose contract is for completed items of work (See paragraph 10.2.33).

(46) *Special Officer or Specialist Officer.*—This term is applied in this Code, to such officials of the Department as are neither Divisional Officers and have no Divisional Officers working under their control, e.g., Consulting Architects, etc.

(47) *Storage charges.*—Means expenditure incurred, after acquisition of the stores on staff employed for handling the store materials (in custody) and the maintenance charges of the store godown or yards. The establishment charges of the staff of the stores entrusted in the duty of keeping initial accounts shall also be included in the storage charges. These storage charges are added on a percentage basis to the issue rate so as to form part of the issue rate [See clause 26]

(48) *Sub-divisional Officer*.—This designation is applied primarily to an officer, whether a gazetted officer or not, who holds the charge of a recognised sub-division in subordination to a Divisional Officer, but when 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 recognised 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.

(49) *Sub-head*.—In the accounts 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 description of work that have to be executed in the course of construction or maintenance of a work or sub-work (e.g., excavation, brickwork, concrete, woodwork, etc.) are usually treated as the sub-heads of it.

(50) *Sub-work*.—In the case of a large work consisting of several buildings or smaller works, 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 be kept distinct for the purposes of accounts, for example, the outer wall, the solitary cells, the cook houses, the Sailors' quarters, etc., in the case of a large Central Jail. In the case of Irrigation, Navigation, Embankment, Drainage and Water-supply 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, and Special Tools and Plant all form separate sub-works.

(51) *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 stores as do not enter their book value. (See clause 47.)

(52) *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 10.5.14.)

(53) *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.

(54) *Unit of appropriation*.—Means the lowest account head for which a specific appropriation is placed at the disposal of the spending authority.

Note.—Ordinarily a sub-head of appropriation is the lowest unit for the purpose of appropriation but in some cases the provision in a detailed account head is treated as a specific appropriation, e.g., each major work under “50 Public Works—Original Works—Buildings”. In such cases the detailed account head is the unit of appropriation.

(55) *Voted expenditure*.—Means the expenditure which is subject to the vote of the Legislative Assembly.

(56) *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 operations of workshop.

(57) *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, repairs and maintenance of works. The charges falling under these categories may be met 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. The Public Works Department executes primarily works of all classes [Civil Works (Civil Buildings and Communications), Irrigation, Navigation, Embankment and Drainage Works] required for all departments of Government, except such works as are vested in, or transferred to the administration of the departments concerned; (vide paragraph 66 of Kerala Public Works Department Code). Civil Works of Central Government, Defence 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 Governments and Non-Government works may also have to be undertaken.

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

3.1.2. The general principles to be followed in the classification of civil works expenditure are laid down in Article 33 of the Kerala Account Code, Vol.1.

3.1.3. Transactions relating to the charges and receipts connected with the services pertaining to the works of the State Government and such of the Civil Works of the Central Government which are entrusted to the State Government for execution, e.g., construction and maintenance of National Highways are adjusted finally in the accounts of Divisional Officers against the provision of funds therefore 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 Governments concerned. Outlay on non-Government works is charged against the deposits received therefore.

Note.—(i) When the Public Works Department executes works on behalf of Civil Departments in respect of buildings the administration of which has been transferred to them the charges relating thereto shall be debited to the department concerned.

Note.—(ii) When a division undertakes a service on behalf of another division the connected receipts and charges are in the absence of any instructions to the contrary, passed on for adjustment finally in the accounts of the latter division.

Note.—(iii) 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 either by book transfer or in cash as the case may be. In the case of the P.W.D Engineering Workshop the cost of operation is required in cash.

Exception.—Payments for supplies made to Government officers in Trivandrum by the P.W.D. Engineering Workshop, Trivandrum will be made through Contingent bills endorsed in favour of the superintendent of the workshops—(Vide Note under Article 128(g) of the Kerala Financial Code, Volume1)

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 treasuries to meet liabilities incurred, receipts realised have to be lodged in treasuries, and stores have to be obtained from other divisions or departments, etc.

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;

(ii) *Revenue heads*: for revenue receipts creditable finally to Government in the accounts of Divisional Officers;

(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. The initial debits of credits to the heads in this group will be cleared eventually by corresponding receipts or payments;

(iv) *Debt and deposit heads*: for certain receipts and payments held in suspense pending clearance by payment or recovery (as the case may be) in cash or otherwise together with the repayments of the former and recoveries of the latter. 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 latter 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 generally known as detailed heads.

Note.—(i) For departmental purposes, Public Works Officers usually divide a detailed head into a number of “service heads” and the latter into a number of “departmental heads” but for purposes of account, the single term “detailed heads” is used for all divisions subordinate to a minor head.

Note.—(ii) In the case of Irrigation, Navigation, Embankment, Drainage and Water-supply works, the sub-divisions into which the minor head “Works” is divided for departmental purposes are called “sub-works” and the further sub-division of the latter as “detailed heads”.

3.1.8. The detailed classification of the account heads used in respect of Public Works Account is given in Appendix 3.

Note.—(i) The introduction of any new major or minor head as well as the abolition or change of nomenclature of any of the existing heads requires the approval of the Comptroller and Auditor General of India who will obtain the approval of the President wherever necessary. The Accountant General shall have discretion to open all the detailed heads and when necessary to open a new one if a prescribed head is not suitable. It should however be secured that the detailed heads are not multiplied unnecessarily and that only such heads are opened in the accounts as are really essential. The detailed head subordinate to a minor head should be so arranged in accounts as to exhibit separately the expenditure under each unit of appropriation as prescribed by Government from time to time.

Note.—(ii) In the case of works undertaken by the Public Works Department as a standing arrangement for other departments, when the cost is debitible to those departments the prescribed classification applicable to the connected transactions is intimated by the Accountant General.

3.1.9. Revenue is realised and placed to the 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 Legislature or against the sum provided by Government to meet charged expenditure. The incidence of expenditure between voted and charged is determined by the relevant provisions of the Constitution.

Note.—A list of items of expenditure charged on the Consolidated Fund of the State in so far as it relates to the Public Works Department is given below:—

- (i) Expenditure connected with the execution of works in the Raj Bhavan—[See paragraph 82 (a) of the Kerala Public Works Department Code];
- (ii) Debt charges for which the State is liable including interest, sinking fund charges and redemption charges and other expenditure relating to the raising of loans and the service and redemption of debt ;
- (iii) Any sums required to satisfy any judgment, decree or award of any court or arbitral tribunal;

Note.—In order that a body or authority may be a “tribunal” within the scope of “arbitral tribunal” it must be constituted by the State (and not merely by an agreement of the parties) and must be invested with the State’s 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 filled in a Court and a decree is obtained in terms of the award, expenditure required to satisfy the decree of the Court will be the expenditure charged on the Consolidated Fund of the State;

- (iv) Any other expenditure declared by the Constitution or by the Legislature of the State by law to be so charged.

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 to obtain by cheques on treasuries or the Bank the funds required for all disbursements in connection with the execution of works. He also collects some of the departmental receipts of the division and pays them into treasuries or the Bank.

(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 posted to his office by Government, and are submitted monthly to the Accountant General who audits them against sanctions and appropriation of funds and then incorporates them in the general accounts of the State.

(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 Accountant General.

(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* example cited below), *Pro forma* accounts of all transactions connected therewith are prepared annually by the Accountant General or by the Divisional Officer, as may be required, and for this purpose, the receipts pertaining to each work of this class in so far as the Divisional Officer is responsible for realising and accounting for the same are also shown separately in divisional accounts:—

- (i) Irrigation, etc., for which separate capital accounts are kept.
- (ii) Quasi-commercial undertakings, such as self-supporting workshops.
- (iii) Residential buildings.

(e) Personal payments to all Government Officers of the Department are made on bills presented at treasuries in accordance with the general provisions of the Treasury Rules and are therefore brought to account by the Accountant General himself from data furnished to him direct by Treasury Officers.

3.2.2. It is not sufficient that an officer's accounts should be correct to his own satisfaction. A disbursing officer has to satisfy not only himself but also the Audit Department, 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 as to 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 or the 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 transaction should be classified temporarily under Deposits if a receipt, or under "Miscellaneous P.W. Advances," if a charge.

CHAPTER-4**RELATIONS WITH ACCOUNTANT GENERAL****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 the accounts of the transactions correctly and in accordance with the rules in force. He is further required to submit his accounts to the Accountant General for audit and for incorporation in the general accounts. *See also* paragraph 26 of the Kerala Public Works Department Code.

Note.—The accounts returns which have ordinarily to be submitted for audit and compilation are enumerated in Chapter 22, but the Accountant General is authorised 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 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 Accountant General he should at once apply for such assistance explaining the circumstances which led to such a state of affairs and why it cannot be attended to by the normal staff of the division.

4.2. DIVISIONAL ACCOUNTANT

4.2.1. To assist Divisional Officers in the discharge of their responsibilities referred to in paragraph 4.1.1. Government will post a Divisional Accountant to each Divisional Office.

4.2.2. Rules for appointment to the cadre of Divisional Accountants are given in Appendix 2.

4.2.3. 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 Government.

4.2.4. The functions of the Divisional Accountant 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 i.e., as the representative of Government charged 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.

4.2.5. 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.

4.2.6. The Divisional Officer 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.

4.2.7. 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 Accountant General, 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 over-ruled 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, K.P.W. Form 57 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 his reasons for disregarding that advice. In the month of April each year an extract from this register should be submitted

to the Finance Department of Government for review and orders and an objection entered in this register should not be considered as finally disposed of until the orders of the Finance Department are received and entered in the last column of the register.

4.2.8. The Divisional Accountant should see that satisfactory, and efficient arrangements are made for checking computed tenders;

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

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

4.2.11. 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.—(i) If the Divisional Officer is allowed a lump sum appropriation for expenditure on a group of works and he has made out of it appropriations for individual works, expenditure should be watched against individual appropriations and excesses brought to the Divisional Officer's notice. But if a lump sum appropriation is made for a group of works or items of expenditure of a division the total expenditure thereon will be audited against the lump sum placed at the disposal of the Divisional Officer for the purpose.

Note.—(ii) The check against any specific reappropriation which the Divisional Officer may make out of any lump sum placed at his disposal is conducted by the Divisional Accountant on his behalf.

4.2.12. He may further be required by the Divisional Officer to undertake on his behalf, such other scrutiny of the accounts of the receipts and disbursement of subordinate officers, falling within the Divisional Officer's own powers of sanction, as the latter may consider necessary.

4.2.13. The Divisional Accountant is further required to inspect at least once a year under the orders of and at the same time as 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.

Note.—(i) The results of these inspections should be placed on record for the inspection of the Accountant General, but serious financial irregularities should be reported at once for the information of that officer, even though set right under the orders of competent authority. All defalcations or losses of public money, stores or other property should be reported immediately to the Accountant General and other authorities concerned.

Note.—(ii) 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 K.P.W. Form 81 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 accounts and *vice versa*. The securities certified in the last annual account of interest-bearing securities, K.P.W. Form 82 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 authorised custodians as the case may be.

4.2.14. Two sets of questions for the guidance of the Divisional Accountants in carrying out inspections are contained in Appendix 7. Part I of the questions contains the subjects which should necessarily be examined by the Accountants. Part II refers to matters about which the Accountants, should obtain, before commencing their inspections, the specific orders of the Divisional Officer in writing as to whether they should examine them or whether the Divisional Officer would take them up. The Accountants will then take up those subjects in Part II which the Divisional Officer has ordered them to do so. The remaining points therein should be examined by the Divisional Officer himself.

4.2.15. The Divisional Officer has a right to seek the advice of the Accountant General 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. ACCOUNTANT GENERAL'S INSPECTIONS

4.3.1. The Accountant General arranges 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 head of the office inspected before submitting them to the Accountant General, and for this purpose, it is desirable that the head of the office should be present at the inspection unless his presence is urgently required elsewhere.

4.4. COMMUNICATION OF SANCTIONS TO ACCOUNTANT GENERAL

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 by the Accountant General are communicated to him in accordance with such procedure, as may have been prescribed locally in consultation with the Accountant General. *See also paragraphs 18.6.1. to 18.6.3. below and paragraph 192 of the Kerala Public Works Department Code.*

4.4.2. Audit against sanction accorded by the Divisional Officer is conducted in the audit 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 4.2.4.

4.4.3. It is not necessary to supply Administrative approvals to the Accountant General. Technical sanctions need be communicated to the Accountant General only in respect of works relating to projects costing more than ₹ 25 lakhs and non-project works costing more than ₹ 5 lakhs. Such sanctions should be forwarded to the Accountant General not later than the 5th of the month following the month of sanction. Financial sanctions otherwise known as expenditure sanctions and allotment of funds should be communicated to the Accountant General.

4.4.4. Sanction to contract agreements for works, supplies, carriage etc. Which are accepted by authorities higher than the Divisional Officer should be communicated to the Accountant General by the authority who accepted the tender in such form so as to enable that Officer to audit the payments to contractors on the basis of rates sanctioned for each item of work or supply and

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.

4.5. RESULTS OF AUDIT

4.5.1. The results of audit are communicated to the Divisional Officer in the form of Audit Notes, Objection Statements, Inspection Reports, Letters or Memoranda. These should receive prompt attention, vide Articles 69 to 74 of the Kerala Financial Code 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 explanation of a subordinate; reports prepared in this manner may lull suspicion for the time being but lead to greater irregularity afterwards.

4.5.2. Each audit note should be returned to the Audit Office within fifteen days of its receipt in the Divisional Office while each objection Statement should be returned within one month.

4.5.3. Objection Statements and Inspection Reports 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 Accountant General.

Note.—As an exception to the above rule, the Divisional Officer may send his first reply to an Inspection report direct to the Accountant General with a copy of the reply to the Superintending Engineer.

4.5.4. Once a transaction has been entered in the Objection Statement, or otherwise challenged in one of 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 Accountant General is required to report to the higher authorities all important items and any serious delays in the adjustment of individual objections.

4.5.5. 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 case 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 Accountant General.

4.5.6. The Accountant General 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 regularise the transactions or the excess (if any) over sanction plus any further excess that may be anticipated, may be within his own powers of sanctions 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 Accountant General when the Divisional accounts in which the irregular transaction appears are being audited, the Accountant General will raise the objection as he is not authorised to assume that the necessary sanction has been accorded. Divisional Officers will, therefore find it advisable to send to the Accountant General the earliest intimation of such of their sanctions and orders as are required to be communicated to him (vide paragraphs 4.4.1. to 4.4.4.) and to give it, without waiting for the receipt of the Objection Statement or Audit Note, 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 Accountant General within a week of the despatch of the Account.

Note.—The object of this rule is to obviate the issue of unnecessary audit objections; but a reduction in the number of objections can be effected 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 rule has occurred.

4.5.7. The Divisional Accountant is responsible (a) 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 Officer or of his own motion, and (b) for giving effect to the provisions of this paragraph in accordance with the procedure which the Divisional Officer may have desired to be observed in this connection.

CHAPTER-5**APPROPRIATION AND CONTROL OF EXPENDITURE****5.1. INTRODUCTORY**

5.1.1. (a) Expenditure, as defined in paragraph 3.1.9. can only be incurred on a work or other object—

(i) If the sanction of competent authority has been obtained as required by any statutory rules or by any orders general or special, issued there under by competent authority e.g., the rules in any authorised Code.

(ii) If funds to cover the charge during the Year have been provided by competent authority.

Note.—When under paragraph 170 of the Kerala 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 week, the Accountant General will bring the facts instantly to the notice of the competent authority so that 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 competent authority.

(b) For payments chargeable to the accounts of other divisions, departments, or Governments, 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.—The expenditure in respect of work done for other divisions, departments or Governments is brought to account under the remittance or other heads concerned (which are all in the Public Account), but it should be restricted to the appropriation for the work as communicated or accepted by the party for which the work is executed and should not be exceeded without further authority from it.

The expenditure on non-Government works and repayment of deposits are accounted for under “P.W. Deposits” in the Public Account for which no appropriation is required. When expenditure is incurred on non-Government works in excess of the deposit received the excess expenditure will be classified under ‘Miscellaneous P.W. Advances’.

Note.—For inevitable payments *See* Para 10.5.25.

5.2. GRANTS AND THEIR DISTRIBUTION

5.2.1. A grant or supplementary grant may include expenditure falling under one or more major heads or sections of a major head. For purposes of accounts classification, each major head of account is sub-divided into minor heads, the latter being further divided into detailed heads, service and departmental heads—See paragraph 3.1.6. The sub-divisions of a minor head from the point of view of the distribution of grants and the control of expenditure are known as primary and secondary units of appropriation.

5.2.2. The Demands for grants presented to the Legislature are for the gross amount of expenditure to be incurred; recoveries taken in reduction of expenditure being shown separately. Accordingly the appropriation for the minor head “suspense” subordinate to the public works Major Heads provide for the gross debits of the whole year. The issue of stock materials to works etc. and other credits of the year are exhibited separately in the Demands. In the case of works expenditure, however, the credits arising as a result of sale proceeds of surplus materials and plant acquired specially for any work, or of materials received from dismantled structures should be taken in reduction of expenditure—vide paragraph 22.2.11. And the demand should be for the net amount of expenditure.

Note.—The procedure, regarding recoveries relating to works indicated in this paragraph is applicable only to the estimated recoveries which are known at the time of framing the estimates. Unanticipated credits should be surrendered separately and the final grant should not include them.

5.2.3. The procedure regarding the preparation of budget estimates, the appropriation and reappropriation of funds, the distribution of funds and other budget matters is laid down in the Budget Manual of the state. The rules relating to the Public Works Department are extracted and incorporated as Appendix 4.

5.3. WATCHING OF ACTUALS

5.3.1. It is an important function of the Divisional Officer to keep 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.

5.3.2. The plan to be followed in actual practice for this purpose will be slightly different in the case of the expenditure met by means of cheques drawn on the treasury and accounted for monthly in the Divisional Accounts from that to be followed in the case of expenditure met by bills presented at the treasury and not passing through the Divisional Accounts.

5.3.3. It will be found convenient in practice to adopt the following plan for watching the progress in the case of expenditure met by means of cheques drawn on treasuries.

(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 and other relevant accounts.

(b) In respect of works or other items for which lump sum appropriations are placed at the Divisional Officer's disposal, he will watch the progress of expenditure against appropriations by maintaining 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 grants in the form of a register showing the appropriations and reappropriations ordered from time to time.

(c) In the case of suspense heads, the suspense schedules in K.P.W. Forms 65, 67 and 68 can be utilised after noting in them the appropriation for the year and watching the expenditure against such appropriation. Thus the Divisional Accounts can be utilised for watching the progress of expenditure against the appropriation.

(d) 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 1.—Liabilities may be divided into four classes:—

- (i) those outstanding in the suspense accounts relating to purchases, 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, recurring or non-recurring likely to fall due for settlement before the close of the year.

Note 2.— Liabilities of class (ii) may affect not only the grants for the minor head ‘suspense’ of the major head under which the suspense head concerned is classed, but also the grants for works and services falling under the same and other major heads. This factor will have to be taken into account in providing funds.

(e) 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—Appendix 3*).

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

(g) This review should 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 paragraph 5.3.3. (b) above*]. Such a review is of special help in formulating proposals for reapportionment.

5.3.4. All liabilities and assets of the division adjustable by transfer credit or debit to remittance heads of accounts should be registered in K.P.W. Form 54, Register of Transfers 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.

5.3.5. The detailed rules for the control of expenditure against the grant, framed by Government and embodied in the State Budget Manual are reproduced in Appendix 4 to the extent they are relevant to the Public Works Department.

CHAPTER-6**CASH****6.1. INTRODUCTORY**

6.1.1. The term “cash”, as used in this chapter, includes legal tender coin, currency notes, cheques and drafts payable on demand. A small supply of ten paise revenue stamps may be kept as part of the cash balance.

Note.—Government securities, deposit receipts of banks, debentures and bonds accepted as security deposit under the provisions of paragraph 15.2.2. are* not to be treated as cash.

6.1.2. The Divisional Officer is the primary disbursing 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 account as well as for the correctness of the account in every respect. The private cash or accounts of members of the Department may not be mixed up with the public cash or accounts.

6.1.4. In their application to treasuries the cash business of which is conducted by the bank, the rules in this code are subject to the relevant provisions of the Kerala Treasury Code.

6.2. MODES OF OBTAINING CASH FROM TREASURIES**(i) General**

6.2.1. Disbursing Officers of the Department obtain cash for disbursement in two ways, viz., directly by bills drawn on the treasury or by means of cheques. For payment of pay and allowances of Government Officers on the regular establishment not charged directly to works, certain heads of offices and other officers draw bills on treasuries in prescribed forms in accordance with the rules in Chapter 18. All other disbursements are made by Divisional Officers, who may empower Sub-divisional Officers, to make disbursements on their behalf. For this purpose, Divisional Officers are ordinarily placed by the Accountant General in account with one or more treasuries within their jurisdiction and they may either authorise Sub-divisional Officers to obtain money from the treasuries within the jurisdiction of the latter by drawing cheques or place them in funds by means of a fixed impress or by transfer of cash from the divisional cash chest.

*G.O. (P) 23/74/Fin. dated, 6-2-1974.

6.2.2. Sub-treasuries are collecting depots and not disbursing treasuries, but to meet the convenience of Public Works Officers it has been arranged that funds required for disbursement may be obtained by means of cheques drawn on sub-treasuries subordinate to a treasury with which a disbursing officer has been placed in account.

Note.—The term “treasury” as used throughout this Code includes a sub-treasury unless the contrary is evident from the context.

6.2.3. The appropriation of departmental receipts to expenditure in the Department is strictly prohibited except in the cases where this rule is relaxed by Government

6.2.4. In the Public Works Department a Divisional Officer or Sub-divisional Officer may make use of cash receipts temporarily for current expenditure instead of obtaining cash by cheques subject to the observance of the procedure prescribed in paragraph 6.3.6. [Vide also Rule 6 (3) of the Kerala Treasury Code, Volume I.]

6.2.5. The procedure prescribed for accounting of cash obtained from treasuries on bills for pay and allowances of establishment not charged directly to works or on contingent bills, is detailed in Chapters 18 and 19. Undisbursed balances of cash thus obtained may be kept in departmental cash chests, but they should not be mixed up with the regular cash balances of the Department, accruing from money obtained on cheques, which are dealt with and accounted for in accordance with the rules in the following paragraphs.

6.2.6. Without making previous arrangements through the Accountant General no officer is authorised to draw cheques on a treasury situated outside the limits of the States.

6.2.7. When, for the convenience of work, it is necessary that the Divisional Officer or any of his subordinate disbursing officers should be authorised, either occasionally or as a standing arrangement to draw cheques on a treasury situated outside the limits of the division, such an arrangement may be sanctioned by the Accountant General on the recommendation of the Superintending Engineer.

6.2.8. Similarly, the Divisional Officer may if necessary specially authorise any of his Sub-divisional Officers to draw cheques on treasuries situated outside the jurisdiction of the latter but within the limits of the division.

Note.—This rule is intended to be applied with special care and only, to cases of real necessity. Payments to contractors should as far as conveniently practicable, be made by cheques on the nearest treasury and a stipulation to the effect that payments shall be so made should be inserted in the contract agreement where necessary.

(ii) Limits on Divisional and Sub-divisional Officers drawings

6.2.9. If the Divisional Officer considers it necessary, for the maintenance of efficient control over the disbursements of his division, to set a monthly limit on the drawing of any of his Sub-divisional Officers, he may do so, fixing either a standing limit or a fresh limits either every month or whenever necessary. All such limits may be raised or lowered subsequently. Intimation of every limit when fixed or changed should be sent both to the Sub-divisional Officers and to the Treasury Officers concerned. At places where the cash business of the treasury is conducted by the bank similar intimation should be sent to the bank also direct.

Note.—(i) For this purpose, the Divisional Officer may require the Sub-divisional Officer to submit, by a convenient date, an estimate of his probable requirements in suitable form.

Note.—(ii) At the option of the Divisional Officer, the limitation may not be intimated to the Treasury Officer, and the bank concerned if the check exercised by the Divisional Accountant over the sub-divisional cash accounts after the expiry of the month, is considered sufficient for the purposes of the Divisional Officer. *See* paragraph 4.2.4.

(iii) Cheques

6.2.10. Petty sums under ten rupees should not be paid by cheques and for the disbursement of these and other charges which naturally are paid in cash, e.g., the wages of labourers and of establishment charged directly to works and value-payable postage, it is permissible to draw money from time to time from the treasury by cheques to replenish the cash chest. Whether there be a guard or not, disbursers must draw cheques for the minimum of cash actually required to meet current disbursements and if it is found at any time that the balance in hand is larger than is required to meet the anticipated expenditure of the next month, or of the next fifteen days if the treasury is not situated at an inconvenient distance, the surplus should be returned to the nearest treasury.

6.2.11. In drawing cheques, drawing officers should be guided by the general rules laid down in Rules 239 to 247 of the Kerala Treasury Code, Volume I. The special rules applicable to the Department are set forth in paragraphs 6.2.12. to 6.2.20.

6.2.12. Before a cheque book is brought into use, all the cheque forms in it should be marked by a distinguishing letter. Cheques drawn by a disbursing officer on any treasury should be distinguished by a different letter from those drawn by the other disbursing officers of the division on that treasury and also from those drawn by himself on any other treasury.

6.2.13. The drawing officer shall notify to the treasury upon which he draws, the number of each cheque book which from time to time he brings to use and the number of cheques it contains. In the case of sub-treasuries the advice of the number of the cheque book to be used (vide Rule 264 of the Kerala Treasury Code, Volume I) should ordinarily be sent through the district treasury; but in cases of urgency, it may be sent direct to the sub-treasury, a copy being forwarded simultaneously to the district treasury.

6.2.14. If a limit has been set by the Divisional Officer on the drawings of a Sub-divisional Officer under the provisions of paragraphs 6.2.9. the limit prescribed for the drawings on each treasury during a month should be entered on the reverse of the counterfoil of the cheque book for that treasury before any cheques are drawn during that month and the Sub-divisional Officer should watch that the limit is not exceeded by deducting from it, on the reverse of the counterfoils, the amount of each cheque as it is drawn. The undrawn balance at the close of the month should not be carried forward to the next month.

6.2.15. In the absence of a monthly limit on his drawings, the officer should record on the reverse of the counterfoil of each cheque the amount of the next cheque drawn and the total of the drawings during the month, and carry forward their total to the next counterfoil, thus enabling himself, from time to time to exercise an independent check on the postings in his cash book.

6.2.16. If the currency of a cheque should expire owing to its not being presented at the treasury for payment within three months from the date of its issue (vide Rule 249 of the Kerala Treasury Code, Volume I), it may be received back by the drawer who should then destroy it and draw a new cheque in lieu of it. The fact of the destruction and the number and date of the new cheque should be recorded on the counterfoil of the old cheque, and the number and date of the cheque that is destroyed should be entered on the counterfoil of the new one. The fact of the new cheque having been issued should be entered on the date of issue in red ink in the cash book but not in the column for payment, a note being made at the same time against the original entry in the cash book.

6.2.17. When a Divisional Officer receives a report that a cheque drawn by him is lost, he should at once report the fact to the Treasury Officer and request him to stop payment of the cheque if it has not already been paid. The Treasury Officer should at once search through the list of cheques paid and if he finds that the cheque has not been cashed, take steps to stop payment. For this purpose a board showing the particulars of lost cheques should be hung up before the clerk concerned. The Treasury Officer should also send a certificate in the accompanying form:—

“Certified that the cheque No..... dated for ₹ reported by the Divisional Officer to have been drawn by him on this treasury in favour of has not been paid and will not be paid if presented hereafter.

Place..... (Sd.)
Date..... (*Treasury Officer*)”

When a cheque drawn on the bank direct is lost, the Divisional Officer should send the intimation of the loss of the cheque to the bank direct for similar action. The bank should then send the Divisional officer (through the Treasury Officer) the certificate prescribed in the sub Para above with suitable modifications. *See Note 2 to Rule 267 of Kerala Treasury Code, Volume I.*

6.2.18. On receipt of the certificate from the Treasury Officer, the Divisional Officer will issue another cheque in its place and follow the procedure prescribed for renewal of time expired cheques.

6.2.19. When it is necessary to cancel a cheque, the cancellation should be recorded on the counterfoil, and the cheque, if in the drawer's possession, should be destroyed. If the cheque is not in his possession, he should promptly request the Treasury Officer to stop payment of the cheque and on ascertaining that payment has been stopped, he should write back the entry in his cash book by exhibiting the amount of the cheque as a minus figure on the payment side in the “Bank or Treasury” column. A counter reference should be given in the cash book, against the original to the second entry of the cheque.

6.2.20. A cheque remaining unpaid from any cause for twelve months from the date of its issue should be cancelled and its amount written back in a similar manner.

6.3. RECEIPT OF MONEY**(i) ACCOUNTS 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 K.P.W. Form 3 should invariably be granted to the payer. If however, the amount be realized 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 acquaintance for private cheques and drafts on local banks accepted under proper authority [vide Rule 90 (b) Kerala Treasury Code, Volume I] should not be given to the payer until they have been cleared.

Note.—(2) Before an officer signs a receipt in K.P.W. Form 3 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) When the officer signing the receipts is in camp, but the cash book is at his headquarters, the counterfoil of the receipt book should be compared with the entry in the cash book on the next occasion when he sees the cash book or when he returns to headquarters whichever is earlier, the entry in the cash book being initialled and dated in the usual manner in token of this check.

Note.—(4) The head clerk or cashier may, when specially authorized to do so by the Divisional Officer, receive money at headquarters when the latter is in camp. In such cases he should promptly issue a temporary receipt for the cash actually received by him and should simultaneously enter the amount in the cash book. Formal receipt in K.P.W. Form 3 in confirmation of the temporary receipts should be issued duly signed by the Divisional or Sub-divisional Officer immediately on the latter's return to headquarters. Before signing the formal receipt the Officer concerned should compare it with the amount of the counterfoil of the temporary receipt and the corresponding entry in the cash book and he should initial the counterfoil of the temporary receipt and the entry in the cash book and enter the number and date of the temporary receipt.

Note.—(5) Temporary receipts should be in K.P.W. Form 92. Temporary receipt books should not be allowed to be in the custody of a head clerk or cashier beyond the minimum period necessary and they should be kept in the personal custody of the officer when he is at headquarters.

Note.—(6) As an exception to this rule in respect of cheque/bank drafts received in settlement of interdivisional transactions, which bear the endorsement “Payment by book adjustment only” it is not necessary to issue receipts in Form 3, as the acknowledgement given (vide para 2 of Form No.4 referred to in Appendix 8) will serve the purpose.

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 treasury”. In order, however to relieve the cash book of a large number of detailed entries in cases in which the transactions of receipt of private cheques are frequent and numerous the cheques may be initially entered in a “Register of Cheques Received and Adjusted” in K.P.W. Form 1A 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.—The above procedure will also apply in respect of Deposit-at-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.

6.3.3. As an exception to the above rule, earnest money in legal tender notes 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 in K.P.W. Form 90 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.

6.3.4. Receipt in K.P.W. Form 3 can be issued only by Divisional Officers, Sub-divisional Officers or other Government Officers specially authorized by Government, and all persons regularly or frequently receiving money on behalf of Government should keep a cash book in K.P.W. Form 1.

6.3.5. When a Section Officer or other Government Officer who is not in-charge of a cash book collects departmental revenue, he should not mix it up with the imprest or any other cash in his charge, but should at the earliest opportunity remit it to the Sub-divisional Officer or other nearer superior officer maintaining a cash book. The cash should be accompanied by a remittance slip in K.P.W. Form

93 on the back of which the section officer should enter the full particulars of the money realised by him with the date of its realisation. The Section Officer should also send a copy of the remittance slip to the Divisional Officer for check of the receipt entry which should appear in the copy of the sub-division or other cash book. The record of the transaction will be in the correspondence and not in the imprest account of the receiving officer.

**Note.—* The cash collected by Canal Officers of the Public Work Department will be promptly brought into account and remitted daily into the sub Treasury/ District Treasury Duplicate copies of entries made in the petty cash book will be forwarded to the Sub-divisional Officers concerned together with the chalan for incorporation of the remittances in the Sub-divisional accounts at periodical intervals.

6.3.6. The Sub-divisional Officer should on receipt of the duplicate copy of the remittance slip along with cash fill in the two forms of memorandum of acknowledgement attached hereto, one intended to be sent to the section officer and send the latter forthwith to the Section Officer along with a permanent receipt for the amount received from him. If the memorandum of acknowledgement and the permanent receipt and not received by the Section Officer within a week of his sending the cash he should forthwith report the fact in writing to the Sub-divisional Officer or other officer concerned by name and obtain them.

Note—1— The Section Officer or other Government Officer who receives money on behalf of Government should promptly issue to the payer a temporary receipt. A permanent receipt in K.P.W. Form 3 in confirmation of the above temporary receipt should be issued to the payer by the sub-divisional or other superior officer who has received the money and brought to account in his cash book. The number and date of the temporary as well as the permanent receipt should be recorded in the prescribed columns of the cash book. The entries made in the cash book should be initialled and dated by the Sub-divisional Officer at the same time—vide paragraph 6.3.1. Above.

Note—2— A monthly statement of the receipt of the money giving reference to the remittance slip, the temporary receipt, the amount collected etc., should also be sent to the superior officer who should check it with the entries in his cash book and take prompt and efficient action in regard to discrepancies, if any. He should also verify if the number of temporary receipt and remittance slips relating to the transactions in each section

*Substitution G.O. (P) 4243/78/Fin. dated 30-11-1978.

are continuous. If not he should enquire immediately what the missing numbers pertain to and promptly take all necessary further action. When the transaction is nil, a 'nil' statement should be sent. If the statement is not received on the due date it will be the duty of the superior officer to call for it.

(ii) DISPOSAL OF RECEIPTS

6.3.7. (a) Cash realised by the officer of the Department should be paid into the nearest treasury for credit as miscellaneous receipt of the Department. Remittances into treasury should be made in lump once a week, on the last working day. Divisional/Sub-divisional Officers having large collections may, however make more than one remittance in a week provided the amount of each such remittance is for an amount not less than Rs. 500. This restriction does not apply to the remittance referred to below made at the end of a month by self check and the remittances of endorsed cheques as mentioned in Note 1. below Para 6.5.1.

Should a Divisional/Sub-divisional Officer, required 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 treasury a cheque for the amount thus utilised, drawn in his own favour and endorsed by himself with the words "Received payment by transfer credit to the Public Works Department".

Note—(1) This rule does not apply to receipts realised by short payment on bills or other vouchers.

**Note*—(2) "This rule does not apply to the Canal Officers of the Public Works Department. The procedure for remittance to be followed by the Canal Officers of the Public Works Department. Is as per Note under Para 6.3.5.".

(b) Parties who have to pay amounts into the accounts of the Divisional/Sub-divisional Officer should be directed to pay by means of cheques/drafts drawn in favour of the Divisional/Sub-divisional Officer, except in the case of petty amounts which may be paid in cash. These should be receipted in the cash book and remitted into the treasury in the manner indicated in (a) above.

* Addition : G.O. (P) 4243/78/Fin. dated 30-11-1978.

6.4. PAYMENTS

(i) MANNER OF PAYMENT

6.4.1. Officers authorized to draw cheques should, pay by cheques ; except in cases where payments have to be made in cash either owing to the payments being petty and under ten rupees or the nature of the payment, e.g., wages of labourers and of establishment charged directly to works and value-payable postage—vide paragraph 6.2.10.

**Note.—*“It is permissible to make payments in cash in cases of payments made outside the state, if the suppliers insist on such mode of payments and if the amount payable does not exceed ₹ 100 at a time”.

6.4.2. It is permissible to make payments to suppliers of stores by obtaining Reserve Bank Drafts from the district treasury in accordance with the rules. Remittances for such purposes, for which Reserve Bank Drafts cannot be issued by treasury officers, may be made by postal money order at the public expense.

6.4.3. All payments outside India should be made through the Accountant General in accordance with the orders of Government issued from time to time.

6.4.4. As a rule no cheque should be drawn until it is intended to be paid away and cheques drawn in favour of contractors and others should be made over to them by the disburser direct; but the disburser may be assisted in making disbursements by a cashier appointed for the purpose under paragraph 290 of the Kerala Public Works Department Code. The occasional delivery of cheques through a subordinate may be permitted at the discretion and on the responsibility of the disburser. In such cases the subordinate should make no entry in any account which he keeps, as a payment made by cheque should appear in the cash account of the disbursing officer who draws the cheque 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 year for the purpose of showing the full amount of grant as utilised.

6.4.5. Payments due to contractors may be made to their banks instead of direct to contractors provided that the Department obtains (i) an authorisation from the contractor in the form of a legally valid document like a power of attorney or transfer deed conferring authority on the bank to receive payment, and (ii) 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 bank. While

*Insertion: G.O. (P) 72/76/Fin. dated 2-3-1976.

the receipt given by the bank holding a power of attorney or transfer deed from the contractor constitutes a full and sufficient discharge for the payment, contractors should wherever possible, be induced to present their bill duly receipted and discharged through their bankers.

(ii) PROHIBITORY ORDERS, INJUNCTIONS

6.4.6. When money due to a contractor or other creditors is attached by a prohibitory order of a court and is afterwards paid into that court, the receipt (to be prepared by the Public Works Department) signed by the court should show that the payment is on account of an attached debt and should set forth *inter alia*, the name and capacity of the actual creditor to whom the money is due by the department on what account it is due, and the number and date of the court's order in accordance with which the payment is made. This receipt should be attached to the contract certificate or other bill in which the particulars of the creditor's claim are recorded and should be enfaced in red ink by a reference to that bill, the bill being correspondingly enfaced by a reference to the attached receipt of the court.

(iii) BILLS

6.4.7. General instructions regarding the form of bills and their preparation, completion, etc., are laid down in Chapter I, Part V of the Kerala Treasury Code, Volume I. The special forms of bills for use in the Public Works Department are prescribed in paragraphs 10.2.16. and 11.5.1. As far as possible these forms should be used by contractors and suppliers of stores 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 disbursing officer.

(iv) VOUCHERS

6.4.8. 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 or the head of account to which the charge admitted in a voucher are debitible 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.

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, should always be placed on record and submitted to the Accountant General where necessary. Full particulars of the claims should invariably be set forth, and where this necessitates the use of regular bill form, the certificate itself may be recorded thereon.

6.4.9. 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.

Note.—Cashiers and others authorised to make disbursements on passed vouchers, vide paragraph 6.4.4., should make no payment without a proper pay order of the responsible disbursing officer recorded clearly in ink on the bill or other voucher. No payment should be made on a voucher or order unless it is signed by hand and in ink.

6.4.10. Except as provided in paragraph 6.4.5. every voucher should also bear, or have attached to it, an acknowledgment of the payment signed by the person by whom or in whose behalf the claim is put forward. This acknowledgment should always 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 his own hand-writing. In transliterating his acknowledgment the amount acknowledged as well as any remark made by him should also be reproduced in English.

6.4.11. If a disbursing officer anticipates any difficulty in obtaining from the person to whom 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 necessaries 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—vide Rule 430 (c) Part VII of the Kerala Treasury Code, Volume I.

6.4.12. In the case of articles 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 officers should endorse a not on the cover to the effect that the payment was made through the post and this will also cover charges for the postal commission.

6.4.13. A certified copy (marked duplicate) of a received 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.

6.4.14. When a bill submitted by a contractor/supplier for supplies made to Government is endorsed in favour of a bank, payment may be made to the bank only if the bill is received by the contractor/supplier and endorsed in favour of the bank.

6.4.15. To ensure the genuineness of the contractor's/supplier's signature in both (1) the receipt and (2) the request to pay the amount to a bank, the disbursing officer concerned should call for the specimen signature of the contractor or supplier or his agent who may be authorised to receive payment on his behalf, the signature in the case of an agent being also required to be attested by the contractor or supplier. The disbursing officer should satisfy himself that the signature both on the receipt and on the request to pay the amount to the bank is genuine, by comparing it with the specimen signature obtained separately before payment is actually made.

6.4.16. General instructions regarding the preparation and completion of vouchers are given in Rule 163 of the Kerala Treasury Code, Volume I.

6.4.17. When vouchers or accounts exhibit 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 buildings or in canal banks, etc., the necessary information should be given in the account of voucher concerned as to how the old materials removed or the trees cut have been disposed of, and if sold, when the sale amount will be credited in the accounts.

6.4.18. All vouchers for expenditure should, in such cases, invariably bear a note by the Divisional Officer, as to whether the timber, etc., has a saleable value, and if so, by what approximate date the value will be credited in the accounts after realisation by auction, etc.

6.4.19. Bills received from firms for supply of stores should be dealt with in original and submitted to the Accountant General as vouchers.

6.5. REMITTANCES TO TREASURIES

6.5.1. The officer in charge of a cash book should keep a book in K.P.W. Form 4 in which he should enter all his remittances to the treasury as they are made—vide paragraph 6.3.1. This book should accompany the cash.

Note.—(1) Remittances made to the Bank of cheques paid in as Public Works receipt should be entered in the Remittance Book but in the place for the treasury receipt should be entered, “By Bank Cheques” and even then the book should accompany the cheque, so that the treasury may give a preliminary acknowledgement for the receipt of the cheque in the book. The final receipt will be given by the treasury after the cheque is cleared.

Note.—(2) All payments of miscellaneous receipts made by Public Works Officers into treasuries, whether acknowledged or not by the Treasury Officer in the same month, should be debited to the civil department as payment into treasuries. Differences, if any, between the amount debited and that acknowledged by the Treasury Officer should on no account be charged to a suspense head pending adjustment.

6.6. CASH ACCOUNTS**1. CASH BOOKS****(A) UPKEEP**

6.6.1. An account of their cash transactions should be maintained in the Cash Book K.P.W. Form I by all Government Officers, authorised as a regular arrangement, to receive money on behalf of Government as well as by those entrusted with making disbursements out of cash received by them in transfer from the divisional cash chest or obtained by drawing cheques on the treasury. Government Officers entrusted with fixed imprests or temporary advances should maintain and render accounts of their disbursements in Imprest Cash Account. K.P.W. Form 2.

6.6.2. The cash book is one of the most important account records of the Department. The detailed instructions prescribed for writing it up are given in the notes on K.P.W. Form I, and disbursing officers are required to observe them in strictly in practice.

(B) BALANCING

6.6.3. The cash book must be balanced on closing the cash accounts of the month, but when the transactions are numerous a weekly or even a daily balance is recommended, and it is advisable to count the cash whenever a balance is struck or at convenient intervals, as this affords an independent cheque 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 erasure of an entry once made in the cash book is strictly prohibited. If a mistake has been made and it is discovered before the copy of the cash book has been submitted to the Divisional Office, the mistake 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. When the mistake is discovered too late for correction in this way, an intimation of the necessary correction should at once be sent to the Divisional Office, accompanied by a proposed transfer entry, if necessary. Except as indicated above, no correction of an entry, once made in his cash book should be made by a Sub-divisional Officer, unless authorised by the Divisional Office to do so.

Note.—The same principles should be observed in correcting errors noticed in the divisional cash book. If the accounts of the month have been closed, no corrections of error in amount, classification, or name of work should be made in that book but a transfer entry should be prepared for effecting the correction and a suitable remark in red ink (quoting reference to the correction in accounts) should be recorded against the original erroneous entry in the cash book.

(D) VERIFICATION

6.6.5. The disbursing officer is required to check all the entries in his cash book as soon as possible after the date of their occurrence and he should initial the 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 as fixing responsibility for all the entries of the month inclusive of the closing balance.

6.6.6. The following is the memorandum of some of the more important parts of the verification :—

The disbursing officer should —

(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 or the Divisional Officer, and (ii) the certificate of disbursement signed by himself or an authorised subordinate and ticking off each voucher as it is passed;

(2) *see*, whilst examining the postings of vouchers on the payment side, that all deductions shown in the vouchers (other than deductions creditable to the head of account 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 treasury with the Treasury Officer's receipt on the chalan or his passbook and satisfy himself that the amounts have been actually credited into the treasury;

(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 or Treasury" column on the payment side by reference to the memoranda recorded by himself on reverse of the counterfoils of cheques.

6.6.7. 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. A statement of the details of the actual balance should be prepared in K.P.W. Form 5 and a certificate of the count of cash, specifying both in words and figures the actual cash balance (exclusive of imprests and temporary advances), should be recorded below the closing entries in the previous month's cash book. This 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 date prescribed in this paragraph, he should do so at the earliest opportunity, recording the reason for the delay on the Cash Balance Report.

6.6.8. Whenever, on the contents of the cash chest being counted the balance as per cash-book is found to be in-correct, it must, unless the error can be detected and set right at once, under paragraph 6.6.4., be rectified forthwith by making the necessary receipt or payment entry— “To cash found surplus in chest”—under “Deposits”, or “By cash found deficient in chest”- under “Miscellaneous Public Works Advances”, 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.

Note.— Actual losses of cash by theft or otherwise, and irrecoverable personal advances in cases where the persons to whom the advances were made are no longer in the service of Government are to be charged to “Establishment”, sub-head “Contingencies”.

2. IMPREST

6.6.9. An impress 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 or the Sub-divisional Officer in accordance with such rules and subject to such restrictions as may be laid down by the Government. The amount of an imprest should not, however, exceed five hundred rupees, in any case, without the special sanction of Government.

6.6.10. (i) Petty bills, except nominal muster roll and work establishment bill, not exceeding ₹ 75 may be paid out of imprest.

(ii) Sub-divisional Officers may authorise payment of passed nominal muster roll up to a limit of ₹ 10 by section Officers from their imprest.

6.6.11. The imprest Cash Account, K.P.W. Form 2 is printed so as to facilitate copies being taken by carbon process. The first sheet should be retained by the imprest-holder and the detachable sheet, 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 amount recouped, or 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 closed at the end of each month and rendered so as to reach the officer from whom the imprest is held, in time to enable him to corporate the account in his cash book before it is closed for the month on the date fixed for the purpose.

6.6.12. 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 6.4.9. recorded on the account, 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 K.P.W. Forms 1 and 2.

Note.—(1) A Sub-divisional Officer can authorise temporary reduction and recouping of the imprests held by the sub-ordinates in his sub-division, but the enhancement permanent reduction or closing of the accounts must be sanctioned by the Divisional Officer.

Note.—(2) Should any item in an imprest account appear to the recouping officer to be open to objection, the imprest should nevertheless be recouped in full, and the item under objection should be classified under the head “Miscellaneous P.W Advances” for watch under that head until either the objection is removed or the amount is made good by the imprest-holder. All objections in respect of such disallowed amounts should be settled within a maximum period of three months.

6.6.13. 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.

3. TEMPORARY ADVANCE

6.6.14. When a disbursing officer makes a remittance to a subordinate officer to enable him to make a number of specific petty payments on a muster roll or other voucher which has already been passed for payment the amount remitted should be treated as a temporary advance and accounted for in the same way as an imprest. When more than one temporary advance is given to an officer the accounts of each of these advances should be distinct and rendered separately. The unspent balance, if any, should be remitted back to the disbursing officer after the expiry of a period of three months and suitable adjustments made in the accounts. The account of a temporary advance should be closed as soon as possible.

Note.—1. This rule applies also to cash taken out of the chest by the disbursing officer himself for making payments at a distance.

Note.—2. Sub-divisional officers may authorise payment of passed nominal muster rolls up to limit of ₹ 10 by Section Officers from their imprest.

Note.—3. Reasons for the delay in clearing temporary advances outstanding in the cash accounts of the second preceding month should be given by the Divisional Officers in the “Certificate of Cash Balance” on the back of the “Monthly Account”. For this purpose the Sub-divisional Officers should explain such delays in respect of such items in column 3 of the Cash Balance Report furnished by them during the month.

6.7. CHEQUE BOOKS AND RECEIPT BOOKS

6.7.1. The Treasury Officers will arrange with the superintendent of Government Presses for the printing of cheque books required by the Public Works Department. The Divisional Officer should intimate the Treasury Officer from time to time the requirements of his division and of the sub-divisions under his control. The Divisional Officer or Sub-divisional Officer who requires a fresh cheque book should sign the printed requisition form inserted towards the end of each cheque book and sent it to the Treasury Officer.

The Divisional Officer should obtain the receipt books from the Superintendent of Government presses. He should also supply the required number of receipt books to the Sub-divisional Officers from his stock of such books.

6.7.2. Every cheque book or receipt book should be carefully examined by the Divisional or the Sub-divisional Officer concerned immediately on receipt. The officer should, then count the number of forms in each book and record a certificate of count on the fly-leaf. In the case of books issued to the Sub-divisional Officers by the Divisional Officer, the certificate of the latter on the fly-leaf will not dispense with the examination of the books on their receipt by the former. The Sub-divisional Officer should make a fresh count in such cases and record a certificate of count again on the fly-leaf as soon as the books come into his hands.

6.7.3. All cheque and receipt books received in a division or sub-division should be entered in a Register of Cheques (and Receipt Books) maintained in K.P.W. Form 49, separate pages being reserved for cheque books and receipt books.

6.7.4. Each cheque book must be kept under lock and key in the personal custody of the drawing officer who when relieved shall take a receipt for the exact number of cheques made over to the relieving officer.

6.7.5. The loss of cheque book or a blank cheque shall be notified promptly to the Treasury Officer with whom the disbursing officer concerned has a drawing account.

6.7.6. Treasury Officers are required to furnish to the Divisional Officer quarterly, a statement of cheque books supplied by them to all disbursing officers of the division on their requisition. The statement should on receipt be compared with the register of cheque books to see that books are not obtained by disbursing officers unnecessarily in advance or in excess of requirements and the numbers of the books supplied but not brought into use have been entered in the register, the date of supply being noted in red ink below the entries in column I.

6.7.7. The register of cheque (and receipt) books should be reviewed periodically and enquiry should be made of the disbursing officer concerned if there is any unusual delay on his part in bringing a book into use. Even if the cause of the delay is known it will be found advisable to obtain an assurance from the disbursing officer that the book is in his personal custody and contains the full number of forms intact.

6.7.8. (a) Whenever on examining a cash book it is noticed that a cheque book or receipt book has been brought into use for the first time, the Divisional Accountant should enter it at once in the register as a new item. At the same time the date on which the corresponding book previously in use was completely written up should be ascertained from the cash book and noted in column 4 of the register against the original entry relating to that book.

(b) The submission of the counterfoils of used cheque and receipt books for record in the divisional office—vide paragraph 6.7.9. should be watched through this register, and as soon as the counterfoils are received they should be examined and it should be seen in particular, (i) that all items for which receipts were issued were duly brought to account in the cash book, and (ii) that the writings do not indicate any irregularity or disregard of rules requiring action on the part of the Divisional Officer.

6.7.9. Counterfoils of used cheque books should be returned promptly to the Divisional Officer for record in his office but those of completed receipt books should be sent back to the Sub-divisional Officer, after their check in the Divisional Office . The Sub-divisional Officer should keep them in some safe or box the key of which remains in his personal custody.

6.7.10. The manner in which wholly unused and partly used receipt books of a closing division/sub-division should be dealt with, has been laid down in Para 23.2.2. (4) below.

CHAPTER-7**STORES****7.1. INTRODUCTORY**

7.1.1. The general administration of all the stores of the department is vested in the Chief Engineer, who will be assisted at the headquarters' office by * Deputy Chief Engineer, Stores and Purchase on whom primarily devolves the duty of arranging, in accordance with rules, for purchase and utilisation of stores, stores supervision and management, inventory control and stores verification.

There will be one store for each District known as the District Store to serve the requirements of the Divisions (Irrigation and Buildings and Roads branches of the Public Works Department) within the District. Each District Store will be under the immediate charge of a Junior Engineer who is the custodian of the Stores and under the overall charge of an Assistant Engineer (Stores Officer). The Assistant Engineer (Stores Officer) shall make payments for purchase of stores on the basis of rates fixed and purchase orders placed by the Chief Engineer and shall render accounts to the Accountant General.

Note.—In respect of Project Divisions etc., however, the general administration of all the stores is vested in the Divisional Officer of the Division concerned.

7.1.2. Government officers entrusted 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. The Divisional Officer should see that the responsibility is discharged promptly and regularly as far as the Stores and the store accounts of his Division are concerned.

7.1.3. All transactions of receipts and issues should be recorded strictly in accordance with the rules, in the order of occurrence and as soon as they take place. Fictitious stock adjustments are strictly prohibited, such, for example, as (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 utilised on another work for which no funds are available, (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 Government by the Accountant General.

Note.—In addition to the initial and basic records herein after described, a Day Book of Receipts and Issues should also be kept in the store. This should not in any way affect the maintenance of the primary initial records prescribed by these rules.

*Substitution G.O. (P) 745/87/Fin. dated 18-9-1987.

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 final head of account concerned or the particular work for which they are required, if either of these can be determined at once; otherwise it should be kept in a suspense account pending clearance, as the materials are actually issued, by charge to specific heads of account or works.

(b) In accordance with this 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 "Tools and Plant", 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 purposes but for a specific work are charged off to that work—See also rules 1 and 4 of Appendix 2 to Kerala Account Code, vol.III.

Exception.—Tools and Plant held in the District Stores of the P.W.D; will be held as part of stock and will be accounted for as such, as they are intended for issue to other divisions and departments. When so transferred, the division receiving them will deal with them as in the rules in paragraph 7.2.4.

(c) Similarly, all road-metal required for the maintenance of a road or section of a road is charged at once to the minor head "Repairs" (Communications) under the major head concerned, 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

Note:—Coaltar, pitch, asphalt, and other road surfacing material required for maintenance estimates and for minor estimates for renewal should be accounted for in the same way as road metal required for maintenance of road.

(d) In the case of other materials, when purchase are made for requirements of works generally, the cost is accounted for under the suspense head, "Stock". Material purchased specially for a work are however, charged to that work.

7.1.5. The four classes of stores enumerated in paragraph 294 of the Kerala 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
(except those in P.W. District Stores)
 - (iii) Road-metal
 - (iv) Materials charged to works

7.1.6. 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 finally disposed of either by consumption on works or otherwise. This quantity account has further to be reconciled periodically with the value accounts in the case of stores debited to suspense "Stock". 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. Sub-divisions should take account of quantities only and that the value accounts should be maintained in the Division Office.

7.2. STOCK

I. GENERAL

7.2.1. The stock of a division (including the District Stores) is sometimes kept in a single godown or yard in the charge of a Junior Engineer or other Officer, or each Sub-divisional Officer may have a separate stock in his charge, either at his headquarters 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 accounts being kept by the former. The rules prescribed below will apply whatever be the arrangement in force in the division.

Note.—The Divisions, other than project Divisions of the Irrigation and Buildings and Roads Branches of the Public Works Department shall obtain supply of stores for specific works only and shall not operate on the suspense head "Stock" unless any manufacture operations are under-taken. The District Stores will operate on the suspense head 'Stock' for all the Stores supplied to them.

7.2.2. The Officer-in-charge of a Sub-division who is not authorised to keep a cash account in Form 1 when permitted to operate on the suspense head 'Stock' should maintain accounts for the stock held by him in the manner prescribed in these rules.

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 when the regular stores of the Division is under the control of a sub-division under it.

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 the correct description and permanent 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 and which should not be altered while introducing new items. The issue rate 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 corrections, as and when necessary, to include fresh items in the list of materials without altering the existing classification and to circularise the changes in the issue rates.

III. QUANTITY ACCOUNTS**(a) RECEIPTS**

7.2.4. Materials may be received on stock from the following sources:—

- (a) Suppliers.
- (b) Other sub-divisions, divisions, or departments (including Government Workshops).
- (c) Manufacture.
- (d) Works, buildings, etc.

In all cases there should be proper authority for the receipt by the Junior Engineer or other Officer concerned of materials to be bought on stock. This authority should be given in writing by the Divisional Officer or, if so authorised under the Divisional Officer's orders by the Sub-divisional Officer.

7.2.5. All materials received should be examined and counted or measured or weighed 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 Sheets, K.P.W. Form 7A and the total number or quantity received should be entered in the Bin Card, K.P.W. Form 7 immediately thereafter. Such acknowledgment as may have to be given to a supplier for stores received from him can be signed only by the Divisional or the Sub-divisional Officer.

Any certificate that the Junior Engineer or other Officer concerned may be called upon to record in respect of the receipts of store should be in the following form:—

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

Date:

Signature.

7.2.6. The Goods Received Sheets will be printed in the form of booklets and will be machine-numbered with the office copy intact and others perforated. They will be prepared in triplicate (in quadruplicate if payments are made by the Sub-divisional Officer) by carbon process in indelible ink or copying pencil, one copy being retained by the Junior Engineer or other officer concerned 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. Two types of booklets will be printed, one containing three copies of each Goods Received Sheet and the other containing four copies. The words 'original', 'duplicate', 'triplicate', 'quadruplicate' should be printed on them.

Note.—2. The instructions regarding the making of entries in the Measurement Books—vide paragraph 10.2.9 and 10.2.11.—apply *mutatis mutandis* to the entries to be recorded in the Goods Received Sheets.

Note.—3. The Divisional Officer should ensure that copies of all the Goods Received Sheets have been received and call for missing ones, if any. They should then be arranged in chronological order and bound in volumes of convenient sizes.

7.2.7. A separate Goods Received Sheet should be prepared in respect of goods purchased from one supplier. Separate Goods Received Sheets should be prepared in respect of items falling under each sub-head of stock or the articles under each sub-head grouped together in the sheets as far as possible facilitating the preparation of the summary of Stock Receipts. The description and code numbers of materials as given in the Priced Vocabulary of Stores should be strictly adopted in the Goods Received Sheets.

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 in the Goods Received Sheets—vide paragraph 7.2.16. 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 K.P.W. Form 11 A in the Divisional Office showing the date of issue, serial number of each booklet, to whom issued and the date of return of 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, wherever necessary. 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 (paragraph 10.3.1.).
- (b) For despatch to the other sub-divisions, divisions or departments.
- (c) For sale to contractors, employees or other persons or local bodies with the sanction of the authority competent to order such sale — vide paragraph 306 of Kerala Public Works Department Code.

They should be issued only on receipt of an indent in K.P.W. Form 6 signed by the Divisional or the Sub-divisional Officer. But when a Sectional Officer has to issue stock materials for the requirements of works under himself the use of this form is not obligatory, if the Sectional Officer has been authorised under the Divisional Officer's orders to draw such materials from his stock upto any assigned limit not exceeding the provision made for materials in sanctioned estimates.

Note.—1. When examining Bin Cards and Works Abstracts Divisional Officers should see that in practice this rule is observed strictly and they should deal suitably with instances of unauthorised and excessive issues to works made by Sectional Officers without due cause.

Note.—2. The term "Works" includes manufacture operations—vide paragraph 2.1.1. (56) and Note under paragraph 7.2.30.

7.2.10. Indents will be printed in the form of booklets and will be machine-numbered. They should be serially numbered and the issue and the return of the Form watched through the Register in K.P.W. Form 11 (a)—vide also paragraph 7.2.8.

Indents should be prepared in quintuplicate by carbon process, the description of stores etc., being filled in with reference to the priced vocabulary of stores referred to in paragraph 7.2.3. A record of the stores indented should be simultaneously kept in the Register of Indents—K.P.W. Form 6A.

The first four copies marked 'original', 'duplicate', etc. should be forwarded to the supplying division and the last copy retained as office copy of the indenting 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 chargeable, 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 authorised to be sold, should be added in all cases in which stores are ordered to be issued otherwise than for the requirements of works within the division. The column, headed 'Name of work/job' 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 10.3.6.

Note.— In order to facilitate the preparation of the Summary of Indents separate indents should be prepared for item falling under each sub-head of stock or the articles under each sub-head of stock should be grouped together in the indent as far as possible.

7.2.11. The Junior Engineer or other officer concerned of the supplying division should examine the indent in K.P.W. Form 6 at the time of issue of materials, enter the quantity issued in all the four copies and sign the indent in the space provided for the purpose. The signature of the officer receiving the materials should be obtained in all the copies in the space provided for in the indent. An entry of the stores issued should simultaneously be made in the Bin Card—K.P.W. Form 7 and a copy of the indent should be retained as a voucher in support of the entry. The second copy of the indent should be returned at once to the indenting officer. The third and fourth copies 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 despatched, or by a duly authorised 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 10.3.6.

Note.— 2. Note 1 applies also to issues made to contractors by the Sectional Officer himself without the production of an indent signed by higher authority—vide paragraph 7.2.9.

(c) BIN CARDS

7.2.12. A chronological record of receipts, issues and the running balance of each article of stock will be kept in the Bin Card K.P.W. Form No.7 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 by the custodian of the stores (Junior Engineer or Store-keeper as the case may be) in the order of occurrence and as and when the transactions take place—vide paragraphs 7.2.5.and 7.2.11.

7.2.13. 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 the Divisional Office in K.P.W. Form 11 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 a Bin Card is completed, it should be returned to the Divisional Office after carrying over the balance to the new card. On receipt, the entries of the completed cards and the corresponding entries in Priced Stores Ledger should be checked in the Divisional Office and discrepancies, if any, pointed out to the Junior Engineer or other officer concerned for further action. The Bin Cards should then be recorded in the Divisional Office after entering the date of return in column 7 of the register of Bin Cards.

IV. VALUE ACCOUNTS

(A) PAYMENT FOR STOCK RECEIVED

7.2.16. The payments of bills of suppliers for stock received are made in accordance with the provisions for payments to contractors for work done—vide paragraphs 10.2.1. and 10.2.16. to 10.2.30. with the exception that the claims are verified in the Divisional/Sub-divisional Office concerned with reference to the connected entries in the Goods Received Sheet—vide paragraph 7.2.6.

7.2.17. The claims for stock received from other Divisions including the Divisions of other Governments will be settled in accordance with the procedure prescribed in Appendix 8.

7.2.18. Cash payment should not be made for stock received from other sources except in accordance with the rules in Chapter 4 of Kerala Account Code, Volume I. 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 other cases, the necessary adjustment of the cost, through the remittance or other head concerned should be made by the Divisional Office in accordance with the instructions in Chapters 8 and 18 and after verifying the claim with reference to the entries in the Divisional copy of the Goods Received Sheet.

(b) Recoveries for stock issued

(i) ISSUE RATES

7.2.19. An Issue Rate is assigned to each new article as it is 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, for carriage and other incidental charges actually incurred on the acquisition of stores and storage charges as defined in paragraph 2.1.1.(47)

Note.—1. It is not necessary that the Issue Rate for an item should be the same in all Divisions/District Stores but a uniform rate should ordinarily be prescribed for all localities in a division/district.

Note.—2. Issue rates should be worked out to the nearest multiple of five paise, fractions of 2.5 paise and below being ignored and fractions of more than 2.5 paise taken as five paise.

Note.—3. In the case of plant and machinery newly acquired and held under 'stock' in a store pending issue to works, the cost of its maintenance, such as greasing, oiling, etc., be treated as part of the storage charges.

In the case of other plant and machinery the original book value shall be depreciated annually by the percentage fixed for 'depreciation' in rule 10 of para 316 of the Kerala Public Works Department Code. In such cases an estimate for working expenses of plant and machinery in the Stores shall be sanctioned every year under the sub-head "Stock" and the depreciation charges

referred to in the first sub-paragraph shall be debited thereto by credit to "Stock". The handling charges as well all repair and renewal charges which are not recovered from the party hiring the plant shall also be debited to the estimate. The handling charges realised from the hirers of plant and machinery and the portion of the hiring charges (realised under rule 10 of the rules in paragraph 316 of the Kerala Public Works Department Code) comprising the percentages for repairs and renewals and depreciation shall be credited to the estimate and the net figure shall, at the end of the year, be transferred to "50 Public Works—Civil Works—Losses on Stock" or to the receipt head "XXXVII—Public Works—Miscellaneous."

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 cost should be watched and if there is any material variation in the purchase rates, the issue rate can be revised earlier, if necessary, at the discretion of the Divisional Officer. It should however, be seen that the issue rates are kept within the market rates.

Note.—In the case of controlled articles 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 in pursuance of paragraphs 10.3.4. and 10.3.5. should be restricted to the *bona fide* requirements of the works. Excess issue to contractors and sales should be charged at the market rates.

(b) Issues to other divisions (including other District Stores and the divisions served by them—vide paragraph 7.1.1.) and departments may be made at a rate higher than the issue rate.

(ii) STORAGE CHARGES

7.2.22. A storage rate is fixed annually for each Division on the basis of the actual storage charges incurred in the year preceding the year for which the rate is calculated so that the total estimated annual expenditure may as far as possible be recovered from the issues likely to be made during the year. Storage charges calculated at the rate fixed for each year will be added on a percentage basis so as to form part of the issue rate under paragraph 7.2.19.

(iii) HANDLING CHARGES

7.2.23. A suitable percentage based on carriage and other incidental charges of the previous year which are incurred simultaneously in connection with several articles of stock and cannot therefore be allocated to the various articles should be fixed annually on the principle enunciated in the previous paragraph and added to the issue rate.

*[The Expenditure on storage charges and handling charges, should be debited to the sub-head † “carriage and storage” under the suspense head stock.

As the issue rates for stores fixed are inclusive of carriage and storage charges and handling charges on percentage basis the amount of recoveries effected for the year on account of carriage and storage and handling should be worked out from the total recoveries and credited to the sub head carriage and storage under the suspense head “Stock”. The profit or loss if any at the end of the year should be adjusted at the end of the year in accordance with the provision of para 7.2.34.]

(iv) MODE OF RECOVERY

7.2.24. (a) ** Issue or transfer of Stores to other Stores, Departments, Local Bodies or Private individuals shall not be permitted except in the exigencies of public service or other reasons such as disposal of excess stock. In exceptional cases such issues may be made with the prior sanction of the Chief Engineer concerned. The Divisional Officer is responsible to see that such cases the full cost of materials is realised in advance.

Note.—A sale account in K.P.W. Form 18 should be prepared in support of every such sale.

(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 paragraphs 7.2.17 and 7.2.18. The Sub-divisional Officer is however, responsible for the clearance, from works accounts, of all outstandings against contractors on account of the recoverable value of materials issued to them by charge to works.

(c) The 20 per cent supervision charges should be realised in addition to the issue rate—vide paragraph 7.2.19. In all cases in which it is recordable under paragraph 306 of the Kerala Public Works Department Code, but the amounts recovered on this account should not be treated as receipt on account of stock, but as revenue receipts, or receipts on capital account, as the case may be.

* Substitution G.O. (P) No. 522/80/Fin. dated 22-8-1980.

† Substitution G.O. (P) No. 693/85/Fin. dated 2-11-1985

** Substitution G.O. (P)745/87/Fin. dated 18-9-1987

Note.—In the case of all stores received the actual value should not be levied on stock materials issued on the works for which centage charges are separately leviable.

(c) Valuation of quantity accounts

7.2.25. On receipt of the Goods Received Sheets (K.P.W. Form 7A) in the Division Office, receipts should be valued on the basis of the prices paid or payable as per bills or other claims. Extra charges, when paid or adjusted, should be entered in column 11 of the Goods Received Sheets. The Goods Received Sheets should then be posted in the Priced Stores Ledger.

Note.—In the case of all stores received the actual value which will not be known till the suppliers' bill is received and paid, an estimated figure should be adopted for bringing the liabilities in the stock account under the sub-head "Purchase" vide paragraph 13.2.5. (c) and also for the completion and closing of the Priced Stores Ledger.

7.2.26. The stock issues should be valued in the Divisional Office at the issue rate fixed for the purpose—vide paragraphs 7.2.19 to 7.2.21 on the basis of the third and fourth copies indents received from the Junior Engineer or other officer concerned—vide paragraph 7.2.11. 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" 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 also* paragraph 10.8.1. These charges should be adjusted against the particular sub-head under which the item is classified.

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 register 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" (K.P.W. Form 8) and the "Summary of Indents" (K.P.W. Form 9). These forms should be posted daily in the Divisional Office from the copies of the Goods Received Sheets and the

Indents, the entries being made only in respect of values. The total value of receipts and issues as brought out in these summaries should be reconciled with the corresponding monthly totals of the Priced Stores Ledger (K.P.W. Form 11).

7.2.30. When abstracting the transactions recorded in the Goods Received Sheet and Indents, care should be taken to observe strictly the prescribed accounts classification—vide Appendix 3. It is not sufficient to enter the name of the major heads affected, but the minor and detailed heads should also be stated.

Note.—Although “manufacture” is a sub-head of the stock account, issue 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. (56).

V. PRICED STORES LEDGER

7.2.31. An account shall be maintained in the Accounts Branch of the Divisional Office to record day by day the transactions relating to each item of stock. This account should be maintained in K.P.W. Form 11, Priced Stores Ledger which will be duly machine-numbered and 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 ledgers will be maintained for articles falling under each sub-head of stock. Each Ledger should be provided with an index which should be kept up-to-date.

7.2.32. All items of receipts and issues will be entered in the Ledger from the copies of the Goods Received Sheet and the Indents which are received daily from the Junior Engineer or other Officer concerned—vide paragraphs 7.2.6 and 7.2.11. At the end of the 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 AND 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 *pro forma* and credited to Revenue (or as a receipt on capital account) or charged off as "Losses on Stock" as the case may be, under the Major Head under which the stock is held.

Note.—It would not be necessary to allocate the differences over the works; the profits or losses should be taken in account at the time of fixation of issue rates for the next year.

VII. STOCK TAKING

7.2.35. The results of all verifications of stock (vide paragraph 303 of the Kerala 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.

**Note*.—(1) In addition to the annual physical and accounts verification mentioned in para 306 of the Kerala Public Works Department Code, surprise verification (without notice) of the stores shall be carried out at least once a year by the Deputy Chief Engineer (Stores and Purchase). Verification of at least 25% of the stock of costly items such as cement, steel, bitumen etc., shall be conducted during such checks. Irregularities and discrepancies shall be brought to the notice of the Government through the Chief Engineer (General).

**Note*.—(2) The Stores Verification Officer and the Deputy Chief Engineer (Stores and Purchase) shall, in addition to the detailed stores verification report, submit a brief summary report direct to the Chief Engineer (General) highlighting cases where serious financial irregularities defalcations, misappropriations or other suspicious transactions are detected. The Chief Engineer (General) shall take corrective action in the case of all such reports immediately on their receipt.

* Insertion G.O.(P)745/87/Fin. dated 18-9-1987.

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 charged off finally, but kept under “Miscellaneous Public 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 Public Works Advances” by debit to :—

- (i) the works for which the stores were specially collected if the accounts thereof are still open, or;
- (ii) the general head “Losses on Stock” under one or more major heads, as may be decided by competent authority on a consideration of the objects for which the store were stocked.

7.2.37. In the cases of special stores 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 Government in consultation with the Accountant General.

VIII. 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 closing the accounts of the month 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 Accounts 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 paragraphs 303 and 305 of the Kerala 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 307 of the Kerala 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 receipts and reductions therein as issues, a suitable remark being made in the entries in K.P.W. Form 7 and K.P.W. Form 11—*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 K.P.W. Form 17.

7.2.41. No correction will be made in the accounts in respect of stores declared to be in excess of requirements, vide paragraph 304 of the Kerala 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

I. 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 tools and plant, i.e., those required not for general purposes, but for a specific work.

The cost of the supply, repairs and carriage of 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, estimates for the purchase of the tools and plant should be prepared and sanctioned and the expenditure incurred against sanctioned estimates, in the same way as expenditure on work; for powers of sanction, *See* paragraphs 366 III, 367 III and 368 III of the Kerala Public Works Department Code.

Note.—*See* exception under paragraph 7.1.4. and Note 3 below paragraph 7.2.19. with regard to tools and plant in the P.W. District Stores.

7.3.2. Numerical accounts of articles of both classes should be kept in accordance with the following rules, a separate set of accounts being maintained in each sub-division and one in the Divisional Office for tools and plant directly under the Divisional Officer.

Note—The rules relating to numerical accounts of tools and plant apply also to imperishable articles, e.g., typewriters, furniture of rest-houses, and camp sheds in charge of the Public Works Department, surgical instruments and hospital furniture of special P.W.D. dispensaries, 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 applies 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 K.P.W. Form 12 which should be prepared in triplicate by carbon process in indelible ink or copying pencil, one copy being retained by the Sectional or other Officer concerned and the other two sent to the Sub-divisional Officer who will retain one copy for posting the Tools and Plant Ledger (vide paragraph 7.3.7) and pass on the other to the Divisional Officer for making necessary payments or adjustment of values if required (vide 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.

In the case of special Tools and Plant K.P.W. Form 12 should be prepared in quadruplicate for sending one copy to the Accountant General along with the monthly accounts—vide paragraph 22.4.15.

Note.—1. The entries in K.P.W. Form 12 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 Indent K.P.W. Form 13.

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.

Note.—3. Two types of booklets will be printed in this case also—vide Note 1 below paragraph 7.2.6.

(B) ISSUES

7.3.5. The articles of tools and plant should be issued only on receipt of Tools and Plant Indent in K.P.W. Form 13 signed by the Divisional or Sub-divisional Officer. Except in the case of cash sales unstamped but dated acknowledgments 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 the articles lent, as determined by the Sub-divisional Officer. *See also* paragraph 7.3.8.

Note.—Entries of articles referred to in paragraph 7.3.6 should be distinguished from others by a suitable remark in K.P.W. Form 13.

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 by the indenting Division/Sub-division. The supplying Sub-division shall complete the 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 (K.P.W. Form 14).

In the case of Special Tools and Plant K.P.W. Form 13 should be prepared in quadruplicate for sending one copy to the Accountant General along with the monthly accounts—vide paragraph 22.4.15.

(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 K.P.W. Form 14, 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 shortages 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 and (4) navigation plant. 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 shortages come to notice, and the instructions relating to it are given in paragraph 7.3.19.

7.3.8. Parts I and 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 transactions take place.

Each separate transaction connected with articles lent or sent out (vide paragraph 7.3.3.) should further be posted in Para II in the section reserved for the contractor or persons concerned articles lent, etc., being shown under issues and those received back under receipts.

(d) CHECK IN DIVISIONAL OFFICE

7.3.9. Copies of Tools and Plant Received Sheets (K.P.W. Form 12) and the Tools and Plant Indents (K.P.W. Form 13) received from the Sub-divisional Offices should be checked in the Divisional Office so as to see that all tools and plant purchased or transferred from other divisions or sub-divisions have been brought on to K.P.W. Form 12 and that all issues of tools and plant are supported by receipts of the parties concerned and that in the case of transfers, within the division they have been brought on to the Tools and Plant Received Sheet in K.P.W. Form 12 of the Sub-divisions concerned and filed together. The Tools and Plant Ledger of the Sub-Division should also be checked with the entries in the copies of the Tools and Plant Received Sheets and Indents retained in the Divisional Office.

III. PAYMENT FOR SUPPLIES

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

IV. RECOVERIES

(a) FOR USE OF TOOLS AND PLANT

7.3.11. 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 2 to the Kerala Account Code, Volume III.

7.3.12. When tools and plant are lent to local bodies, contractors or others vide paragraph 7.3.3. the hire and other charges should be recovered regularly in accordance with the rules in paragraph 316 of the Kerala Public Works Department Code.

*Note:—*To avoid disputes about the levy of hire charges on articles of tools and plant lent to contractors by Government, the contract should invariably specify the tools and plant to be supplied and the rates at which hire charges have to be recovered from the contractors.

(B) FOR SALES AND TRANSFERS

7.3.13. The Sub-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 realised 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 Public Works Advances” as a sale transaction, by the issue of a transfer entry.

*Note.—*A Sale Account in K.P.W. Form 18 should be prepared in support of every transaction.

7.3.14. When tools and plant are transferred to other divisions or departments, the Sub-divisional Officer should note in K.P.W. Form 13 in red ink, just below the entries of quantities, the values thereof if recoverable under the rules in Chapter 17. The necessary monetary settlement/adjustment will be effected by the Divisional Office.

7.3.15. The foregoing rules will apply equally to the adjustment or transfer of the cost of special tools and plant charged to a work or project.

On the completion of a work or project on which special tools and plant were used or when these tools and plant are no longer required for use thereon, the Divisional Officers may transfer them, if in efficient condition, to another work or project in the same division or in any other division where they may be required for immediate use, after suitable valuation by competent authority, crediting the value, thus determined, to the work from which they are transferred by debit to the new work.

A list of such tools and plant whether originally purchased from the District Stores or from any other source, should, when not required for immediate use on any other work or project in the same division or any other division be circulated by the Divisional Officer concerned to all other Divisional

Officers requesting them to report if any of the plans in the list is likely to be required for any work or project in their divisions in the near future. Such of the plant as can be used on any works or projects in the near future should be transferred to the District Stores, with the information regarding the works for which they have to be reserved and the probable date when they will be required for the works.

The District Stores should not take into its stock articles of special tools and plant unless it is known that they are likely to be required for use anywhere in the near future. Even in the case of ordinary plant offered by any division to the District Stores, such as pumps, rollers, portable engines and all other articles that are in common and regular use in the department, the Divisional Officer shall have the option of taking them over to the stores stock or not, according to the stock existing at the time of the offer in the stores.

Note.—1. It is not permissible to write-back the cost of special tools and plant in anticipation of the possibilities of the articles being utilised on another work or project at the some distant date.

Note.—2. 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 charged have been closed, until they are actually transferred or until, owing to their having become unserviceable, their write-off has been sanctioned.

7.3.16. Tools and Plant which a District Stores proposes to take over from a division to the stores stock under paragraph 7.3.15 above shall be valued by him by taking into consideration the life, the then actual condition of the plant and the then prevailing market price for a new plant of the kind and the charges (to be estimated) that may have to be incurred on overhauling and repairs to the plant and credit given to the extent of the value so arrived at to the work concerned. In this case, the cost of overhauling and all repairs to the plant and replacements should be borne by the District Stores but the freight charges to the Division should be borne by the work from which the plant is transferred.

If any plant although serviceable, is not required for immediate use on any other work in any Division or is not taken over by the District Store it shall be sold with the sanction of the competent authority either by public auction at the place at which it is kept or by calling for sealed tenders or by any other means considered desirable by the sanctioning authority.

If any plant is considered unserviceable, it shall be condemned and the sanction of the competent authority obtained on a survey report for its disposal

either by auction as a whole at the place at which it is kept or by breaking it up for its component materials to be transferred to the stock of the District Stores as scrap cast-iron or gun-metal, etc., for remelting, credit of the amount of the sale or the valuation of the scrap as the case may be being afforded to the work to which the value of the plant stands charged.

V. VERIFICATION

7.3.17. 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 K.P.W Form 14 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 7.3.19.

VI. RECTIFICATION OF ACCOUNTS

7.3.18. Clerical errors in the numerical accounts should be dealt with in the manner prescribed in paragraph 7.2.35 for stock accounts except that no transfer entries will be necessary.

7.3.19. Discrepancies in quantities and losses should be dealt with as under:—

(a) When they are noticed, action should be taken as indicated in paragraph 7.3.17 losses being treated as deficiencies.

(b) When writing up the Tools and Plant Ledger the deficiencies should be registered in part III and their clearance should be watched. Articles found surplus will be treated as receipt in part I, and will therefore, require no further action.

(c) If the deficiencies are made good in kind, the receipt should be shown in the Tools and Plant Received Sheet in K.P.W. Form 12 without making any entry in the quantity columns, and when posting the transaction in K.P.W. Form 14 the articles received should not be entered in part I, but taken (with a suitable remark) direct to part III, in clearance of 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

K.P.W. Form 13 with a suitable remark, and when this entry is transcribed into the Ledger K.P.W. Form 14 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 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 Parts I and 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 K.P.W. Form 17.

7. 4. ROAD METAL

I. QUANTITY ACCOUNTS

7.4.1. Supplies of road-metal should be measured and paid for in the same way as supplies of other metals 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 K.P.W. Form 15 “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. This statement should show, kilometer by kilometer, the receipt, disposal and balance of metal of each kind (Stone, Kunker, etc). The balance of metal in each kilometer should be shown, whether there are any transactions on it during the month or not.

Note.—2. The statement should show the total metal received and issued on each kilometer of the road and at the end of the account for any road or section of a road an abstract would be worked out to show the receipts and issues according to estimates for the purpose of check with the works accounts. Reference should also be given in the abstract, to the measurement books showing the receipt of metal and to paid-vouchers showing the labour charges for spreading the same. The total balance as per this abstract should agree with the total balance of the statement.

7.4.2. Unused balances of road-metal should be verified at least once a year in the manner prescribed in paragraph 303 of the Kerala Public Works Department Code, and whenever this verification is made a report of verification of the road-metal should be prepared by the Sub-divisional Officer, showing the balances as per account in K.P.W. Form 15, the actual verified balances, with explanations for discrepancies and recommendations as to their adjustments. A similar verification should be made when the officer responsible for the balance of road-metal is transferred.

II. RECTIFICATION OF ACCOUNTS

7.4.3. Metal found surplus, as the result of check-measurement (vide paragraph 284 of the Kerala Public Works Department Code) or otherwise, should at once be brought on to the quantity accounts. Deficits should, however, not be removed from the quantity accounts 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.

Note.—The authority to write-off should be obtained on a Survey Report in K.P.W. Form 17

III. SCHEDEULE 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 K.P.W. Form 16 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 89 of the Kerala Public Works Department Code.

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 ₹ 1,000 the amount should be debited direct to "Repairs" or to "Original Works" according as the quarry is intended to serve the purpose specified in clause (i) or (ii) above.

(b) When the charges exceed ₹ 1,000 and the road-metals 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 ₹ 1,000 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 "Land Kilns, etc." of the stock account, and this Sub-head should eventually be cleared by debit to "Repairs" in the manner prescribed in paragraph 12.2.2 (b).

7.5. MATERIALS CHARGED TO WORKS

7.5.1. The account 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 of "materials charged to works"—vide paragraphs 7.3.1. and 7.3.2.

CHAPTER-8
TRANSFER ENTRIES

8.1.1. Transfer entries, that is, entries intended to transfer an item of receipt or charge from the account of a work in progress or of 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 account;

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 the transfer entry.

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

Note.—The value of materials issued from stock is not adjusted by a transfer entry but through the stock accounts at the end of the month—vide paragraphs 10.3.7. and 10.3.12.

- (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 credit to the sub-head “Purchases” on account of materials received for works from sources other than stock—vide paragraphs 10.3.7 and 10.3.12.
- (ii) For credit to “Public Works Deposits” on account of balances due to contractors and other Governments on closed accounts—vide paragraphs 10.5.21 and 10.5.22.
- (iii) For credit to revenue heads on account of revenue not recovered in cash.
- (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, etc.—vide paragraph 306 of the Kerala Public Works Department Code and Appendix 2 to the Kerala Account Code, Volume III and paragraph 14.2.5. ;
- (d) In order to respond to a remittance transaction advised by the Accountant General or direct by the department concerned, 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 chargeable against the estimate for the work; and
 - (ii) Suspense charges which can no longer be kept within the accounts of the work (vide paragraph 10.5.14.). 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.

8.1.2. For every transfer entry there must either be an authority in K.P.W. Form 50 Transfer Entry Order or an order recorded on another document (e.g., Survey Report, K.P.W. Form 17; the Schedule Docket of Percentage Recoveries, K.P.W. Form 59; and Final Bill of a contractor's closed account placed under Public Works Deposits) which sets forth all the necessary particulars—*See also* paragraphs 22.1.2. and 22.4.3.

Note.—1. In case which the Transfer Entry Order is not required to be submitted to the Accountant General with the monthly account—vide paragraph 22.4.17 the necessary order, if not initiated by a Sub-divisional Officer, may be signified by the Divisional Officer's initials against the entry in the Transfer Entry Book (paragraph 8.1.6.).

Note.—2. There is no objection to a transfer entry covering a number of adjustments and corrections, provided that all necessary particulars are set forth in respect of each.

8.1.3. 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 come within his cognizance.

Note.—Transfer entries initiated by the Sub-divisional Officer should be made out in triplicate, the second and third copies being prepared by carbon process. The Divisional Office will file one copy in support of an abbreviated entry in the adjustment register and forward the second copy to the Accountant General in support of the monthly account—vide paragraph 22.4.17.

8.1.4. The Divisional Officer is responsible 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 Orders in respect of transactions falling under clauses (a), (b), (c) and (e) 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 Officers so that habitual errors and misclassifications in the accounts of subordinate officers may not remain unnoticed.

8.1.5. 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 case of corrections involving a reduction in the charges against the estimate of a 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 wrongly allocated under the estimate for the work are clearly set forth. It is not sufficient to state that the charges were erroneously classified previously.

8.1.6. All transfer entries ordered to be made should be registered in the Transfer Entry Book, K.P.W. Form 51 maintained in the Divisional Office. Entries should be grouped separately for each month in the accounts of which they are to be incorporated. Before the book is closed monthly the Divisional Accountant should see that no adjustments which are required to be made under any rule are omitted.

8.1.7. 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.

CHAPTER- 9
REVENUE RECEIPTS

9.1. GENERAL

9.1.1. Public Works revenue is assessed and realised accordance with the rules prescribed by the Government. The detailed rules relating to the realisation of revenue from miscellaneous properties and rents of buildings are contained in paragraphs 319 to 324 of the Kerala Public Works Department Code. The rules relating to license and other fees from navigation are contained in the Public Canals and Ferries Acts and the rules issued thereunder. The bulk of the irrigation revenue for the supply of water for cultivation purposes is collected by the Land Revenue Department and the Public Works Department has no hand in its collection or accounts. The general principles for the hiring of tools and plant including floating plant are contained in paragraph 316 of the Kerala Public Works Department Code. When revenue is collected it should be correctly brought to account in accordance with the classification prescribed in Appendix 3.

9.1.2. A register of Miscellaneous properties should be maintained in each sub-division. In order that no item of revenue may be lost sight of, this register should be submitted monthly to the Divisional Office and also at the time of the inspection by the Accountant General.

9.1.3. On the first page of the register there should be clear information available to show (i) that the register is signed by the Sub-divisional Officer every month whether there are transactions during the month or not; (ii) When the register is sent to the Division Office and (iii) When it is received back in the Sub-divisional Office. When there are no transactions in a month, the register need not be submitted by the Sub-divisional Officer to the Divisional Office. The reason for the non submission should be recorded in the register against the month under the signature of the Sub-divisional Officer and the fact intimated to the Divisional Office.

9.1.4. As soon as the sales of miscellaneous properties are confirmed and lease amounts or instalments thereof are collected the Sub-divisional Officer should see that the particulars pertaining to each item are entered in the register. He is personally responsible:—

(i) for obtaining the lease agreements wherever necessary within the prescribed time.

(ii) for collecting the lease amounts or instalments thereof and the security deposits on the due dates, and

(iii) for seeing to the fulfillment of the other conditions the sale notice and the agreements. The Sub-divisional officer should also verify regularly every month the particulars entered the register against the items in which there were transactions along with the cash book and connected vouchers and documents and entered in the relevant column in the register, the balance yet realisable in each case for the year both in figures and in words in his own handwriting with dated initials. He should also see if the entries verified by him in respect of those items in the previous months are in any manner tampered with.

9.1.5. When the register is received in the division office for scrutiny the Divisional Accountant should get the particulars entered against each item verified under his supervision. He should take to the notice of the Divisional Officer, in writing, cases where lease agreements are not obtained and lease amounts and security deposits are not collected within the due dates and see that they are pursued until the agreements are obtained and the amounts are collected or until the properties are resold and the amounts recoverable from the defaulted lessees including losses, if any, are realised.

9.1.6. The Sub-divisional Officer primarily and the Divisional Accountant secondarily will be held personally responsible for losses, if any, arising from failure to observe the procedure laid down above.

9.1.7. The licensing and registration of vessels under the Canals and Ferries Act, the collection and accounting of fees there from and the forms necessary for the accounting of this revenue are contained in the orders of Government issued from time to time.

9.1.8. 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 3.*

Note.—(1) For appropriation of unclaimed balances lying in the deposit accounts, See paragraph 15.4.1.

Note.—(2) The sale proceeds of trees felled in the compound of a public office should be credited to “XXXVII Public Works—Miscellaneous”—if the felling is done in the course of execution of works by the Public Works Department. In other cases, the sale proceeds of the usufructs of trees and trees felled should be credited to the Department to which the cost of maintenance of the compound is charged.

9.1.9. (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 of all revenue, regular or occasional 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 Government.

Note—(1) The object of this rule is that all a classes of revenue whether accruing from property of any kind, from leases of rights and concessions (e.g., rights for fishing etc., and the 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 “Recoveries of expenditure” by debit to “Miscellaneous P.W. Advances”, 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 COLLECTED THROUGH THE LAND REVENUE DEPARTMENT

9.2.1. When revenue from irrigation is realised in the Land Revenue Department, the procedure described below should be observed:

(a) The collections made in the Land Revenue Department are paid direct into treasuries. They are brought to account to the credit of the revenue heads concerned in the Accountant General’s Office without being passed on to the Divisional Officer for adjustment.

(b) The Divisional Officer receives from the Collector a monthly statement of the amounts realised to enable him to watch the progress of recoveries against demands or assessments.

(c) The Divisional Officer should submit to the Accountant General quarterly statements of demand, collection and balance of irrigation revenue on the 10th of August, November, February and June of each year showing separately for each civil district the monthly realisations as compared with the assessments in respect of each canal or other work.

(d) The Accountant General will maintain a register showing separately for each civil district the monthly realisation pertaining to the different Divisions.

(e) The Accountant General should bring to the notice of the Board of Revenue and the Chief Engineer any marked shortcoming of revenue realisations as compared with the budget estimates.

9.3. RENTS OF BUILDINGS AND LANDS

DEMANDS AND RECOVERIES

(a) From Private Persons

9.3.1. When a public building, land or other property is let to a person not in the service of Government, the full assessed rent should be recovered in advance.

Note—Sums received in advance for payment of rents of lands should be credited to revenue.

(b) From Government Officers and Pensioners

9.3.2. The recovery of rents from Government Officers occupying rentable building in charge of the department may be made either in cash or by deduction from their pay bills through the Treasury Officer or other disbursing officer concerned, in accordance with the rules in articles 15 to 24 of the Kerala Financial Code.

Note—(1) Amounts due on account of the hire of Government furniture and an account of the value of articles of furniture and other Government properties lost or damaged by a Government Officer as well as any other dues for which a Government Officer may be liable to Government in respect of the residence allotted to him may also be recovered in cash or by deduction from pay bills in accordance with the rules in this paragraph.

Note:—(2) The system of direct recovery in cash from employees of other divisions and departments is ordinarily not suitable when the rent recoverable is dependent upon the rate of pay of the occupant.

9.3.3. When rent is recoverable in cash, a bill in a suitable form should be sent to the tenant on or before the last day of each month. The tenant should be required to pay in the rent before the expiry of the following month.

9.3.4. When recoveries of rent are to be effected through a Treasury Officer or other disbursing officer a demand in K.P.W. Form 45, Statement of rents recoverable in cash or by deduction from pay bills, should be sent, in # triplicate at least 4 days before the last day of each month, to the officer concerned who will make the necessary recoveries and return one copy of the statement duly completed between the 22nd and 25th of the following month \$ to the Executive Engineer/Head of Office.

Note.—(1) Treasury Officer and other disbursing officers are required to recover the amounts specified by the* Head of Office/Drawing Officer without prior reference to the tenants and to note, in the statement of rents, the particulars of emoluments and of changes therein in respect of Government Officers. Whose rent is limited to a percentage of such emoluments.

Note.—(2) If the rent recoverable from a Government Officer is limited to a certain percentage of his emoluments and the emoluments are changed retrospectively, the rate at which rent is recovered should also be changed retrospectively.

Note.—(3) If the* Head of Office/Drawing Officer becomes aware that the salary of a Government Officer has 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 ** Heads of Offices/Drawing Officers of the stations concerned to enable them to recover the arrears of rent when necessary.

Note.—(4) ^ Deleted

Note.—(5) In K.P.W. Form 45 will also be included any amounts due on account of the hire of Government furniture, the value of articles of furniture and other Government Property lost or damaged by a Government Officer as well as any other dues for which a Government Officer may be liable to Government in respect of the residence allotted to him.

#,*,** Substitution. G.O.(P) No.1664/99/Fin Dated 30-07-1999.

\$ Addition. G. O. (P) No. 1664/99/Fin Dated 30-07-1999.

^ Deletion. G.O.(P) No.1664/99/Fin Dated 30-07-1999

Note.—(6) A separate K.P.W. Form 45 should be prepared in respect of each tenant who is a gazetted officer who draws his pay direct from the treasury. For non-gazetted officers, there should be a single consolidated form for each class of establishment whose pay is drawn in a separate bill. # Deleted

Note.—(7) @ Deleted

9.3.5 In preparing the statement of demands, the *** Head of Office/ Drawing Officer should rely upon copies of pay slips of gazetted officers received from the Accountant General and intimation, from heads of offices, of the changes in the emoluments of non-gazetted officers occupying Government residences. The completed occupy of K.P.W. Form 45 returned by the Treasury Officer should also be made use of in preparing the statements of rents for the next month, and the assessment should be revised whenever any change of emoluments has been noted by the Treasury Officer. The**** Head of Office/ Drawing Officer should provide also for the recovery of additional rent due either because the full amount has not been collected in the previous month, or because the arrears of emoluments have been paid to a Government Officer.

Note.—After necessary action has been taken on the statement of rents in K.P.W. Form 45 returned by the Treasury Officer, the Divisional Officer will forward it to the Accountant General.

9.3.6. Amounts recovered by Treasury Officers by deduction from pay bills cashed at Treasuries subordinate to the same Accountant General will not be passed on to the Divisional Officer for adjustment as the Accountant General will credit the revenue head direct in his own books. The Divisional Officer should, however, credit the accounts of the tenants in the Register of Rents of Buildings and Lands in K.P.W. Form 46, with the recoveries as certified by the treasury, disbursing or drawing officer concerned.

9.3.7. (1) The Accountant General will forward to the Division Office the statement in K.P.W. Form 45 received during a month in his office with the accounts of treasuries for verification with the set of statements received in the Division Office direct from the treasury. The Divisional Accountant should see that no statement pertaining to that treasury has been omitted to be sent by the Accountant General. He should compare these with the corresponding entries in the Register of Rents Of Buildings and Lands K.P.W. Form 46 and *intimate the Head of Office/Drawing Officer to revise the assessment of rents of Government Officers whose rates of emoluments have been altered by the Accountant General.

, *, Substitution. G.O.(P) No.1664/99/Fin Dated 30-07-1999

#, @ Deletion. G.O.(P) No.1664/99/Fin Dated 30-07-1999

* Substitution. G.O.(P) No.1664/99/Fin Dated 30-07-1999

(2) When a Government Officer is transferred or proceeds on leave or retries, the **Head of office/Drawing Officer should give the Treasury Officer as early as possible a notice of the date upto which rent is payable.

9.3.8. All heads of departments and offices should furnish not later than 15th of every month, to the Divisional Officer a statement in suitable form showing the particulars regarding the names, designation, emoluments, etc., of the officers occupying quarters provided by Government irrespective of the fact that rent is payable for them or not and the changes in the occupancy of such buildings. In the case if vacant buildings head of offices should furnish information as to what period each building is expected to be vacant and whether the building will be required during that period by any officer of the same department. The Divisional Officer should then consider the desirability of finding tenants for the vacant buildings.

Note.—For the purpose of the above rule it will be sufficient if heads of offices intimate monthly in the form of additions to and changes in the completed statement once furnished. When there are no changes, the fact should be intimated to the Divisional Officer concerned.

9.3.9. The duties of Treasury Officers in the matter of recovery of rents are laid down below:—

(i) The Treasury Officer will note in column 6 of both copies of statement of rent recording at the bottom of the statement a certificate that he has done so.

(a) the emoluments actually drawn by the tenant where they differ from those entered by the ***Head of Office/Drawing Officer in column 3.

(b) any sum drawn by the tenant as arrears of emoluments with details of the rate at and period for which it has been drawn.

He will also note in column 6 the number of the bill from which deduction of each item of the rent was made, and if, in any instance, the rent in column 4 has not been recovered in full, a brief explanation of the reasons for non-recovery.

(ii) He will return one copy #each of the statement thus completed to the Divisional Officer \$ and the Drawing Officer so as to reach them ^by the 25th of every month.

- (iii) He will obtain from sub-treasuries details of recoveries of rent effected there in time for inclusion in this copy of the statement of rents. Any subsequent recoveries effected by the Treasury Officer or a Sub-treasury Officer too late for inclusion in the statement, should be included in the statement of the following month.
- (iv) He will compare and agree the total of the recoveries shown in the other copy of the statement of rents (which should include recoveries made too late for inclusion in the first copy) which the total credits in the treasury account and will submit this copy to the Accountant General with the treasury account for the month in which the recoveries were made.
- (v) He will continue to recover rent at a rate once intimated by the @Head of Office/Drawing Officer until advice to the contrary is received from him, whether the monthly demand statement K.P.W. Form 45 has been received or not; and when a Government Officer is transferred, proceeds, on leave , or retires, he will, unless otherwise instructed by the *Head of Office/Drawing Officer.
 - (a) if the Government Officer is paid upto the date of making over charge, recover from the pay bill the rent due upto that date;
 - (b) if the Government Officer is not paid upto the date of making over charge, recover from any pay bill paid, the rent due for the period covered by the pay bill, and note on the reverse of the last pay certificate the balance of rent due for recovery on account of the remaining period upto the date of making over charge.
- (vi) He will not conduct any correspondence with tenants on the subject of their rents but will refer them to the Divisional Officer.

9.3.10. Recoveries made by other disbursing officers should be credited to the accounts of tenants in the Register of Rents of Buildings and Lands, K.P.W. Form 46 and adjusted in the divisional accounts by debit to the remittance head concerned, on the authority of the certified statements received back from them without waiting for the intimation of the corresponding credit from the Accountant General.

9.3.11. The amounts representing recoveries of rents relating to another State Government realised, should be initially accounted for under the minor head "cash settlement Suspense Account" under section "T. Deposits and Advances" and should be remitted by the Accountant General to the Accountant General of the state on whose behalf the rent is recovered by means of bank drafts obtained by presenting contingent bills debiting the above head of account. To enable the former to make such payments, the Divisional Officer should indicate the correct classification including the name of the Accounts Officer to whom the amounts should be remitted, in the Rent Demand Statements. The latter Accountant General will encash the draft crediting the final head of account and intimate the Divisional Officer concerned who should record the fact of recovery in the register of building.

9.3.12. A tenant who is in receipt of a pension from Government should be treated as a private individual for the purpose of these rules. But if he desires to make payment by deductions from his pension, recoveries from him may be made through the Treasury Officer or other disbursing officer concerned, on the pensioner's furnishing the Divisional Officer with a written request authorising such deduction. This authority should be transmitted to the Treasury or disbursing officer with the first demand.

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

9.3.14. Pending orders on a representation against the Divisional Officer's *and the Drawing officer's assessment, the amount assessed should be paid by tenants on demand. Should the representation prove successful the excess charged should be adjusted as soon as orders are issued by a deduction 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. Remissions of irrigation revenue allowed before collection should be treated as reductions of demands and cash repayments of such revenue after collection, as "refunds" of revenue. All other refunds of revenue and repayments of receipts and recoveries on capital account (Appendix 3, Statement E) should be taken in reduction of the receipts under the heads concerned.

* Insertion. G.O.(P) No..1664/99/Fin Dated 30-07-1999

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 payment 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. 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.

9.5. ACCOUNTS PROCEDURE

1. REGISTER OF REVENUE

9.5.1. All revenue receipts of the division should be classified and abstracted in a Register of Revenue K.P.W. Form 44 maintained in the Division Office. The receipts relating to each project, for which a separate revenue account is kept, should be registered separately and all the other receipts pertaining to a major head should be booked collectively. 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 charges making up the figure to be deducted being recorded in a separate Register of Refunds of Revenue which should also be in K.P.W. Form 44.

Note.—For accounts procedure in respect of refunds of rents realised *See note 1 to paragraph 9.5.6.*

9.5.2. All receipts falling under the minor head "Receipts and Recoveries on Capital Account", should also be abstracted in K.P.W. Form 44, a separate account being kept for each project the expenditure on which is booked separately.

9.5.3. In respect of rent receipts of the buildings and special services for which a subsidiary account is kept in K.P.W. Form 46, it is not necessary to make entries in detail in any of the registers in K.P.W. Form 44. The monthly totals only (excluding the amounts realised by the Treasury Officers) for each class, of the rents for which separate detailed heads have been opened under the minor head "rents" should be transferred from K.P.W. Form 46 to K.P.W. Form 44.

2. REGISTER OF RENTS

9.5.4. A register in K.P.W. Form 46 (Register of Rents of Buildings and Lands) should be maintained in the Divisional Office to show the monthly assessments, realisations 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 let. No building or site should be excluded from this register on the plea that it is intended to be occupied rent-free or is not likely to be rented, but all such buildings may be grouped separately.

Note.—(1) 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) Rent-free quarters for menials need not be entered in this register except when allotted to persons from whom rent is recoverable, nor need rest houses and other traveller's bungalows be entered although rent receipts from them are also treated as rents of buildings which are required to be booked under the minor head 'Rents'.

Note.—(3) When new quarters are constructed it should be ensured that they are included in this register and the standard rent is got approved by Government to enable the rent being assessed under the rules with reference to this standard rent.

Note.—(4) When improvements to existing residential buildings or buildings for which rent is recovered are carried out the standard rent should be revised and got approved by Government with effect from the date of completion of the work; any difference between the rent recovered and the rent due must be assessed and recovered.

Note.—(5) Notes 3 and 4 will apply to the expenditure on provision of special services in connection with residential buildings such as furniture, etc., for which rent is charged separately.

Note.—(6) If a building is actually occupied prior to closing the accounts of expenditure on its construction, acquisition or equipment, rent is nevertheless chargeable from the date of occupancy and should therefore be fixed provisionally with the sanction of competent authority.

9.5.5. The entries relating to the assessment of rent should be made month by month and for this purpose arrangements should be made to obtain timely intimation (with full particulars) of all changes of tenancy from the subordinates in charge of the properties—vide also paragraph 9.3.8.

Note.—If any property is occupied free of rent or if the rate for any month's assessment is neither the standard rate nor the ten per cent of occupant's salary, a suitable remark (quoting authority) should be made against the entry relating to it. If a Government Officer is not entitled to but is actually allowed the benefit of the 10 per cent concession, a reference to the specific orders of Government allowing it should be recorded in the remarks column of the register of rent.

9.5.6. The total realisation of each month should be abstracted at the foot of the register so as to show separately, (i) cash realised in the division, (ii) recoveries by other disbursing officers adjusted in the Divisional Accounts (paragraph 9.3.10) and (iii) recoveries at treasuries adjustable in the Accountant General's Office (paragraph 9.3.6) for both rents of buildings and rents of lands, etc. If buildings are provided with special services such as furniture for which rent is charged separately, the account of rent charged for each building in respect of these services should be kept separate from that of the rent of the building itself and in the abstract also the realisations on account of each of these services should be shown separately.

Note.—(1) Refunds of rents realised should be treated as payments made and should therefore be shown separately as minus realisation in the register of rents of buildings and lands and thus distinguished from gross realisations of rent.

Note.—(2) As soon as the monthly accounts are sent to the Accountant General the Divisional Officer should prepare the D.C.B. Statement of rent of buildings and lands in K.P.W. Form 70 and forward to the Superintending Engineer every month regularly. The Divisional Accountant will be responsible for the prompt submission of the D.C.B. Statement to the Superintending Engineer for scrutiny by the Financial Assistant. It is the duty of the Superintending Engineer, among other things, to scrutinise the D.C.B. Statement with the assistance of his Financial Assistant and to enquire into the reason for delay in recovery of rent.

CHAPTER – 10

WORKS ACCOUNTS

10.1. GENERAL PRINCIPLES

10.1.1. (a) Expenditure on the construction or maintenance of a work may be broadly divided into two classes, viz., (1) Cash and (2) Stock charges. As explained in Chapters 6 and 7, these charges are recorded in the Cash and Stock Accounts, respectively.

(b) In addition to the charges falling under these main classes there are other transactions affecting the cost of a work. For example, there may be charges incurred in other Divisions or Departments, 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.

(c) All these transactions pass into the general account of the Division in the manner described in Chapter 22 and are thence incorporated in the general accounts of the State. As however, the units of classification adopted in the general accounts in respect of expenditure are certain heads of account and not individual estimates for works or contract accounts it is necessary to maintain separate accounts in the Sub-divisional and Divisional Offices for recording (1) the cost of individual works and (2) the transactions of individual contractors. These are known as 'Works Accounts'.

10.1.2. Although the primary object of the accounts of work is to exhibit simply, but accurately, the actual cost of work done, the rules frequently require the upkeep of separate accounts for the several component parts of a work which are not required to attain this object. There are two main reasons for this. In the first place, it is often desirable to have details which will satisfy the need for statistical information and for analysis of the comparative cost of various classes of work, of types of buildings, etc. The more important reason, however, is that in the case of larger works, especially if the period of construction is a prolonged one, it would not be possible for the Divisional Officer to exercise efficient financial control over the recorded transactions of the cost of a work if only the total cost were recorded in the accounts of the work. The Divisional Officer's personal knowledge of the executive arrangements for the execution of a work, and of the actual progress of work, must be supplemented by a comparison, monthly, of the cost as recorded in the accounts with the value received in the shape of work done. This monthly comparison is obviously impossible unless the total cost is split up into convenient parts in such a way that, as far as possible, the cost of each distinct part may be compared with the work done thereon.

10.1.3. In recording the cost of an individual work in the accounts no attempt is made to include therein charges on account of general services, like Establishment and Tools and Plant, the entire cost whereof is accounted 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 and the claim made by it includes an authorised charge on account of such general services, under paragraphs 5 to 7 of Appendix 2 to the Kerala Account Code, Volume III (reproduced in Appendix 9 of this Code), such charge 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 service 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 or departments will be governed by the rules in paragraphs 7.3.13. and 7.3.14.

Note.—(2) The cost of special establishment employed on the acquisition of land when chargeable to the accounts of the works concerned under paragraph 16.1.3. should be treated as a part of the work's 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 2 to the Kerala Account Code, Volume III. (reproduced in Appendix 9 of this Code.)

10.1.4. Primarily the Divisional Officer is the responsible disbursing officer of the Division. The Sub-divisional Officers are, however delegated with powers to pass bills upto a maximum amount of ₹ 2,500 in the case of all first and final bills and ₹ 10,000 in the case of intermediate bills. A Divisional Officer may, if necessary, require bills even below the limits laid down under the above rule to be sent to him for passing.

Note.—(1) The limit of ₹ 10,000 in respect of intermediate payments refers to the value of work actually executed or supplies received and is also the maximum limit upto which payments may be made on any work in a month—vide paragraph 10.2.30 (a). This limit is not affected by bills paid after pre-audit in the Division Office.

Note.—(2) Annual scheme maintenance estimates connected with irrigation works are excluded from the operation of the rule in the above paragraph.

Note.—(3) Sub-divisional Officers are authorised to refund deposits credited in the Sub-divisional Cash Book after necessary verification except in cases where the party fails to produce the original receipt, or the item to be refunded has already been credited to Government under paragraph 15.4.1. of this Code, or confiscated under the provisions of an agreement or bond.

10.1.5. Initial accounts and vouchers connected with charges relating to works must invariably specify (1) the full name of the work as given in the estimate, (2) the name of the component part (or “sub-head”) of it, if separate accounts are kept up for the several component parts and (3) the charges (if any) which are of the nature of recoverable payments and the names of the contractors or others from whom recoverable.

Note.—In the case of recoverable charges 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.

10.2. CASH PAYMENTS

I. INTRODUCTORY

10.2.1. Cash charges on works consist of payments (1) to labourers and members of work-charged establishments, of their wages and (2) to contractors and others for work done or other services rendered. The cost of materials procured specially for works is charged to the accounts of works by transfer credit to the suspense account “purchases”—vide item 2 of para 10.5.14, but 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 6.4.19. apply to all these classes of payments. Only special rules are, therefore, set forth in this chapter.

10.2.2. The rules in Article 47 (b) of the Kerala Financial Code, Volume I enjoining that inevitable payments should be liquidated and recorded at the earliest possible date, should be carefully observed. There should be no delay in the payment of bills for work done for want of approved agreement, sanction to revised estimate, or work-slip or similar reasons.

10.2.3. The maximum intervals permissible at the several stages between the measurement of a work and payment of bill for it are given below:

| | | |
|--|---|--|
| Preparation of bill in the Section Office after measurement of work. | } | Within 2 weeks from date of measurement. |
| Scrutiny of bill in the Sub-division Office and passing it for payment by Sub-divisional Officer where Sub-divisional Officer is competent to make payment | | Within 2 weeks from date of receipt of bill in Sub division Office |
| Scrutiny of bill in the Division Office and passing the same for payment in Division Office | | Within one month from the date of receipt of bill in Division Office |

II. PAYMENTS TO LABOURERS.

(a) Departmental labour

10.2.4. 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, K.P.W. Form 19 and charged to the estimates of the works on which they are employed:—

- (1) Permanent and temporary employees of the division whose pay is charged to the head “Establishment”.
- (2) Members of the work-charged establishment as defined in paragraph 42 of the Kerala Public Works Department Code.

10.2.5. Discrepancies between labour reports and muster rolls should be investigated as soon as the latter are received.

10.2.6. Muster rolls should be prepared in K.P.W. Form 19 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 no harm can result if the total unpaid wages are regarded as relating only to the largest work in the group.

Note.—Entries in muster rolls should be made in indelible ink or copying pencil.

(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.

Note.—The payments are made monthly.

(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 unauthorised additions to or alterations in , entries once made , and
- (iii) to facilitate the correct classification of the cost of labour by works and sub-heads of works where necessary.

Note.— Sub-divisional Officers should as frequently as possible test-check the attendance of labourers, especially in cases where it is anticipated that the aggregate payment to be made on nominal muster rolls in connection with a work will exceed ₹ .200.

(d) After a muster roll has been passed by the Sub-divisional Officer, payment thereon should be made as expeditiously as possible. 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 items remain unpaid , the details thereof should be recorded in the register of unpaid wages K.P.W. Form 19 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) Subsequent payments of unpaid wages should be made on Hand Receipt K.P.W. Form 24; 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 (d).

Note.—For action to be taken on the completion of the work, *See* paragraph 10.5.19.

(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 remark to this effect should be recorded.

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

*(h) In exceptional and urgent cases, such as urgent silt clearance of canals, closing of breaches, etc., where labourers are employed casually for short periods, payment may be made on a Hand Receipt Form 24 in which the names and full address of the labourers should be given, but such payments may not be made except by a Gazetted Officer or an Upper Subordinate. Nor need muster rolls in K.P.W. Form 19 be used in the case of work done on requisition, K.P.W. Form 26, when the entries of daily labour are few; in such cases the particulars can be endorsed on the form of requisition.

10.2.7. The tabular information under part III of the muster roll form is intended to locate and minimise delays on the part of the various subordinates who deal with the roll from issue to the final return.

(b) Labour engaged through a contractor

10.2.8. 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 sometimes 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 works, 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 number 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 number of labourers of each class employed daily should be made by the subordinate in charge of the work daily to the Sub-divisional Officer in the prescribed form 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 is not permissible in such cases.

*Substitution G.O. (P) No. 315/73/Fin. dated 7-9-1973.

III. PAYMENT TO SUPPLIERS AND CONTRACTORS**A. Record of measurement****(I) MEASUREMENT BOOKS**

10.2.9. 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, K.P.W. Form 21, in accordance with the rules in paragraph 10.2.11. The Measurement Books should therefore be considered as very important account records. All the books belonging to a division should be numbered serially and the pages of each book should be machine numbered and a register of them should be maintained in K.P.W. Form 84, 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 longer in use should be withdrawn promptly even though not completely written up.

10.2.10. Such of the completed measurement books as contain measurements of the works executed by contractors, having running accounts should be sent to the Division Office for final record, after final bills have been paid to the contractors. Until then such books if not required for reference by Sub-divisional Officers, or Section Officers, should be sent to the Division Office for "temporary record" to be taken back when payments have to be made.

But the completed books, which contain wholly measurements of works or supplies for specific works for which payments are made on hand receipts or "first and final bills" or measurements of items of works carried out departmentally, for which payments are made on nominal muster rolls, or both, should be sent to the Division Office for final record immediately after all bills, the measurements of which are recorded therein, have been paid.

(II) DETAILED MEASUREMENTS

10.2.11. In recording detailed measurements the following general instructions should be carefully observed:—

(a) The top most lines under columns 1 to 4 on each page of a Measurement Book should invariably be filled in the field. None of the lines should be left blank. Any lines not required should be carefully scored through in order to prevent additional entries being made later on. Detailed measurements should be recorded only by Executive or Assistant Engineers or by executive subordinates in charge of works to whom measurement books have been supplied for the purpose.

Note.—(1) Measurements made by an executive subordinate in charge of a work should be checked by the Sub-divisional Officer by actual measurements by comparison with plans and estimates or by inspection. When measurements are taken by the Sub-divisional Officer himself, they should, as far as possible, be checked by the Executive Engineer.

Note.—(2) Engineer, and Engineer subordinate student undergoing their practical course may be allowed to record measurements, provided they are systematically checked by one of the officers mentioned above.

Note.—(3) In cases where the Junior Engineer or other executive subordinate in charge of the stores is not on the spot and that the exigencies of service require it, the Divisional Officer may authorise any other responsible subordinate to record the measurements of stores received stock in the Goods Received Sheets.

Note.—(4) The Foreman in the P.W.D. Engineering Workshops is permitted to record detailed measurements in measurement books.

(b) All measurements should be neatly taken down in a Measurement Book, K.P.W. Form 21 issued for the purpose, and nowhere else.

(c) 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,

(b) situation of work,

(c) name of contractor,

(d) number and date of his agreement,

(e) date of commencement of work,

(f) date of actual completion of work, and

(g) date of measurement.

(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 one of the following forms applicable to the case:-

(i) "Purchases" for direct issue to (here enter full name of work as given in estimate) (ii) "Purchases" for (here enter full name of work as given in estimate).....for issue to contractor.....on.....(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 signature and designation of the person making the measurements. A suitable abstract should then be prepared which should collect, in the case of measurements for work done, the total quantities of each district item of work relating to each sanctioned sub-head.

(d) 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. He will also be responsible for the correctness of the entries in the column "Contents or Area" for the measurements recorded by him. 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, the 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 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. The signature of the contractor or his agent should be obtained in measurement books after each set of measurements, with the addition, "I.....Name.....hereby unconditionally accept that the measurements recorded on pages.....to.....of this book represent the correct and complete measurements of all the works done under this contract". In the case of illiterate men their thumb impression should be obtained duly attested by an independent witness.

*Substitution:—C.S.No.1/90/G.O. (P) No.651/90/Fin. dated 27-12-90.

(e) The pages of the book should be machine numbered. Entries should be recorded continuously in the measurements book. No blank pages may be left and no page torn out. Any pages left blank may be left and no page torn out. Any pages left blank inadvertently must be cancelled by diagonal lines, the cancellation being attested. *See also* paragraph 283 of the Kerala Public Works Department Code.

(f) No entry may be erased. If a mistake is made, it should be corrected, 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 initialled by the officer who made the measurements. In either case the reason for cancellation should be recorded.

(g) Entries should, if possible, be made in ink; when this is not possible, pencil entries should not be linked over. Entries in the “contents or area” column should be made in ink in the first instance.

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

(III) STANDARD MEASUREMENTS

10.2.12. It is usual in the Public Works Department to maintain standard measurement books of buildings in order to facilitate the preparation of estimates for periodical repairs. Where such standard books are maintained, it is also permissible to utilize them for the purpose of preparing contractors' bills for such repairs, so that it may not be necessary to take detailed measurements on each occasion.

10.2.13. The following rules for the efficient maintenance of these standard measurement books and the preparation of bills based thereon should be followed:—

(1) The entries of measurements and abstracts thereof should be recorded legibly in ink and certified by an officer of at least the standing of a Sub-divisional Officer in his own handwriting to the effect that they are correct for the purpose of preparing both the periodical repair estimates and the contractors' bills. Any corrections necessary should be attested by a Sub-divisional Officer or a Divisional Officer.

(2) All the standard measurement books maintained in a division should be numbered in an alphabetical series, so as to be readily distinguishable from ordinary measurement books, and a register of them maintained in the Divisional Office in K.P.W. Form 84. A similar register should be maintained in each sub-division showing the books belonging to it, and the registers kept under lock and key in the custody of the Divisional or the Sub-divisional Officer concerned. The original standard measurement books should be kept in the personal custody of the Divisional Accountant in the Division Office.

(3) Certified copies of measurement books relating to works in charge of Sub-divisional Officers should be sent to them to be kept in their personal custody and noted on separate pages of the Sub-divisional register of measurement books.

Note.—This need not be done when the Divisional Office and Sub-divisional Office are at the same station.

(4) For the use of Section Officers, standard measurements of each work copied in loose sheets and signed by the Divisional Officer should be sent to the Sub-divisional Officers who will issue them to the Section Officers concerned.

Note.—This need not be done when the Sub-divisional and Section Offices are at the same station.

(5) When corrections have to be made owing to additions or alternations in buildings the Sub-divisional Officers concerned should make the corrections in their copies of the measurement books. At the same time they should be intimated to the Divisional Officers who will have the books in their office corrected under their initials. The copies with the Section Officers, in which corrections have to be made, should be called for by the Sub-divisional Officers, corrected under their initials and returned.

(6) On the 30th April each year, Divisional Officers should send certificates to their Superintending Engineers that all the standard measurement books in their Divisions have been inspected by them, that the entries therein have not been tampered with, and that all corrections due to additions or alternations in the buildings have been made in the books and that the latter are reliable and up-to-date records.

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

(8) Separate measurement books should be set apart for noting the details of such bills so as to facilitate the review of payments based on standard measurements.

(9) All bills so paid should be specially checked in the Divisional Office with reference to standard measurements on record in that office.

(iv) REVIEW OF MEASUREMENTS

10.2.14. Sub-divisional Officers should be required to submit the measurement books in use to the Divisional Office from time to time so that at least once a year the entries recorded in each book may be subjected to a percentage check by the Divisional Accountant under the supervision of the Divisional Officer. The following are the detailed rules on this subject.

(a) The review conducted under these rules will be in addition to that conducted by the Divisional Accountants on all final bills on running accounts and first and final bills which are received in the Divisional Office for pre-audit—*See paragraph 10.1.4.*

(b) *A register in Kerala Public Works Form No. 95 A or 95 B should be maintained in Sub-divisional and Divisional Offices for noting the progress of the receipt, review and return of measurement books. Twenty-five per cent, at least of the entries in the measurement books should be reviewed each year. The arithmetical accuracy of the calculations in 50 per cent of the entries selected for review should also be checked by the Divisional Accountant. He need not, however, personally check the arithmetical calculations, when bills come up for pre-audit—*vide paragraph 22.2.3.*

(c) The percentage check referred to above of the entries made in every measurement book in use in the Division in a month should be made within the succeeding four months. For this purpose each Section Officer and Sub-divisional Officer should make a note of the numbers and pages of the measurement books in which fresh entries are made by them every month and report these particulars direct to the Divisional Officer within the first week of the succeeding month. From these monthly reports of Section Officers and Sub-divisional Officers, the books that should be reviewed should be regularly entered in the register.

(d) There should be an even flow of books sent for review so that the work may not be rushed in a few months of the year.

(e) The books for monthly review should be received in and returned from the Divisional Office on dates to be fixed by the Divisional Officer of each division.

* Substitution G.O. (P) 233/73/Fin. dated 12-6-1973.

(f) The review should be conducted generally with reference to the rules in this section and paragraph 283 of the Kerala Public Works Department Code. It should also be seen that measurement books do not contain any entries relating to labour engaged through contractors—vide note to paragraph 10.2.8.

(g) The payments based on the entries reviewed should be traced into the various accounts and verified. Similarly supplies or issued of materials to works should be traced into the materials-at-site accounts, etc., and verified.

(h) Every page reviewed should be initialled and dated by the Divisional Accountant with remark “Reviewed” and a corresponding entry made in the prescribed progress register. The register should also be submitted to the Divisional Officer monthly and his initials taken.

(v) CHECKMEASUREMENT OF WORKS

10.2.15. (1) (a) Sub-divisional Officers should necessarily checkmeasure before payment and in proper time in the following cases:—

- (i) all final bills on running accounts,
- (ii) all first and final bills over ₹200, and
- (iii) works (included in all kinds of bills over ₹.25), which will not be susceptible of check measurement after a certain stage, for example, works in channel, river on tank beds, foundations which will be covered up, etc.

(b) As regards other bills not pertaining to works of the kinds mentioned in item (iii) in the above sub-clause, viz., (i) intermediate bills on running accounts and (ii) first and final bills over ₹ 25 and not over ₹ .200, Sub-divisional Officers should check measure a large proportion of them. If in such case, it is not possible for the Sub-divisional Officer to check measure before payment owing to pressure of work, etc., then the reasons for not having done the checkmeasurement before payment should be recorded by him in the “remarks” column of the measurement books concerned and the checkmeasurement should be done by him at the earliest opportunity after payment has been made.

(c) The following will be exceptions to the above rules:—

- (i) In the case of materials obtained from firms or Public Works Workshops and Stores departmentally for use on works, when the cost of such materials purchased at a time is ₹ 200 or less checkmeasurement is unnecessary.

Note—(1) Measurements of all jungle or prickly-pear or vegetation to be cleared, whether the jungle is solid or in patches, should be recorded by the Section Officer in a measurement book before clearance. The Sub-divisional Officer should also checkmeasure the works before clearance except in the case of those costing less than ₹ 50 in out of the way places, where there are no other works requiring the Sub-divisional Officer's attention. In such cases the Divisional Officer concerned will decide whether the work should be checkmeasured or not.

Note—(2) Clearance works which cost more than ₹ 100 should be inspected by the Sub-divisional Officer after clearance and before payment.

- (ii) In addition to the checkmeasurement by the Sub-divisional Officers, it is an important duty of Divisional Officers that they should, during their inspections, frequently checkmeasure work which are in progress and that they should maintain a register of such check measurements. The number of such check measurements by Divisional Officers should be at least 50 in a financial year—vide also paragraph 284 of the Kerala Public Works Department Code.
- (iii) The fact of checkmeasurement by the Sub-divisional Officer or the Divisional Officers should invariably be noted in the measurement book at the time of checkmeasurement and the items checkmeasured should be indicated by the initials of the checking officer, which should be placed on the left side of the column “particulars” in line with the item checkmeasured.
- (iv) The certificate to the above effect should be recorded in Part II of the Bill form as follows:—

“Certified that the items of work whose measurements are recorded on pages to of Measurement Book No were checkmeasured by me on that the work done is satisfactory and that the bill as claimed above represents a correct account of the contractor's claim.”

- (v) The object of checkmeasurement is to detect errors in measurement and to prevent fraudulent entries. Checkmeasurement should therefore be conducted with discretion and method those items being selected which appear obviously incorrect or which would be most easily susceptible of fraud or which would most seriously affect the total amount of the bill if inaccurate.

- (vi) The entry “measured in my presence” by a Sub-divisional Officer cannot be accepted as checkmeasurement. When measurements are taken jointly by officers and subordinates, the measurements should always be recorded and signed by the senior.
- (vii) In the case of works such as breach closing executed by the ryots of a place estimates are usually prepared and sanctioned after taking measurements of the work done and after verifying the same with the claims of the ryots for each item of work. There is therefore no necessity to measure or checkmeasure the work further.
- (viii) The Superintending Engineers should make it a special point to see that these rules are duly observed.

B. Bills and Vouchers

(i) FORMS OF BILLS AND VOUCHERS

10.2.16. The authorised forms of bills and vouchers are the following:—

- (a) First and final bill—K.P.W. Form 22.
- (b) Running account bill—K.P.W. Form 23.
- (c) Running account bill (Secured advance)—K.P.W. Form 23A.
- (d) Hand receipt—K.P.W. Form 24.

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

Note.—Forms of bills for lump sum contracts are given in paragraph 11.5.1.

10.2.17. First and final bill—K.P.W. Form 22:—

This form should be used for making payments both to contractors for work and suppliers, when a single payment is made for a job or contract, i.e., on its completion. A single form may be used for making payments to several payees, if they relate to the same work (or to the same head of account in the case of supplies) and are billed for at the same time.

10.2.18. Running Account Bill (Secured Advance)—K.P.W. Form 23A:—

This form is intended for contractors for work only. It should be used in all cases, in which secured advances are to be made or are already outstanding, in respect of the same work, against the contractor. When this form is used it should also be utilised for making on account payment, if any, in respect of the work.

10.2.19. Running Account Bill—K.P.W. Form 23:—

This form is used both for contractors for work and for suppliers. It is intended to be used for contracts for work when only on account payments are made. It is not to be used if a secured advance is to be made or if such an advance in respect of the work is outstanding against the contractor.

10.2.20. The form of bill to be used on each occasion should be the one most suitable for the correct exhibition of the state of the contractor's running account both before and after the transaction regardless of the form or forms which may have been used for any previous payment or advance.

Note.—Final payments must invariably be made in forms printed on yellow paper which should not be used for intermediate payments.

10.2.21. Hand Receipt—K.P.W. Form 24:—

This is a simple form of voucher intended to be used for all miscellaneous payments and advances for which none of the special K.P.W. Forms 22 and 23 are suitable.

(II) PREPARATION, EXAMINATION AND PAYMENT OF BILLS

10.2.22. Before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work or supplies should be scrutinized by the Sub-divisional Officer and the calculations of "contents or area" should be checked arithmetically under his supervision. He need not work out personally all "contents or area" but he is responsible for the correctness of these entries. The rates allowed should be entered by the Sub-divisional Officer in the abstract of measurements—vide paragraph 10.2.11. (c). The bill should then be prepared, from the measurement entries, in one of the forms prescribed in paragraphs 10.2.16 to 10.2.21 applicable to the case. 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 standard, and under the agreement, it is permissible to make a final payment if the contract is determined, or an on account payment if the contract is to run on, only such fraction of the full rate should be allowed as is considered reasonable with due regard to the work remaining to be done and the general terms of the agreement.

Note.—(1) The contract agreement or written order in the case of petty works should always specify the rates to be paid for the several classes of work or supply and should not refer to the estimated rates. The fact that a revised estimate has been sanctioned is no authority whatever for the payment of rates other than those provided in approved agreements.

Note—(2) Unforeseen items of work provided for by a lump sum provision in an estimate, should be paid for only after actual measurement. The agreement should have a clause to this effect.

Note—(3) The revision of rates after work is carried out is entirely inadmissible.

Note—(4) As a general rule, payment for supplies is not permissible until stores have been received and surveyed and provision for the observance of this rule should be made in all contracts for the supply of goods. In cases in which the operation of this rule might result in hardship, as for example, when costly stores are ordered from a distant firm and delay in payment is anticipated, an advance not exceeding 90 per cent of the value of the consignment despatched may be paid to the firm on receipt of the railway receipt of despatch, provided that the firm is one approved by the Government and it is distinctly made clear in the agreement or otherwise that the payment is only of the nature of an advance. The amount should be debited to the suspense account "contractors" other transactions/Advance payments" in the works abstract of stock/work concerned—vide Note 2 below paragraph 13.3.1.

Note—(5) In special cases, however where the Divisional Officers consider that the exigencies of service require it, Officers authorised under Note 3 under paragraph 10.2.11 to record measurements may be required to prepare petty bills connected with stores, such as bills for bandy hire, bills for coolies for handlings stores, stock, etc., bills for repairs to tents, office furniture and the like and in these cases the bills or the nominal muster rolls should invariably be checked by either the Sub-divisional Officer or the Divisional Officer before payment is made on them. In no case should disbursements of public money be entrusted to Officers other than executive subordinates except with the special sanction of Government.

10.2.23. Before signing the bill, 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 all calculations have been checked arithmetically. When the bill is on a running account, it should be compared with the previous bill. The memorandum of payments should then be made up, any recoveries which should be made on account of the work or supply or on other accounts, being shown therein. If the Sub-divisional Officer is empowered to pay the bill, he should then record a formal pay order specifying, both in words and figures, only the net amount payable, though the payee should be required to acknowledge in his acquittance the gross amount payable inclusive of the recoveries made from the bill.

Note.—(1) The amounts withheld from bills towards security deposits should be rounded to the next higher rupee.

Note.—(2) Fractions of a rupee in the totals of bills amounting to ₹ .25 or more should be rounded to the nearest rupee, i.e., fractions of less than half a rupee should be disregarded and half a rupee and over taken as a rupee. In all agreements with contractors a specific condition as to rounding of payments as above should be inserted.

Note.—(3) When the amounts chargeable to each estimate in the case of works or supplies to be charged to more than one estimate, are not less than ₹ .25, fractions less than half a rupee should be disregarded and fraction of half a rupee and over taken as one rupee.

Note.—(4) If the contract is for completed items of work and, under the provisions of paragraph 10.3.3. 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 paragraph 10.3.7. In such a case it is not permissible for the contractor to obtain the materials otherwise, unless in a case of emergency, the supply has been entrusted by the Divisional Officer, for recorded reasons, to the contractor himself, at suitable rates.

Note.—(5) 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 10.2.11. (d).

Note.—(6) Sub divisional Officer should observe carefully the rules in paragraph 10.2.15. Regarding the check measurement of works in the case of first and final bills and running account bills in excess of ₹ 200.

Note.—(7) Work done in March shall be measured and paid for in the same way as work done in any other month, e.g., it should be ordinarily not paid for till April. Works completed in the early part of March may, however, be measured and paid for before the end of the month, if that would be the normal course in other months.

Note.—(8) 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 the goods on which Sales Tax has been charged have not been exempted under the Central/State Sales tax Act or the Rules made thereunder and that the charges on account of Sales 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 that Sales tax is payable by Government”.

10.2.24. If the Sub-divisional Officer is not empowered to make the payment, the bill should be submitted with the measurement book to the Divisional Office when the payment will be authorised by the Divisional Officer after the necessary scrutiny. *See also paragraph 10.1.4.*

10.2.25. In the case of materials received from firms in India by a Division/District store/Sub-division on orders placed by the Chief Engineer/ District Stores Officer/Divisional Officer the following procedure should be observed:—

(a) A register in K.P.W. Form 94 should be maintained in the indenting/paying office to watch the disposal, from start to finish, of all orders for stores placed on firms in India. A sufficient number of pages of this register should be allotted for the orders placed on account of each Divisional/District Store/Sub-division all such orders being noted as they are issued in the register.

(b) The firms should be required to send in their bills along with the consignments direct to the officer supplied.

The latter should make the necessary entries in a measurement book as soon as the stores are received and should then pass on the measurement book and the bill to the Officer authorised to make payment for passing giving a reference to the measurement book in the bill and vice versa. The Officer should check the bill against the original order and the agreed quotations, if any, and also with the entries in the measurement book, have the necessary entries made in the register prescribed for the purpose, pass the bill scoring out the entries in the measurement book, and return, the bill with the measurement book to the Divisional Officer/District Stores Officer/Sub-divisional Officer who should then pay the bill and note the fact in the measurement book.

10.2.26. From the measurement books, all quantities should be clearly traceable into the documents on which payments are made. When a bill is prepared for work or supplies measured a remark to the effect “bill submitted to the Sub-divisional Officer/Divisional Officer on” should be endorsed on the abstract of measurements. The Officer who signs the pay order should

immediately on signing it, cross out every page containing the detailed measurements of the work or supplies paid for by a diagonal red ink line. The Officer who actually disburses the amount should enter the number and date of the voucher of payment with the remark “Paid on.....vide voucher No.....” on the abstract of measurements.

Note.—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.

10.2.27. Payments should not be made for bricks at a supplier's private kiln until they are handed over to the charge of the Public Works Departmental Officers.

10.2.28. To ensure the proper performance of the duties imposed on the Divisional Accountant under paragraph 22.2.1. etc. seq., he should have no hand either in preparing the bills of contractors or suppliers or in making cash payments to the latter, as such duties will impair his usefulness as examiner of claims and payments.

10.2.29. Contractors who are able to prepare their own bills should be supplied with K.P.W. Forms 22 and 23, measurement sheet for recording measurements, for their information, in support of the quantities entered in the bills.

The Public Works Departmental Officers and subordinates should however, record measurements independently wherever necessary in their measurement books—vide. paragraph 10.2.11. The contractor's bills, when presented, should be checked by the subordinate in charge of the work with the measurements recorded by him in his measurement books and check measured by the Sub-divisional Officer before payments are made. *See* paragraph 285 of the Kerala Public Works Department Code.

10.2.30. (a) Payments for work done or supplies made on a running account bill K.P.W. Form 23 should ordinarily be made monthly. Both the “quantities” and “amount” of each district item of work or supply should be shown separately in the bill except—(i) in the case of completed items of sub-works, the full details of which were included in previous bills, and (ii) in the case of such of the incomplete items or sub-works as remain unaffected since previous bill.

In respect of items (i) and (ii) above, it is sufficient if the amounts paid on earlier bills are shown in the subsequent bills, reference being given therein to the item numbers of the previous intermediate bills and the pages of the measurement book, in which full details were recorded. Full details (names, quantities, rates and amounts) should, however, be shown in the final bill for all sub-works and items.

(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 but printed on yellow paper, when the 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 handwriting that the payment is "in full 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) If the contractor refuses to give an acknowledgement to the effect that the payment made to him was in full settlement of all demands, it is not necessary to insist on obtaining a qualified acknowledgement (vide section 38 of the Indian Contract Act, 1872).

Note—(2) A form printed on yellow paper is never to be used except for final payments.

Note—(3) Payment of any amount after the contractor has accepted final payment in settlement of all demands requires the special sanction of Government with the exception the disbursing officers are not precluded from entertaining a *bona fide* claim, which was omitted from the bill by mistake or through inadvertence and paying without the sanction of Government.

(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. Transactions relating to two or more separate parts of the same working estimate, for which separate works abstracts are prepared under paragraph 10.5.6., should also appear in separate running accounts.

Note.—In exceptional cases where more than one working estimate is covered by a single contract, the contract agreement should 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 should be devised on the merits of each case by the Accountant General. No consolidation of estimates or special accounts procedure is necessary where separate estimates covered by the single contract relate to different account heads 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 up on the basis of such rate contracts with other details varied to suit the requirements of each job.

10.2.31. When secured advances are allowed by the Divisional Officer under paragraph 10.2.33. (b), to a contractor whose contract is for finished work, it should be seen that an indenture in K.P.W. Form 23 (c) has been signed by the contractor, and a detailed account of the advances must be kept in Part II of Running Account Bill (Secured Advance). 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 contractors' 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 and II of the bill should be compared to see that this order is being complied with. As recoveries are made the outstanding amounts of the items concerned in Part II 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 3 printed on the bill should be signed by the Sub-divisional or Divisional Officer in terms of paragraph 10.2.33.(b).

C. Aid to contractors

10.2.32. 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 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 10.3.4. and 10.3.5. regarding the issue of materials and the paragraphs below:—

Note.—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. Advances to contractors

10.2.33. Advances to contractors are, as a rule, prohibited and every endeavor 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) Advance payments for suppliers are governed by the provision in Note 4 below paragraph 10.2.22.

(b) 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 sanction advances upto an amount not exceeding 75 per cent of the value (as assessed by themselves) of such materials, provided that they are of an imperishable nature and that a formal agreement is drawn up with the contractor under which Government secures alien on the materials and is safeguarded against losses due to the shortage of misuse of the materials, and against the expense on tailing 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 the materials are all required by the contractor for use on items of work for which rates for finished work have been agreed upon. The officer granting such a certificate will be held personally responsible for any overpayment 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 items of work in which they are used are billed for. The Divisional Officers are responsible that:—

- (i) When secured advances have been made for materials recoveries are made regularly from the very first payment made for those items of actual work in which such materials have been used.
- (ii) No secured advances are made for any materials unless they are to be used within three months at the most.
- (iii) Materials are actually measured in detail (but not entered in measurement book) before making secured advances on them.

*Note.—*Imperishable materials include bricks, rolled steel joists etc., while article such as lime, sand, kankar, etc., are perishable.

IV. *PAYMENTS TO WORK-CHARGED ESTABLISHMENTS**(a) Conditions of employment**

10.2.34. Rules for the entertainment of work-charged establishment are laid down in paragraph 42 and 43 of the Kerala 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 (i) the rates of pay and allowances, (ii) period of sanction and (iii) the full name (as given in the estimate) of the work and the nature of the duties on which the men engaged would be employed.

(b) Pay bills

10.2.35. Wages of members of the work-charged establishment should be drawn and paid on K.P.W. Form 25 "Pay Bill of Work-charged Establishment", which is a 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 the men 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.—Deductions on account of fines, income-tax, etc., should be shown by special entries against the names concerned.

10.2.36. If the acknowledgement of an individual cannot conveniently be obtained on the bill itself, it may be obtained separately on a Hand Receipt, K.P.W. Form 24 which should then be attached to the bill as a sub-voucher.

10.2.37. Pay bills may be signed at any time on the last working day of the calendar month in which the wages are earned, though they are not due for payment before the first working day of the following month. When, however, the services of an individual are dispensed with, it is permissible and advisable to settle up his account at once.

*Applicable to part-time/seasonal work-charged establishment.

(c) Unpaid wage

10.2.38. 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. K.P.W. Form 19 (A) suitable modified, if necessary, may be used for this purpose.

(b) Subsequent payments should be made on Hand Receipts, K.P.W. Form 24 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 a second payment.

(d) Travelling expenses

10.2.39. No bills need be prepared in support of claims for travelling expenses. Payments should be made on Hand Receipts; K.P.W. Form 24 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.

(e) Classification of charge

10.2.40. Every payment made to a member of the work-charges establishment, whether on account of his wages or in recoupment of actual travelling expenses, should be charged to the work on which he is employed.

Note.—Leave salary advances and other personal advances made to members of the work-charged establishment should be initially debited to “M.P.W. Advances—other Items” and their clearance made at the time of final payment of leave salary, etc.

10.2.41. The cost of work-charged establishment must be shown as a separate sub-head of the estimate.

10.3. ISSUE OF MATERIALS**I. GENERAL**

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

(1) *Issues 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) *Issues direct to works*.—Issues of materials when work is done departmentally or by contractors whose agreements are for labour only.

10.3.2. In order to control the issue of materials to individual works with reference to the estimated requirements a numerical account of all departmental materials brought on to the site of a work for use on that work should be kept. This account is commonly known as materials-at-site (M.A.S.) account and shows the receipts, issues and balances as the transactions occur. A brief reference to the Goods Received Sheet if the case of receipts from stock and to the Store Indent in K.P.W. Form 9 in respect of issues should be given in the account.

The accounts of materials issued direct to works and to contractors should be maintained in K.P.W. Form 31 and 31A respectively.

Note.—(1) Materials already brought on to the site of work and accounted for as receipts in the site accounts, should be shown as minus receipts in the same when they are transferred to stock or to another work, etc.

Note.—(2) It is important as far as possible that materials should be obtained only when actually required and to the extent of actual requirements.

Note.—(3) Petty items, the aggregate value of which comes under ₹ 1,000 need not be entered in the material-at-site accounts.

Note.—(4) Whenever a change in the estimated requirements arise due to the revision of the original estimate the correction should be effected in the materials-at-site accounts showing the reasons for the change.

Note.—(5) A monthly return in K.P.W. Form 31 or 31A as the case may be, should invariably accompany the Works Abstract.

10.3.3. When materials are obtained by purchase it is important that the full details of the articles should at once be entered in a Measurement Book, K.P.W. Form 21 in the manner prescribed in paragraph 10.2.11 (c). *See also* paragraphs 7.2.4 and 7.2.5.

II. ISSUE TO CONTRACTORS**(a) General conditions**

10.3.4. (a) The issue of materials to contractors executing works is generally permissible only in the following circumstances:—

(i) When it is decided to retain in the hands of Government the supply to the contractor 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.

(b) In both cases the contract should specify (1) the materials to be supplied by Government for use on the work, (2) the place or places of delivery and (3) the rates to be charged to the contractor for each description of materials 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 fluctuations in the market rates or in the stock rates of the Division. In cases where the value of materials (purchased by Government or drawn from Government stock) issued to a contractor or piece-worker is not covered by the work done by him or by payment in cash it is important that Government should be secured from any possible loss resulting from any failure on the part of the contractor or piece-worker. In such cases sufficient security should be obtained from him before the materials are issued.

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 items of work should be definitely stated.

(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.

10.3.5. (a) As a general rule no other materials should be supplied to such contractors for use on works, but this restriction may be waived by the Sub-divisional Officer in respect of petty issues (at full issue rates) of materials from existing stocks, not exceeding ₹.50 in any month for any one contract.

(b) If any time subsequent to the execution of a contract on a thorough rate basis, the contractor desires the issue to him, for use on a work, of materials which exist in Government stocks but the supply whereof by Government was not provided for in the contract, the materials should not be issued except with the express authority of the Divisional Officer who should specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. *“The rate charged should be the market rate prevailing at the time of the supply or the issue rate plus 20% supervision charges whichever is higher”.

Note.—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 paragraph 10.2.32.

†(c) If at any time subsequent to the execution of a contract, departmental materials are issued for carrying out extra items of work when the issue of such departmental materials is not contemplated in the Agreements, recovery will be made at the rate at which the cost of materials is included in the data for working out the rate for such extra items. The recovery rate will be included in the supplemental schedule to the Agreement.

(d) Issues of stock materials to contractors for *bona fide* use on works are exempt from the usual charge of 20 per cent on account of supervision, which is made when stock materials are sold to the public. (paragraph 306 of the Kerala Public Works Department Code)

(b) Accounts procedure

10.3.6. All materials required for issue to a contractor under any of the provisions of paragraphs 10.3.4. and 10.3.5. should be made over to him, as soon after their receipt as possible and an unstamped but dated acknowledgement detailing full particulars of the materials, 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, K.P.W. Form 31A.

10.3.7. On the authority of the contractor's acknowledgement the cost chargeable to him under paragraph 10.3.4. or 10.3.5. as the case may be, should be debited at once to his personal account by charge to the Suspense Head “Contractors—Other transactions advance payments” in the work accounts.

The adjustment should be effected by affording credit to the heads concerned as indicated below:—

*Substitution:—G. O. (P) 801/81/Fin. dated 25-11-1981.

†Insertion:—G.O. (P) No.56/73/Fin. dated 21-2-1973.

| <i>Source of receipt of materials</i> | <i>Head of Account to be credited</i> | <i>Value to be credited</i> |
|---|---|---|
| 1. Stock (including manufacture) | Stock | At issue rates |
| 2. Transfer from another work | Work concerned | At a valuation made under paragraph 10.3.14(d). |
| 3. Transfer from another division, department or Government | Suspense account "Purchase" of the work | At rates charged by the division, department or Government concerned. |
| 4. Suppliers | do. | At rates payable to the suppliers under their contracts. |

If the amount thus credited differs from the charge made to the contractor's account the difference should be treated as additional final outlay, under a separate sub head "Additional charges for materials issued to contractors/Direct to works" plus or minus according as the amount charged to the contractor is less or more than the amount credited as above.

Note.—The object of this rule is to ensure that the full amount chargeable to the contractors is debited to his account as soon as the materials are delivered, so that(1) he may not receive payment, at full rates, for the completed items of work prior to the value of Government materials used by him therein, being charged to his account or (2) his final bill for work done may not be settled before the full value of materials recoverable from him has been debited to his account.

10.3.8. The recovery from a contractor on account of the cost of materials issued to him for use on a work should ordinarily be made by deduction from the first bill authorising an on account payment to him for the work. Should however a lump sum recovery be undesirable in any case, the Divisional Officer may permit, for recorded reasons, the recovery to be effected gradually as the materials issued to the contractor are actually used in the

construction and the items of work in which they are used are paid for by an on account payment.

10.3.9. As the issue of materials to contractors under the foregoing rules is permissible solely for the *bona fide* requirements of Government works, Sub-divisional Officers should maintain a numerical account in K.P.W. Form 31-A 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, is within the estimated requirements of the contract. This precaution is particularly necessary when the rates at which any materials are issued under paragraph 10.3.4 are lower than the prevailing market rates, or the latter are expected to rise appreciably.

(c) Return of surplus materials by contractors

10.3.10. Government do not undertake to take over from contractors, whether before or after the completion or determination of contracts surplus materials which were originally procured by the contractors for themselves or were issued to them and charged to their accounts under paragraph 10.3.6. Such materials are the property of the contractors and can be taken over by Government, if required, for use on other works in progress only by special arrangement and at the prevailing market rates. If the materials were originally supplied by Government the price allowed to the contractor on re-acquisition should not exceed the amount charged to the contractor excluding the element of storage charges, if any.

Note.— Contractors are, however, not at liberty to remove from site of works without the written permission of the Divisional Officer, materials which have been issued to them for use on a work, and a stipulation to this effect should ordinarily be entered in the agreements with them.

(d) Tools and plant lent for use

10.3.11. The rules in paragraph 10.3.1. to 10.3.10. do not apply to tools and plant. Articles borne on the Tools and Plant Account of the Division may, in accordance with paragraph 316 of the Kerala Public Works Department Code, be lent temporarily on hire to contractors for use on Government works (See also paragraph 7.3.3. and 7.3.7).

III ISSUE DIRECT TO WORKS

(a) Detailed accounts of materials issued

10.3.12. In all cases, materials issued direct to a work should, as soon as received be brought to account as indicated below:—

| <i>Source of receipt of materials</i> | <i>Head of Account to be credited</i> | <i>Value to be credited</i> | <i>Mode of effecting adjustment of cost</i> |
|---|--|---|---|
| 1. Stock (including manufacture) | Stock | At issue rates | Through stock accounts at the end of the month. |
| 2. Transfer from another work | Work concerned | At a valuation made under paragraph 10.3.14(d). | By a special transfer entry in K.P.W. Form 50 prepared as soon as the materials are received. |
| 3. Transfer from another division, department or Government | S u s p e n s e a c c o u n t "Purchase" of the work | At rates charged by the division, department or Government concerned. | do. |
| 4. Suppliers | do. | At rates payable to the suppliers under their contracts. | do. |

The full value credited to the head concerned should be debited to the work (paragraph 10.3.13) and the quantities entered in the Register of Materials-at-site Accounts, K.P.W. Form 31.

Note.—Materials already brought on to the site of work and accounted for as receipts in the site accounts should be shown as minus receipts in the same when they are transferred to stock or to another work, etc.

10.3.13. (a) In the case of minor estimates, when materials are issued direct, their cost is treated as a final charge in the accounts of the work. No further adjustment is necessary when the materials are actually issued up on the work.

(b) In the case of major estimates the cost of the materials issued direct is debited to the suspense head "Materials" as prescribed in paragraph 10.5.7. (See also paragraph 10.5.14).

(c) The cost of petty items of materials i.e., those estimated to cost ₹ 1,000 and less should, however, be charged *ab initio* to the sub head concerned in the accounts of major estimates.

(b) Disposal of surplus materials

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

(b) All surplus materials at the site of works transferred to works in progress or brought on to the stock account in accordance with paragraph 310 of the Kerala Public Works Department Code, should have their value credited to the work concerned and debited to the work to which they are transferred or to the stock account, as the case may be.

(c) No credit should be allowed to a work on account of surplus materials if they are likely to be of any use within a reasonable time, but a list of the materials should be maintained in the Sub-divisional and Divisional Offices as a supplement to the "Priced Stores Ledger", unless the Superintending Engineer considers this unnecessary.

(d) Materials returned store 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 accounts also.

(e) The loss by the disposal of surplus materials at less than the book value—vide paragraph 368 III (b) of the Kerala Public Works Department Code—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 10.3.6. (See paragraph 10.3.10).

(c) Verification of unused balances

10.3.15. Unused balances of materials charged direct to works should be verified at least once a year in the manner prescribed in paragraph 303 of the Kerala 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 K.P.W. Form 29 and submitted to the Divisional Office.

Note.—(1) The difference between the closing balance and the actual balance as verified—vide line 3 of Form 29—may be due to differences between the actual receipts or issues with those entered in the accounts, or to errors in measurements or in posting entries or losses of materials due to carelessness, negligence or fraud on the part of the subordinates. These differences should be carefully investigated and adjusted in accordance with Note 2 below.

Note.—(2) The rules in paragraphs 7.2.35 and 7.2.36 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 of the work.

10.3.16. (a) 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 10.3.14 and (2) the unused surplus materials may be reduced to a minimum.

(b) On the completion of a work, the surplus materials-at-site should be disposed of without delay in accordance with paragraphs 310 to 315 of the Kerala Public Works Department Code.

10.3.17. If the officer in direct charge of a work 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 10.3.15 should be prepared by the Sub-divisional Officer and submitted to the Divisional Office.

10.3.18. A physical verification of unused materials under each principal item with the balance shown in K.P.W. Form 31 should be made annually in respect of all works the accounts of which were open on the last day of the official year and a report submitted to the Divisional Officer in K.P.W. Form 29, but it is not necessary that the balances should be verified at the close of the year if—

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

10.3.19. After the completion of a work, theoretical calculations of the principal items of materials used on each sub-head should be made in the register showing the clearance of suspense head "Materials" K.P.W. Form 34 and compared with the quantities issued as per K.P.W. Form 31. On the basis of theoretical calculations, the sub head 'Materials' should be cleared by debiting the cost of materials to the concerned sub-heads at the standard issue rates or the market rates (in the case of items not borne on the stocks of the Department) prevailing at the time of completion of the work; any plus or minus balance being transferred to the sub head "Additional charges for materials issued to contractors/Direct to works". *See also paragraph 10.5.10.* *While furnishing to audit the final bills on completion of a work the Divisional Officers should ensure that the bills are complete and a statement of theoretical calculation and actual consumption of departmental materials in K.P.W. Form 23 (Part V) is enclosed.

Note.—(1) Differences between the total issues to the work and the quantities actually used up in construction may be due to (1) adoption of the method of determining the actual consumption, (2) unreasonable wastage or (3) shortage in some other form.

Note.—(2) Differences due to the adoption of the mode of determining the quantities should be set right if considered necessary, by suitable revision of the method in use.

Note.—(3) Other shortages or losses should be adjusted by recovery or write off under the orders of competent authority.

* Addition. G.O. (P) 799/81/Fin. dated 25-11-1981.

10.4. ADJUSTMENTS

10.4.1. In addition to cash payments and issues of materials there are other transactions relating to the accounts of work which are of the nature of adjustments usually recorded in the Transfer Entry Book of the Divisional Office. The detailed rules governing such transactions are given in Chapter 8.

10.5. WORKS ABSTRACTS**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 Sub divisional Officer in one of the Works Abstract Forms. In the case of major estimates a separate account should be maintained for each sub-head estimated to cost not less than ₹ 5,000 and the remaining sub-heads should be lumped together but see Note 2 below paragraph 10.5.2. For such works the detailed Form of Works Abstract K.P.W. Form 27 should be used. For other minor estimates the simpler form of Works Abstract K.P.W. Form 28 should be used in which the account of the final outlay is not kept by sub-heads.

10.5.2. The estimate account and completion certificate of petty works i.e., works costing more than ₹ 2,500 each should be prepared on a single form, Petty Works Requisition and account K.P.W. Form 26 and separate Works Abstract and Registers of Works are not necessary.

Note.—(1) Percentage charges on account of Establishment, Tools and Plant, Pensionary charges and Audit and Accounts, levied on works expenditure, under rules 5 and 6 of Appendix 2 of the Kerala Account Code, Volume III, reproduced in Appendix 9 of this Code, should not be shown in Works Abstracts and Registers of Works, though they are eventually included in the cost of works—vide Note 2 to paragraph 22.4.6.

Note.—(2) In the case of works executed through contractors with whom agreements for completed items of works have been entered into, all necessary details, i.e., up-to-date quantities, rates and amount paid for each item of work as well as totals pertaining to each sub-head are available in the contractor's bills. The maintenance of accounts by sub-heads is therefore, not necessary in such cases.

Note.—(3) The Superintending Engineer may dispense with the maintenance of accounts by sub-heads for any work if he considers that the circumstances of the work render such accounts useless or impossible to maintain. In such cases a copy of the orders, specifying the reasons, should be forwarded to the Accountant General.

10.5.3. 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) Major Estimates

10.5.4. The division of a major estimate into sub-heads for the purposes of accounts is guided usually by the classification sanctioned in the abstract of the estimate. *See* paragraph 84 of the Kerala Public Works Department Code. 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., "Works-charged Establishment", "Contingencies", etc. *See* paragraphs 42, 43 and 90 of the Kerala Public Works Department Code.

Note.—When the number of sub-heads of an estimate is large it will be 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.

10.5.5. After a major 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 paragraph 84 of the Kerala Public Works Department Code. 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.

10.5.6. 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

works 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 or sub-work are completely executed along in advance of the others and no useful purpose will be served by keeping open the accounts of the completed parts.

10.5.7. (a) The account of each sub-head in the Works Abstract should ordinarily exhibit:—

- (1) "amount" i.e., total charges finally classified under the sub-head;
- (2) "progress" i.e., total quantities executed from time to time; and
- (3) "rate of cost", i.e., cost per unit on the basis of the recorded "amount" and "progress".

(b) In the case however, of sub-heads which have been lumped together under paragraph 10.5.1. above, or sub-heads representing items of work which cannot be expressed in quantities, no quantities are shown in the abstract of estimate and the record of "progress" and "rate of cost" in the accounts is not necessary, the entries in the "amount" column being sufficient.

(c) In other cases the "progress" and "rate of cost" should be recorded in the accounts both during the progress of construction and on completion of work, but the monthly record thereof under any sub-head may, during the progress of construction, be dispensed with in the following cases under the written orders of the Divisional Officer which should specify reasons:—

- (1) If the duration of construction under the sub-head is not expected to be more than three months.
- (2) If the quantities executed are not in the same units as those specified in the estimate or they cannot be expressed even roughly except on or towards the completion of the work.

10.5.8. When provision is made in the abstract of estimate separately for "labour" and "materials" under any sub-head, 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 K.P.W. Form 31 (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 under those sub-heads will be exclusive of the cost of materials, but on the completion of the work, the gross cost of each sanctioned sub-head of 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 10.3.19.

10.5.9. When the sub-heads of 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 K.P.W. Form 31 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 each sanctioned sub-head of the estimate or, to strike the inclusive "rate of cost" of the whole sub-head monthly.

10.5.10. 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 charges for construction should ordinarily be debited to the sub-head concerned unless they are recoverable from the contractor 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 competent authority, to a new sub-head additional to the original sanctioned sub-heads of the estimate.

10.5.11. In the accounts of major estimates, a final sub-head, entitled "Additional charges for materials issued to contractors /Direct to works" should be opened for the record of the under mentioned debits/credits.

- (i) Differences between the rates charged to the contractors under paragraph 10.3.4. or 10.3.5. as the case may be and the actual cost to Government—vide paragraph 10.3.7.
- (ii) Carriage and incidental charges in connection with materials issued to contractors if under paragraph 10.3.1., they are chargeable to the work.
- (iii) Balances outstanding under the suspense head "Materials" after transferring the cost of materials to the various subheads, vide paragraph 10.3.19.

10.5.12. 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 for all such credits.

(b) Minor estimates

10.5.13. The account of all final outlay on a Minor Estimate should be kept in a single column, headed "Final charges", in Works Abstract K.P.W. Form 28.

III. SUSPENSE ACCOUNTS

(a) General

10.5.14. In addition to the head "Final charges" or the final sub-heads in the case of Major Estimates, a few suspense accounts are opened in Works Abstract 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 immediately determined. These accounts are:—

- (1) "Materials"—for the record of the cost of materials, issued direct to works.
- (2) "Purchases"—for the record of the value of materials obtained (vide paragraphs 10.3.7 and 10.3.12) and their subsequent payments.
- (3) "Contractors—Secured advances"—for the record of secured advances and of their recoveries.
- (4) "Contractors—Other transactions/Advance Payments"—for the record of all other debits or credits to contractors awaiting settlement and
- (5) "Labourers"—for the record of unpaid wages of labourers and of their subsequent payment.

(b) Materials accounts

10.5.15. The suspense account "Materials" has already been referred to in paragraphs 10.3.7 and 10.3.12. This sub-head should be opened in the Works Abstract of Major Estimates if the materials are issued direct to works.

(c) Purchases account

10.5.16. This account is intended for the record of all transactions connected with the purchase of stores for specific works.

The procedure prescribed in 12.2.5. (c) for the purchase of stores for stock apply *mutatis mutandis* to purchase of materials for specific works also with the difference that the value of materials should be debited to “Contractors—Other transactions/Advance Payments”, “Materials” or “final charges” as the case may be.

(d) “Contractors” and “Labourers” accounts

10.5.17. Advances made to contractors and suppliers under paragraph 181 of the Kerala Public Works Department Code 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 Public Works Advances”, but incorporated in the Works Abstract as suspense transactions. The head “Contractors—secured Advances” is intended solely for advances made to contractors on the security of materials brought to site under paragraph 10.2.33 and the head “Contractors—Other transactions/Advance Payments” should be used for all other transactions, including the advances for supplies permitted on production of railway receipts.

10.5.18. The head “Contractors—Other transactions/Advance Payments” 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 or as expenditure on the sub-heads concerned, and the amount remaining unpaid should be shown as minus entry in the appropriate suspense column “Contractors—Other transactions/Advance Payments” or “Labourers”.

10.5.19. The Form of Works Abstracts provide a column for each of the suspense accounts enumerated in paragraph 10.5.14. The use of the head “Materials” is explained in paragraph 10.5.8 and the foot notes printed on the forms of the Works Abstracts explain the mode of making both original and adjusting entries under the other suspense heads.

10.5.20. 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 that may be prepared under the Rules in paragraph 199 of the Kerala Public Works Department Code, by a special remark, as a liability against the work, and should be excluded from the total final 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 subsequent to the closing of the accounts 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 Registers of Works. Where, however, it may prove more convenient, the accounts of the work may be reopened at the discretion of the Divisional Officer.

10.5.21. The accounts of a contractor for work should be closed as soon as his contract is completed. If he delays to receive 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 account 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 head “Public Works Deposits”, to be dealt with thereafter under the rules relating thereto.

Note.—(1) 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 head “Miscellaneous Public Works Advances”.

Note.—(2) Where the amount of a bill is credited to the head “P.W. Deposits” 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 the State irrespective of the fact that a part of the amount might have already 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 the security deposit or revenue is made in satisfaction of a court decree as much an item cannot be treated as an item of expenditure within the meaning of Article 202 (3) (e) of the Constitution.

10.5.22. When works have been completed and delay is anticipated in settling suppliers bills for purchases effected for works, the following procedure should be adopted for the closing of the works accounts.

- (i) In case a private supplier delays receiving final payment, the liability (anticipated) should be incorporated in the works accounts by removing the outstanding credits under the suspense account "Purchases" to "P.W. Deposits".
- (ii) In cases of delay in receiving debits for supplies made by other Governments (e.g., Director General, Supply and Disposals, Government of India, etc) the liability (anticipated) should be dealt with as prescribed in (i) above; but such credits should be exhibited under a distinct class "sums due to other Governments on closed account".
- (iii) Credits outstanding credits under the suspense account "Purchases" are cleared by incorporating the liability in the works accounts by contra credits, in advance, to the remittance head "Items adjustable by Public Works".

Note.—When the outstanding credits under the suspense account "Purchases" are cleared as indicated in the above paragraph the items should be deleted from the "Register of Outstanding liabilities" (K.P.W. Form 54 modified) by giving necessary reference in the 'remarks' column of the Register.

10.5.23. Disbursing Officers are responsible for keeping a strict watch over the balances under the suspense accounts "Purchases", "Contractors" and "Labourers" with a view to prompt adjustment by payment/recovery, settlement of account or detailed measurement, as the case may be. For this purpose the statement headed "Details of Contractor's closing balances" and the suspense head "Purchases" and the record of unpaid wages maintained under paragraph 10.2.6. (d) should be examined monthly. Subject to the provisions of paragraphs 10.5.20, 10.5.21 and 10.5.22 these accounts should be cleared before the accounts of a work can be closed on completion.

IV. LIABILITIES AWAITING INCORPORATION

10.5.24. Liabilities are not incorporated in the accounts of works except in the following cases:—

(a) Unpaid balances of partly paid running account bills or muster rolls are invariably incorporated—vide paragraph 10.5.18.

(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 suppliers and adjustments crediting the transfer accounts concerned may not be made at once—vide paragraphs 10.3.7., 10.3.12 and 10.5.22.

(c) Wholly unpaid muster rolls and bills of contractors and suppliers are sometimes taken to account—vide paragraphs 10.5.20 and 10.5.21.

10.5.25. Disbursing Officers are, however, responsible for keeping a strict watch over all liabilities with a view to settle 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—vide Article 47 (b) of the Kerala Financial Code.

10.5.26. If any liabilities of works are incurred on behalf of contractors under the provisions of paragraph 10.2.32. arrangements should be made for withholding sufficient balance from their bills or for making necessary recoveries from them in due course. On the analogy of the rule in paragraph 10.1.5. 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, (2) the name of the sub-head thereof, if any, and (3) the recoverable charges, if any, with the name of the contractor or other person from whom recoverable.

V. RECORD OF PROGRESS

10.5.27. Entries of “progress” in the Works Abstract—vide paragraph 10.5.7 should be supported by details in the statement provided for the purpose on the reverse of the works abstract form. These details should be furnished by the Engineer or subordinate in charge of the work or by any executive officer or subordinate detailed for the purpose, and should be based on entries already made in the measurement book. Their compilation from measurement books, vouchers or other records, by members of the office establishment should not be permitted. The following points should be specially borne in mind:—

(i) Only “quantities” actually measured and paid for should be reported as “progress”.

- (ii) The progress reported should specify quantities executed "up-to-date", sets of earlier measurements covered or superseded, by latter ones being ignored.
- (iii) The progress of an item of work should be so reported as to describe as approximately as possible, in terms of the unit adopted, the quantities of work executed up to the required standard.

Note.—It is recognised that perfect accuracy cannot always be secured in making intermediate reports of progress. A fairly reliable record is all that is necessary, but if the nature of the work makes it impossible or difficult to achieve this in practice, reports of progress may be dispensed with in cases covered by paragraph 10.5.7.

VI. PREPARATION, COMPLETION AND DISPOSAL OF WORKS ABSTRACTS

10.5.28. The Works Abstract should be prepared in the Sub-divisional Office in the first instance. It should be posted day by day from the cash book and the connected bills of contractors and suppliers. At the end of the month stock and adjustment transactions should be added. Cash refunds and write back of final charges should be posted as minus entries.

In the detailed statements provided for the purpose quantities of work executed should be posted from measurement books or other sources and the closing balances of contractor's accounts should be detailed so as to prove the correctness of the up-to-date totals under the suspense heads (1) "Contractors—Secured advances" and (2) "Contractors—Other transactions/Advance Payments". The closing balances arrived at under the suspense heads "Purchases" and "Labourers" in each case should be reconciled with the connected records of outstanding liabilities and unpaid wages and their correctness should be certified over the dated initials of the Sub-divisional Officer. The Works Abstract should then be forwarded in original to the Divisional Office, where all necessary completing entries will be made in respect of the direct charges and adjustments made by the Divisional Officer and the abstract checked and closed under the supervision of the Divisional Accountant who should record a certificate in the following form:—

"This abstract has been checked by me. I have personally compared all the items in the 'Details of Contractors' closing balances' with the contractors' ledger

and the items under the suspense account “Purchases” with those in the register of outstanding liabilities and found them correct”.

#The certificate should be submitted to the Accountant General, Chief Engineer and Superintending Engineer along with the schedule of works expenditure specified in para 22-4-15 (3) in the case of major works, the estimate cost of which is more than ₹ 4 lakhs

Note—(1) The posting of stock and adjustment transactions may, if preferred, be done entirely in the Divisional Office.

Note—(2) Postings made in the Sub-divisional Office should be in black ink and all postings and corrections made in the Divisional Office in red ink.

Note—(3) Office copies of Works Abstracts need not be kept; but, before the Works Abstracts are sent to the Divisional Office the up-to-date totals should be entered in the returns for the following month and these should be corrected, if necessary, on receipt bank of the Works Abstracts from the Divisional Office.

10.5.29. When finally completed in all respects, all the Works Abstracts 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. REGISTER OF WORKS

I. 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. The object of this register is to get an analysis of cost of sub-works, and sub-heads, the rate of cost of work, and to foresee as far as possible excess over estimates.

(b) There are two forms of Registers of Works corresponding respectively to the two forms of Works Abstracts, K.P.W. Forms 38 and 39 for Major and Minor Estimates. The detailed form should be used for Major Estimates other than those referred to in Note 2 below paragraph 10.5.1 and the simpler form, for Minor Estimate. In respect of petty works no record is necessary beyond the Petty Works Requisition and Account K.P.W. Form 26 which is self-explanatory.

10.6.2. The Registers of Works are posted monthly from Works Abstracts. A separate folio or set of folios of K.P.W. Form 38 should be assigned to each major estimate but entries relating to two or more minor estimates can be made on a single page K.P.W. Form 39. When separate Works Abstracts are prepared, under paragraph 10.5.6. for the sub-works or parts of a major estimate the transaction relating to each Works Abstract 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 costs of the work and its sub-works 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 amount sanctioned should be entered below the corresponding amounts of the original estimate and both totaled. But when a revised estimate is sanctioned, the register 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 appropriations are sanctioned individually, vide paragraph 5.3.3. the amount of appropriations 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.

(d) The blank vertical columns in K.P.W. Form 38 should be utilized for the final sub-heads of the estimate and for as many of the suspense heads as may be operated upon, but the sub-columns for "quantity" and the horizontal columns for "rate of cost" should be left blank in respect of sub-heads for which there are no quantities in Works Abstracts (vide paragraph 10.5.7)

(e) In K.P.W. Form 39 the final charges on works should be posted in the column 'Total value of work done' and the single column "Suspense Accounts" should embrace the transactions under all the suspense accounts.

II. EXAMINATION BY DIVISIONAL OFFICER

10.6.3. Before the date of submission of the monthly accounts to the Accountant General the posting of the Registers of Works 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 initialed (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 sub-head or in the rate of cost of a sub-head, should receive special attention, and Works Slips in K.P.W. Form 37 should be prepared and submitted to the Superintending Engineer when necessary (vide paragraph 29 of the Kerala 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, but the submission of the monthly accounts to the Accountant General and the completion of the Works Abstracts (paragraph 10.5.28.) 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 delays in measuring the work done or in the settling up bills, the cause at work should receive attention.

III. CLOSING THE ACCOUNTS ON COMPLETION OF WORKS

(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 25 of the Kerala Public Works Department Code). If there is necessarily any 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 accounts of a work can be closed on its completion, it should be seen that any adjustments of cost necessary under the rules, e.g., paragraphs 55 to 59 of the Kerala Public Works Department Code have been duly made in the 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 “Purchases”, “Contractors” and “Labourers” have been cleared (vide paragraphs 10.5.16 to 10.5.20). 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 paragraphs 10.3.14 to 10.3.17 and 10.3.19.

10.6.7. The sub-head “Additional charges for materials issued to contractors/Direct to works” (paragraph 10.3.7) 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 known differences between the rates chargeable to contractors and the actual cost to Government should not be accepted as correct without close examination.

10.6.8. The accounts of annual maintenance estimates must be closed in the month fixed by Government, under paragraph 109 of the Kerala 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 Kerala 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 Public Works Advances”, as the case may be, which should be relieved in the following month by retransferring the balances to the suspense accounts 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) Closing 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 paragraphs 10.3.19 and 10.6.5 a double red ink line should be ruled below the final entries and a note made in red ink. "Work completed in.....20....." 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) Excess over estimates**(i) EXCESSES PASSED BY DIVISIONAL OFFICER**

10.6.10. If the total expenditure on the work is excess of the sanctioned estimate and the excess if passed by the Divisional Officer under this powers, 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 K.P.W. Form 42 should be prepared or the item should be included in a consolidated Completion Statement of Works and Repairs in K.P.W. Form 43 as may be required under the rule in paragraph 199 of the Kerala 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 to complete the record.

IV. CORRECTION OF ERRORS AFTER CLOSING 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 25 of the Kerala Public Works Department Code), the account may be reopened in order to rectify the error or omission unless the amount involved is not more than ten rupees in which it will be sufficient to make a note of the error or omission in the relevant document concerned.

V. SCHEDULE OF RATES

10.6.13. To facilitate the preparation of estimates and 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 should 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, so far as may be practicable, be recorded.

The rates entered in the estimate should generally agree with the schedule 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. CONTRACTOR'S LEDGER

[The rules in this section apply to all transaction with contractors in connection with the contracts or jobs undertaken by them, whether relating to the execution of works or to the supply of materials for works or stock.]

I. FORM AND USE OF THE LEDGER

10.7.1. The account relating to contracts should be kept in the Contractor's Ledger, K.P.W. Form 41, 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 on completion. If any 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 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 there from.

Note.—As the Sub-divisional Officers are responsible for the clearance, from works accounts of all out standings against contractors, vide paragraph 7.2.24, (b), a list of balances due to and from piece-workers and contractors should be maintained by them, and this may preferably be done in the same form as the Contractor's Ledger.

10.7.4. Except when a contractor's account is to be closed and the procedure prescribed in paragraph 10.5.21 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 postings 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 10.3.4. or 10.3.5 should be debited to his account on the authority of his acknowledgement (*See* paragraph 10.3.7).

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 bill or voucher:—

1. Date.
2. Voucher number.
3. Serial number, if a Running Account Bill.

Net transactions detailed by suspense head:—

4. Secured Advances
5. Other transactions/Advance Payments.
6. Name of work or account and particulars of transactions.

Gross transactions:—

7. Debits.
8. Credits.
9. Total value of work or supplies.
10. Remarks.

(b) Columns 7 and 8 constitute the ledger account proper and columns 4 and 5 set forth the net effect of each posting on the two suspense heads making up the account Column 9 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 10 require no explanation. Instructions for filling in columns 4 to 9 in the case of personal accounts are given below:—

(i) Column 6—"Name of work, etc".—Here should be entered the full name of the work to which the bill or voucher relates. In the case of suppliers' bills it should further be stated whether the supply is for stock or specific work. 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, 7, 8, and 9 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 that recovery had been made in cash. The second set of entries should be posted in a separate line, in columns 5 and 8 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 or work order.

(ii) Column 4.—"Secured Advances"—The net amount of the secured advance since previous bill should be posted in this column.

(iii) Column 5.—“Other transactions/Advance Payments”— In the case of Running Account Bills, figure G of the memorandum of payments should be posted in the column. If a payment is made on a first and final bill form 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.

(iv) In columns 4 and 5 debits to contractors should be posted as plus entries and credits as minus entries.

(v) Column 7.—“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.

(vi) Column 8.—“Gross transactions—Credits”—Here should be entered the value of work or supplies creditable to the contractor, which will be figure F of Account I in the case of Running Account Bill.

(vii) Column 9.—“Total value of work or supplies”—In the case of Running Account Bills here should be entered the total value of work done or supplies made up-to-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 9 of the ledger against the work concerned. In token of this check this last entry in Column 9 should be initialed (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 supply (stock or work), the amount outstanding, if any, under each of the two suspense accounts, (1) Secured Advance and (2) Other transactions/Advance Payments, with a quotation, in each case, of the last Running Account Bill and of all the vouchers supporting unadjusted outstandings under “Other transactions/Advance payments” 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 :—

*Serial number of entry in memorandum
of payments on bill form*

| <i>Class of balance</i> | <i>Running Account</i> | <i>Running Account</i> |
|---------------------------|------------------------|------------------------|
| | <i>Bill</i> | <i>Bill</i> |
| | <i>A</i> | <i>B</i> |
| (1) Secured Advances .. | 3* | .. |
| (2) Other transactions .. | 5† | 2† |

Note.— See note to paragraph 10.7.5 (c) (i).

10.7.7. The Divisional Accountant should be held responsible for the correctness of the Contractor's Ledger and for securing agreement month by month between the balances detailed in the Works Abstracts and the corresponding balance of the accounts in the Ledger. He should 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 9, "Total value of work or supplies" not bearing the initials of the Divisional Accountant recorded under paragraph 10.7.5., 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.

(c) As soon as the monthly accounts are sent to the Accountant General, the Divisional Officer should prepare the extract from the Contractor's ledger in K.P.W. Form 78 and forwarded to the Superintending Engineer every month. The Divisional Accountant will be responsible for the prompt submission of the extract from the Contractor's ledger to the Superintending Engineer for scrutiny by the Financial Assistant. It is the duty of the Superintending Engineer assisted by his Financial Assistant, among other things, to exercise proper check to see that the provisions in Note under paragraph 10.3.7 and paragraph 10.3.8 are strictly adhered to.

*Total up-to-date secured advances on the security of materials.

†Deduction of amount withheld.

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 Contractor's ledger 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.

10.8. SUNDRY RULINGS

I. CARRIAGE AND INCIDENTAL CHARGES

10.8.1. (a) The cost of carriage of stock materials to site of work, 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 direct to the account of the work, the exact classification of charge being as indicated below:—

| <i>Nature of issues of materials</i> | <i>Head chargeable in the account of the work</i> |
|---|---|
| I. Issues to contractors under paragraph 10.3.4: | |
| (a) To the promised place of delivery | “Final charges” in the case of Minor Estimates and “Additional charges for materials issued to Contractors/Direct to works” in the case of Major Estimates. |
| (b) Beyond the place of delivery, if incurred | The personal account of the contractor under the suspense head “Contractors—Other Transactions/Advance payments” |
| II. Issues to contractors under paragraph 10.3.5. | do |
| III. Issues direct to work | The sub-head to which the cost of the materials is debited. |

(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 there from, 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 clearly stated 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 amounts 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 ;

(b) in the case of other works to the contingencies of the sanctioned estimate.

IV. MUNICIPAL AND LOCAL RATES AND TAXES ON BUILDINGS

10.8.4. Municipal and local rates and taxes on Public buildings residential or non-residential, when chargeable to the Public Works Department, as the department in administrative control of the buildings should be treated as expenditure on repairs and debited to the maintenance estimates of the building concerned.

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 be laid down by the Government in consultation with the Accountant General 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.

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 setting the account periodically and for recording the cost of the works may be simplified, with the concurrence of the Accountant General provided:—

- (a) that a certificate that the work has been done in accordance with conditions agreed upon is placed on record by the Divisional Officer or a Sub-divisional Officer deputed by him for the purpose ;
- (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.

Note.—These payments should not be charged to the minor head “Grants-in-aid”, that head being intended for cash contribution made to local bodies in connection with (1) reads which are either not the property of Government, or being such property, have been transferred to the control of a local body, (2) Miscellaneous civil works, the cost of which if constructed by the Public Works Department would be chargeable to the minor head “Original Works—Buildings—Civil Works”, and (3) for the financial assistance given to these bodies in the form of expenditure incurred in the Public Works Department on a work constructed by that Department on their behalf.

VII. GOVERNMENT WORKS PARTLY CONTRIBUTED FOR BY LOCAL BODIES AND PRIVATE PARTIES

10.8.7. (a) Annual contributions recovered from local bodies or private parties which have been fixed as a specific sum without reference to the amount actually spent by Government on certain works, should be credited finally in the accounts to the appropriate heads of revenue—vide statement E of Appendix 3. The actual expenditure on the works should be charged in the public works accounts in the same manner as on other Government works.

Note.—The Accountant General will maintain a list of contributions recoverable annually and will watch the recoveries in audit.

(b) In the case of contributions which are not fixed once for all as a specific sum but which are fixed on each occasion either with reference to the total cost of the work or on other considerations the contributions so fixed together with the centage charges fixed by Government from time to time should be credited to “Public Works Deposits” and the outlay incurred should be charged against it in the first instance. After the deposit has been exhausted, any further outlay should be charged to Government under the relevant heads of account and any readjustment which may become necessary on the basis of the agreed share of cost should be carried out just before the accounts of the works are closed.

VIII. SCOPE OF SANCTION

10.8.8. 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.

CHAPTER-11

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.

11.1.2. The essential characteristics of this kind of contracts are:—

- (i) A Price Adjustment Schedule is specified in order to regulate the amount to be added to or deducted from the fixed sum on account of additions and alternations not covered by the contract.
- (ii) Except as provided in clause (i) no allusion is made in the contract to the departmental estimate of the work, schedule of rates or quantities of work to be done.
- (iii) The detailed measurements of the work done are not required to be recorded except in respect of additions and alternations.

11.2. EXECUTION OF WORKS THROUGH LUMP SUM CONTRACTS

11.2.1. Execution of works on lump sum basis will be resorted to only in exceptional cases of absolute necessity and in cases where there is scope and advantage for the use of alternate designs submitted by tenderers consistent with technical requirements and total cost.

11.2.2. No single tender shall include more than one work but contractors who wish to tender for more works will submit separate tenders for each work in separate single entities of work and not groups of works of heterogeneous designs and specifications.

11.2.3. No work should be executed through lump sum basis unless sanction is obtained from Government in each case.

11.2.4. When proposals are sent to Government for obtaining sanction to award a work on lump sum basis a report should be submitted with a clear technical examination of the advantages compared with departmental designs. The department should also prepare its own estimates on the basis of the designs and materials and work out the cost for each work according to the

departmental data so as to enable Government to make a comparison with the Contractor's lump sum quoted rates.

11.2.5. The other general conditions pertaining to contract as envisaged in the Kerala Financial Code, Volume I will also be observed.

11.2.6. The departmental personnel should supervise the work to ensure that the items of work like foundation and piling work for bridges etc, are done either according to specifications or with approved deviations requiring detailed measurements.

11.2.7. The Government should get the benefit of any savings in the quantities of materials actually used up as against the quantities specified in the schedule of quantities.

11.3. FORM OF CONTRACT

11.3.1. The form of contract will be settled by Government in consultation with the Chief Engineer, General and Buildings and Roads and Law Department. The advice of the Accountant General will also be sought on the question whether the form proposed meets the requirements of audit.

11.4. PAYMENTS FOR WORK DONE

11.4.1. Payments to contractors for work done are made subject to the terms of the contract and any subsidiary instructions issued by the Government in this behalf and on the certificates of the officers in charge of the work as detailed in paragraphs 11.4.2. and 11.4.3. below.

11.4.2. Whenever it is proposed to make any intermediate payment, a certificate should be given by a responsible officer of Government (not below the rank of a sub-divisional officer) to the effect that by superficial or general measurement or by some other suitable method laid down by competent authority (which should be specified), he has satisfied himself that the value of the work done is not less than a specified amount in conformity with contract agreement and that with the exception of authorised additions and alternations, it has been done according to the prescribed drawings and specification.

11.4.3. In the case of final payments, in addition to a record of detailed measurements in respect of additions and alternations, there should be a certificate of completion of work according to the prescribed drawings and

specification signed by the Divisional Officer or such other officer authorised by Government.

11.4.4. In order that a proper financial control may be exercised over the payments made, it is necessary that the accounts of additions and alternations should be kept quite distinct from those of the rest of the work. There is no objection to payment for additions and alternations being made before the completion of the work, if the detailed measurements of them have been made.

11.5. FORM OF BILLS

11.5.1. The Form of bills used for payments in connection with lump sum contracts are K.P.W. Forms 23 B and 22A.

(1) *Running Account Bill*.—Form 23B is intended for intermediate payments to the contractors. A reference should be given in the bill to the number and page of the measurement book in which the measurements of additions and alternations, if any, are recorded; no other details of work done need be reproduced in the bill.

(2) *Final Bill*.—Form 22A is intended for final payments made to contractors. The details of the additions and alternations alone should be given in the bill. The certificate referred to in paragraph 11.4.3 alone will be sufficient for the remaining items of work. 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 I below paragraph 10.2.30 (b).

Note.—The form should be printed on yellow paper to distinguish it from the Running Account Bill—Form 23B.

11.6. SUBSIDIARY WORKS ACCOUNTS

11.6.1. The instructions for the maintenance of work abstracts and registers of work in respect of the ordinary form of contracts apply *mutatis mutandis* to the accounts of the lump sum contracts also.

11.6.2. All intermediate payments made to the contractor and acknowledged by him are treated as advances made to him on account of the work concerned and accounted for under a suspense head, 'Contractors—Advance Payments' in the accounts of the work. This will facilitate a watch over the prompt adjustment of the payments made.

Note.—If a per cent or any other portion of the value of work done is withheld as

security for the due fulfillment of the terms of the contract, the net amount remaining after deduction of the portion withheld should be entered as the advance payment.

11.6.3. Other recoverable payments including the value of materials supplied to the contractor or to others on his behalf (such as charges for supply of water or electricity) should be entered in the accounts under the suspense head "Contractors—Other Transactions".

11.6.4. From the final bill paid to the contractor the total advances made to him in the running account bills or other recoverable payments will be deducted by short payment 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.

11.7. CONTRACTOR'S LEDGER

11.7.1. Accounts of the transactions on lump sum contracts should be maintained in Form 41 subject to the following subsidiary instructions.

11.7.2. As all 'intermediate payments' made are treated as advances, no figure there from will be posted in column 8 which is intended to show the amount creditable to contractor's account on the basis of the value of work done. The first and the last entry which will appear in this column will be the figure 'F' in Part I of the final bill. Column 9 need not be posted at all.

Figures for posting the other columns 5 and 7 are indicated in bills by the same distinguishing letters G and H respectively, which have been used to denote the corresponding entries in the ordinary bill.

CHAPTER-12
MANUFACTURE ACCOUNT

12.1. INTRODUCTORY

12.1.1. When materials are manufactured departmentally, either for the general requirements of works i.e., for stock 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.

Note.—1. The manufacture of materials involving an outlay of ₹ 10,000 or upwards must in all cases be covered by an estimate.

Note.—2 Separate manufacture account should be kept in respect of each charge of a set of brick or lime kilns and their accounts should not be dealt with as one, because they happen to be manufacturing the same class of articles. These operations should not therefore be covered by the same estimate if estimates are required to be prepared under Note 1 above.

12.1.2. The detailed accounts of the expenditure on a manufacture are maintained in the same way as the accounts of a work and, in addition, an account is kept of the quantities and values of the products of the manufacture. The two sections of the accounts are known respectively, as the “Operation” and the “Out-turn” accounts.

12.1.3. The ordinary forms of the registers of works are unsuitable for recording the progress of the transactions of a manufacture. K.P. W. Form 40, Register of Manufacture, should be used instead.

12.1.4. It is essential that the accounts of a 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 account must nevertheless be closed periodically, at least once a year.

12.2. OPERATION CHARGES

12.2.1. A manufacture Account is charged directly with (1) the 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 rules 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 the sub-head “Land, kilns, etc.” of the Stock Account. This account should also be charged 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, K.P.W. Form 11 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 or departments, or of local bodies or individuals, a charge should be made on account of establishment and tools and plant, if leivable under the rules (vide Appendix 2 to the Kerala Account Code, Volume III reproduced as Appendix 9 to this code) 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 *Pro forma* accounts of the manufacture operations of the division, which may be prepared under the orders of the Government, with a view to compare the cost of articles manufactured departmentally with the 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.

12.3. VALUE OF OUT-TURN

12.3.1. A Manufacture Account is credited with the value of the manufactured articles and of the surplus materials sold or otherwise disposed of (paragraph 10.3.14).

12.3.2. The out-turn account referred to in paragraph 12.1.2 should show, month by month, the quantities and value of each class of articles manufactured, compared with the corresponding figures shown in the estimate (if any). The detailed account for each month should be prepared in K.P.W. Form 36, Out-turn Statement of Manufacture, and should be attached to the Works Abstract for the operation.

12.3.3. The rates for valuing manufactured articles should be so fixed as to represent, as accurately as possible the actual cost of manufacture per unit, but should not exceed the market rates.

12.4. GENERAL ACCOUNT

12.4.1. 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.

12.4.2. In the Stock Accounts, the manufacture transactions should be recorded thus:—

(a) "Operation" charges should be shown as receipts of stock under the sub-head "Manufacture," charges representing value of stock materials issued to manufacture being simultaneously treated as issues 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.

Note.—(1) If the rate, at which any article of out-turn, manufactured for a particular work, is valued, is different from the issue rate of a similar article already in stock, the two articles should appear as distinct items in the Stock Accounts.

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 Accounts under this paragraph—Vide paragraph 12.2.2. (c)

12.4.3. The difference between the “Operation” and “Out-turn” should be adjusted under the orders of competent authority before the accounts of a manufacture are closed. If the orders issued have the effect of enhancing or lowering the value of the out-turn already brought to account, the adjustment will be made by a suitable entry (without any fresh quantities) in the Out-turn Statement K.P.W. Form 36; in other cases, the loss or gain, as the case may be, should be taken to the expenditure or revenue head concerned by a regular transfer entry which will affect the “Operation” account only. In all cases, the total “Operation” and “Out-turn” should equal each other on closing the Manufacture Account. *See also* paragraph 7.2.25.

CHAPTER -13
SUSPENSE ACCOUNTS

13.1. INTRODUCTORY

13.1.1 The account of the minor head “suspense” sub-divided into as many of the four 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) Purchases, (2) Stock, (3) Miscellaneous Public Works Advances, and (4) Workshop Suspense. These heads are of a temporary character and all transactions recorded under them are ultimately removed either by payment, or recovery, in cash, or by adjustment. The transactions, therefore, consist of both debits and credits, the latter being treated as reduction of expenditure when making up the account of the major head.

Note.—(1) The general suspense head “Purchase” is not operated upon from 1-4-1961 in this State except for the clearance of the outstanding items under that head as on 31-3-1961. An abstract account showing the opening balance, debits and the closing balance should be furnished along with monthly accounts, until all the outstanding items are cleared. Along with the monthly accounts for September and March a list of outstanding items should be attached to the abstract account.

Note.—(2) From 1-4-1971 onwards all purchases whether for work or stock should be routed through the head “Purchases” to be opened as a sub-head in the works abstract for work/stock as the case may be—Vide paragraph 10.5.15 and Note 1 under paragraph 7.2.25.

13.2. STOCK

13.2.1. The head “Stock” is opened in all divisions in which stocks of materials are maintained for general purposes—Vide paragraph 302 of the Kerala Public Works Department Code. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

13.2.2. The money limit for the stock reserve of a division prescribed in paragraph 302 of the Kerala 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.

13.2.3. The account head "Stock" is debited with all expenditure connected with 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 purchases and the balance of the account will represent the book value of the materials in stock plus the unadjusted charges, etc., connected with manufacture minus the value of materials not paid for. In other words the balance in the stock account will give the actual debit to "Stock" less undischarged liabilities represented by the credits under the sub-head "Purchases"—Vide paragraph 13.2.4. below.

Note.—The balance in account will also include the difference between the value at the issue rate and at the rate at which stores are issued under paragraph 7.2.21 and this will be cleared during the annual adjustment referred to in paragraph 7.2.33.

13.2.4. The sub-heads of the stock account are: 1. Small Stores, 2. Buildings Materials, 3. Timber, 4. Metals, 5. Fuel, 6. Painters Stores, 7. House Fittings, 8. Miscellaneous Stores, 9. Land, Kilns, etc., 10. Manufacture 11. Purchases, *12. Advance Payment and **13. Carriage and Storage.

13.2.5. (a) The general account of the receipts, issues and balances of the suspense head "Stock" should be maintained in the Suspense Register K.P.W. Form 62. 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.

Note.—The clearance of balances under "Transfers within Division" should receive special attention.

(b) The subsidiary accounts of stock are described in Chapters 7 and 12.
(c) The detailed procedure for the operations of the sub head 'Purchase' is as follows:—

*Addition G.O. (P) 522/80/Fin. dated 22-8-1980.

**Addition G. O. (P) 693/85/Fin. dated 2-11-1985.

(i) All purchases for stock should be routed through this sub-head. Immediately on receipt of materials, the value, if known, should be debited to the appropriate final sub-head by per contra credit to the sub-head "Purchases". If the actual value is not known, an estimated figure should be adopted.

When payment/adjustment is made the amount to the extent of the credit under the sub-head "Purchases" should be debited to that head and the difference, if any, charged to the appropriate final sub-heads.

A detailed collective record of outstanding liabilities under this suspense account should be maintained in the Division in a "Register of outstanding liabilities" (K.P.W. Form 54, suitably modified).

(ii) Unclaimed balances under the sub-head should be credited to Government as lapsed under the receipt head of account corresponding to the expenditure major head under which it is operated. In the accounts to March every year the following classes of items should be lapsed to Government.

- (1) Original credits not exceeding ₹5 outstanding for one whole account year.
- (2) Balances not exceeding ₹5 of partly cleared items relating to the year then closing.
- (3) Balances unclaimed for more than 3 complete account years.

The repayments of lapsed items should be dealt with in accordance with the rules for repayments of lapsed P.W. Deposits—vide paragraph 15.4.2.

*(d) The balance under the Sub-head "Carriage and Storage at the end of each year should be finally adjusted—vide para 7.2.23†—on closing the accounts of that year as a "Surplus" or "deficit" i.e., as profit or loss on stock according as it is a minus or plus balance and should not be carried forwarded to the following year.

†(e) All payments made in advance for stores ordered will be debited to the Sub-head "Advance Payments" under the suspense head "Stock" when the materials are subsequently received the value is debited to the concerned sub-head of stock by minus debit to 'Purchase'. Finally when the bill is received and the transaction is settled, the debit under "Advance Payment" will be cleared by a debit to "Purchase" and minus debit to 'Advance Payment' for the total amount. The balance under this head at the end of the year should be carried over to the following year.

A detailed collective record of advance payment should be maintained in the Division in the form "appended".

*Insertion G.O. (P) 522/80/Fin. dated 22-8-1980.

†Substitution G. O. (P) 693/85/Fin. dated 2-11-1985.

13.3. MISCELLANEOUS PUBLIC WORKS ADVANCES

13.3.1. Transactions recorded under the head “Miscellaneous Public Works Advances” 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.—(1) Personal advances drawn from the treasury, and audit retrenchments made from bills cashed direct at the treasury, do not appear in the accounts of Divisional Offices. Advances made to contractors appear in the accounts of works.

Note.—(2) The initial debits of advances/advance payments for supplies (in respect of work or stock) permitted on production of Railway Receipts are not accounted for under this head from 1-4-1961. Instead they are debited to the heads “Contractors—other transactions/Advance Payments” under work or stock.

13.3.2. When stores of any kind are sold on credit, their value (plus, if recoverable, the supervision charges referred to in paragraph 306 of the Kerala Public works Department Code) should be debited to “Miscellaneous Public Works Advances” under the sub-head “Sales on credit”, so that (1) the accounts of stock or works from which the materials are issued may be kept correct, 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.

13.3.3. 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 (vide Note under paragraph 16.1.2. of this code) is chargeable to “Miscellaneous Public Works Advances” pending recovery to effect which action should at once be taken. *See* paragraph 13.3.8.

13.3.4. 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 Officers.

13.3.5. 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 at once be determined, (2) recoverable debits not pertaining to the accounts of a work and (3) recoverable outstanding pertaining to works, the accounts of which are closed (vide Note 1 to paragraph 10.5.21 and paragraph 10.6.8).

13.3.6. No charges may be debited to “Miscellaneous Public Works Advances” on the ground of absence or insufficiency of sanction or appropriation, except as provided in paragraph 13.3.3.

Note.—The share of Municipal tax paid by Government on behalf of tenants of Government buildings should be debited to this head pending recovery.

13.3.7. Items in the “Miscellaneous Public 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.

13.3.8. The detailed accounts of this head should be kept in K.P.W. Form 62—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, K.P.W. Form 61. 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.

13.4. WORKSHOP SUSPENSE

13.4.1. 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 effected, before the total cost recoverable is determined.

13.4.2. The recorded expenditure on a job is removed from the suspense account only when, and to the extent, 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.

13.4.3. 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 Public Works Advances” pending settlement.

13.4.4. The detailed account of the transactions under the 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 for the execution of repairs to tools and plant or of 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, also exist which are treated as separate sub-divisions, 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 general rules and principles laid down in this Chapter. In either case, the exact forms to be used and the procedure to be observed will be settled in respect of each workshop in consultation with the Accountant General.

Note.—The P.W.D. Engineering Workshop is intended for all Government Departments.

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 intending officer, local body or individual. The amount to be realised from the indenting party will, however, be based on the actual cost, though the authorised 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 or department is likely to extend beyond one financial year, the limit of the cost which may be incurred in each official year should also be settled before hand.

14.2. DIRECT AND INDIRECT CHARGES

14.2.1. Receipt and expenditure transactions in connection with workshops are brought to account as follows:—

(a) Where capital accounts are kept of a workshop 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 division and sub-division of the major head "99". 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, "XXXIV" and "43" respectively entitled "Receipts from workshops", divided so as to meet the requirements of the *Pro forma* accounts of the shop (vide paragraph 14.3.1)

(b) Where capital accounts are kept of a workshop 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 "50". Recoveries of capital expenditure will be taken in reduction of such expenditure and revenue receipts will be booked under the minor head, opened under the major head "XXXVII", entitled "Receipts from Workshops", divided so as to meet the requirements of the *Pro forma* accounts of the shop.

(c) Where no capital accounts are kept of a workshop, for whichever branch intended, all expenditure should be booked under the major head, "44" or "50", as the case may be, and all receipts, whether "Recoveries of expenditure" or "Revenue receipts", under the minor head "Miscellaneous" of the corresponding revenue head "XXXV" or "XXXVII".

Note.—The procedure indicated in clause (c) above is followed in this State, the expenditure and receipts being booked under "50—Public Works" and "XXXVII—Public Works" respectively.

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 the preceding paragraph and under the general rules 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 appointment 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 debitible to the jobs concerned, and should therefore, be accounted for under the suspense head 'Workshop Suspense', (vide paragraphs 13.4.1. to 13.4.4.). The charges pertaining exclusively to any job should be debited to it at once, and those of a 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.—(i) This paragraph does not apply to incidental charges connected with the stock of materials which should be dealt with under paragraph 14.2.2.

Note.—(ii) All liabilities should be taken into account, even though 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 up-to-date.

14.2.4. In the case of jobs of all classes, the cost of operations should be cleared or adjusted in transfer 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 job is completed earlier (vide paragraph 13.4.3) :—

(a) When the total cost during the year is not larger than ₹ 100 or any other limit that may be fixed in consultation with the Accountant General.

(b) When the monthly settlement of account is inconvenient to the indenting division or department.

When the estimated cost of 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 percentage to cover the indirect charges enumerated below:

- (a) Supervision charges.
- (b) Maintenance charges of buildings, plant and machinery.
- (c) Interest on the capital cost of buildings, plant and machinery.
- (d) Depreciation of buildings, plant and machinery.

(e) Establishment charges (including 1 per cent on account of Audit and Accounts establishment); *See rule 6 of Appendix 2 to the Kerala Account Code Volume III, reproduced in Appendix 9 of this Code. 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 the State.

* It is not necessary to realise the indirect charges for mechanical works relating to Public Works Department and Irrigation Department executed in the workshops under the Mechanical Wing of Public Works and Irrigation Departments.

Note.—The percentage realised on account of establishment charges is treated as reduction of expenditure, or, as revenue receipts, as the case may be, in accordance with the rules in Appendix 3. All other percentages are treated as revenue receipts.

14.2.6. The indirect 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, *Pro forma* 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 detail as may be necessary, the charges on labour and stores, and 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 (1) a suitable addition thereto on account of leave and pensionary charges and (2) 1 per cent for audit and accounts establishment, only on such jobs in respect of which this percentage

is not credited to the major head “20 Audit” or “LII Miscellaneous—Fees for Government Audit” in the regular accounts (vide rule 7 of Statement E of Appendix 3); and on the other side the percentage charges made under paragraph 14.2.5 excluding the 1 per cent for audit and accounts establishment credited to “20 Audit” of “LII Miscellaneous-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 State Government to be part and parcel of the shops. When the whole or part of a stock is merely an 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 Accounts of the workshop.

14.3.2. Subject to such direction as may be given by the Comptroller and Auditor General in this behalf, the Accountant General will review the annual accounts of a workshop, in consultation with the officer in charge of it, and submit a report to the State Government on its financial working, specially bringing out the necessity or otherwise of revising the percentages fixed by the local Government for the several charges referred to in paragraph 14.2.5. above.

Note.—To facilitate the review of percentage 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 comprise transactions of the following classes, which are passed through the account head 'Public Works Deposits' :—

- (a) (*See Note 2 below*)
- (b) Cash deposits of contractors as security.
- (c) Deposits for works to be done.
- (d) Sums due to contractors on closed accounts.
- (e) Sums due to other Governments on closed accounts.
- (f) Miscellaneous deposits.

The interest-bearing securities referred to in class II are deposited by contractors. These do not pass through the regular accounts of the division.

Note.—(i) Sums of less than one rupee due for refund of revenues of payment of deposits should be credited to revenue.

Note.—(ii) Instead of obtaining cash deposits from subordinate as security against posts held by them the scheme of taking adequate Fidelity Insurance covers in respect of posts to which the custody of handling of Government cash or stores is assigned, has been proposed for introduction in the State. The scheme envisages that Fidelity Insurance should be taken for the amount fixed as security for a post and the premia therefore will be paid by debiting the expenditure to the contingencies of the Department.

15.2. SECURITY DEPOSITS

15.2.1. Security deposits of contractors, whether made in 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 recognised forms of interest-bearing securities and the rules to which they are subject are indicated below:—

- (1) Government Savings Bank Deposits.
- (2) (a) Government Promissory Notes.
(b) Jenmikaram Payment (Abolition) Bonds.
- (3) Deposits in recognised banks and Co-operative Societies approved by Government including deposits under the Bank Guarantee Scheme.
- (4) Government of India securities (other than non-terminable securities).
- (5) National Savings Certificates.
- (6) Government of India 12-Year National Plan Savings Certificates.
- (7) 10-year Treasury Savings Certificates.

**Note.*— Security Deposits for works estimated to ₹ One lakh may be accepted in the form of Bank Guarantee from contractors of Public Works Department and Public Health Engineering Department. This facility will also be available to the contractors registered in the Public Works Department who undertake Civil Works in the Forest Department. In the case of other contracts investment in Treasury Savings Bank will alone be treated as acceptable form of Security Deposits for works undertaken by the PWD/PHED/Forest Department contractors. The system of Bank Guarantee will not apply to the retention amounts permitted to be kept under Treasury Savings Bank as per para 15.2.7 (b) of the Kerala Public Works Account Code.

This amendment shall be deemed to have come into force from 1-4-1979.

(a) When security is given in the form of Government Promissory Note, it should be accepted at 5% below the market price or at its face value whichever is less. The contractor who furnishes security in this form should endorse the securities

in favour of the Executive Engineer. The Officer receiving the deposit should see that the endorsers have full title to the notes and convey it to the Executive Engineer in accordance with the rules in the Government Securities Manual.

(b) A clause should be inserted in the security bonds to the effect that any cost that may be incurred on account of the safe custody or renewal of the securities lodged by the officers should be borne by them.

(c) Departmental Officers should, at least once a year, see that the market value of Government papers which have been furnished as security is sufficient to cover the amount of security required. The valuation should be made with reference to the prices prevailing on the 1st April last. It will be necessary to readjust the amount of Government paper only if—

- (i) The securities have appreciated so considerably that notes of the face value of ₹ 100 or more may be withdrawn still leaving a balance, the market value of which is sufficient to cover the amount of security plus 5 per cent to provide against fluctuations, or
- (ii) The value of Government paper has so depreciated that additional security of the face value of not less than ₹ 100 should be deposited to bring the total market value up to the amount of deposit required plus 5 per cent.

Any re-adjustment under clause (i) need be made only if the depositor himself desires it while in the case of clause (ii) re-adjustment should be made irrespective of the depositor's wishes.

DEPOSITS IN RECOGNISED BANKS

15.2.3. (a)*

(b) (i) Deposit receipts of the Reserve Bank of India, the State Bank of India, the State Bank of Travancore, the Kerala State Co-operative Bank Ltd., and the Cochin Central Co-operative Bank Ltd., produced by contractors for departmental works and made out in the name of the pledgee may be accepted as valid, for purposes of tender and security deposit.

(ii) Deposit receipts of the Indian Overseas Bank, the South Indian Bank Ltd., and the Bank of India produced by contractors for departmental works and made out in the name of the pledgee may be accepted as valid for purposes of earnest money and security deposit provided that the bank concerned lodges with Government sufficient Government securities to cover the amount of the receipts with a margin of 5 per cent on the market value.

*Omitted as per G.O. (P) 290/69/Fin., dated 9-6-1969.

(c) The depositor should receive the interest when due direct from the bank on a letter from the pledge authorising the bank to pay it.

15.2.4. Security deposits in cash should be invested in the Government Savings Bank in Treasuries in accordance with the Savings Bank Rules. When savings bank deposits are taken as security, the deposits may be in the name of the depositor who should, however sign a letter of agreement to the Savings Bank binding himself not to draw the money without the sanction of the Government Officer to whom the security is pledged and authorising the Savings Bank to pay the money to that Officer if required. The Pass Books should be kept in the safe custody of the Officer to whom they are pledged.

15.2.5. Cash deposits of contractors may be converted, at the cost of the depositor, into one or more of the forms of interest-bearing securities provided that—

- (i) the depositor has expressly desired this in writing, and
- (ii) the acceptance of the new form of security is permissible under the rules as well as under the terms of the agreement or bond.

15.2.6. Cash which has actually been received or recovered may be converted even though the full amount of the deposit, which being paid in instalments, has not yet been realised.

Note.—Percentage deductions for a contractor's bills for the due fulfillment of a contract should not be invested in Government securities as the form of contract does not provide for the payment of interest to contractors on these sums.

15.2.7. Percentage deductions on account of security made from contractor's bills should also be credited to the head "Public Works Deposits". As an exception to this general 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 Official year in any case is so small that its exclusion from the works outlay of the year is not likely to affect the grants appreciably. The limit fixed for the purpose of this rule is ₹ 500 for each work. Amounts thus withheld appear in the suspense account, "Contractors—Other Transactions/Advance payments" of the work concerned—vide paragraphs 10.5.14 and 10.5.18.

** (b) The contractors will be allowed to open deposits in Treasury equal to the amount of retention money in favour of the Executive Engineer in charge of the work subject to the condition that if recoveries are to be made from such retention

deposits, interest for such recoveries for the period for which such amounts become due to Government will also have to be recovered from the deposits. The contractors should deposit the entire retention money initially in banks before the first running account bill is passed and paid and that additional retention money on the basis of the revision of the probable amount of contract should also be deposited in banks before the first bill in which such extra claims in excess of the original probable amount of contract is passed and paid”

15.2.8. 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.

“* The maximum period of retention of the security deposit will be six months from the date of completion of the work and the security amount, shall, if necessary, be released earlier at the discretion of the Executive Engineer concerned, provided he is convinced that the amount as per the final bill cover all liabilities of the contractor and record certificate to that effect and provided also the contractor has produced the latest clearance Certificate of Income tax and Agricultural Income tax and Sales tax.”

15.2.9. The depositor’s acknowledgement should be obtained in all cases of security returned. When an interest bearing security is returned or re-transferred, the acknowledgement should set forth the full particulars of the security.

*†Note.—*The percentage deduction from bills which are hold an additional security should be released by the officer competent to pass the final bill, at his discretion, after the successful completion of the work and finally taking over by the department retaining such amount as he may consider necessary to cover the liabilities, if any, of the contractor.

15.3. OTHER DEPOSITS

I. FOR WORKS

15.3.1. Deposits for works are passed through the head “Public Works Deposits”. 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 10.5.21. 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 acknowledgement should set forth such particulars as would establish the settlement of his account in connection with the work concerned.

* Insertion. G.O. (P) No. 56/73/Fin, dated 21-2-1973.

† Addition. G.O. (P) No. 95/PW dated 19-6-1969.

**III. SUMS DUE TO OTHER GOVERNMENTS ON
CLOSED ACCOUNTS**

15.3.3. Under the rules in paragraph 10.5.22. sums due to other Governments on closed accounts may be placed in the deposit account.

IV. MISCELLANEOUS

15.3.4. All other deposits are closed as Miscellaneous Deposits. This head also holds, until clearance, all items of receipts, the classification of which cannot at once be determined, or which represent errors in accounting awaiting adjustment.

15.4. LAPSED AND CONFISCATED DEPOSITS

15.4.1. In the accounts for March each year, the following classes of items in the Public Works Deposit account should be credited to Government as lapsed deposits:—

- (i) Original deposits not exceeding five rupees remaining outstanding for one whole account year.
- (ii) Balances not exceeding five rupees of items partly cleared during the year then closing.
- (iii) Balances unclaimed for more than three complete account years.

Note.—For the purpose of this rule the age of a repayable item, or of a balance of it is be reckoned as dating from the time when the item or the balance, as the case may be became first repayable. (See also Article 296 of the Kerala Financial Code.)

15.4.2. Deposits credited to Government under paragraph 15.4.1.or confiscated under the provisions of an agreement or bond, cannot be repaid without pre-audit by the Accountant General who will authorise payment on ascertaining (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, K.P.W. Form 62. The 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, K.P.W. Form 61, a single entry for all such deposits will suffice.

II. SCHEDULE OF DEPOSITS

15.5.2. From the Deposits Register, a monthly abstract known as the Schedule of Deposits, K.P.W. Form 75 should be prepared for submission to the Accountant General. This form is in two parts—Parts I, Abstract Account giving the total for each class of deposits and Part II, detailed extract from the Deposit Register. In Part II only such items need be extracted as are affected by the months' transactions.

Note.—The entry for deposits for work to be done will be supported by the Schedule of Deposits 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 passes through the hands of officers 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 K.P.W. Form 81 Register of Interest-bearing Securities.*

Note:—(1) If a security recovered in instalments is being deposited in the Treasury Savings Bank, no entries should be made in respect of it in the register in K.P.W. Form 81 until the security has been fully paid up.*

Note:—(2) If any Savings Bank deposits have been pledged to a Sub divisional Officer under paragraph 15.2.4. the register for such securities should be kept by him.*

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*Deletion vide G. O. (P) No. 766/85/Fin., dated 28-11-1985.

15.6.2. When a subordinate who has furnished an interest-bearing security is transferred to another division or department, the security should be kept in the original division until such period as is specified in the agreement to cover any amounts that may be subsequently ordered for recovery in respect of the period during which he was under the original Divisional Officer. At the end of the period, the security should be released from the pledge and passed on to the new Divisional Officer or a responsible officer of the Department to which he is transferred, for returning the security to the pledger and sending his acknowledgement to the Divisional Officer concerned. In case the new post of the subordinate is also one in which a security should be furnished, the officer concerned should immediately take the necessary steps to get a formal agreement and to have the securities duly pledged in his own favour. The acknowledgement mentioned above should, however, be obtained and sent to the first officer. No security need be insisted upon by the second officer until the original is transferred and is duly pledged, but he should satisfy himself, by a reference to the Divisional Office from which the subordinate was transferred, as to the amount of security lodged there, the sufficiency thereof, and the likely hood of recoveries that may be made before his transfer. There should be a provision in all security bonds that the security shall be available as security for any new post to which the officer may be transferred.

CHAPTER-16
NON-GOVERNMENT WORKS

16.1. INTRODUCTORY

16.1.1. Non-Government works are divided into two classes :

(1) Deposit Works and (2) Local Loan Works.

16.1.2. The general rule for the exhibition in accounts, of transactions relating to contributions from Central or State Revenues to Local Funds and Public bodies, and *vice versa*, as contained in Article 34 (a) of the Kerala Account Code, Volume I is reproduced below:—

“Contributions made by the Central or the State Government to District Boards, Municipalities, etc. or *vice versa*, shall 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 will be debited to “28—Education”; a grant for the construction of a drainage system to “30—Public Health”; and a grant for the construction of a road to “50—Public Works”; while a grant given for general purposes, such as grant to make good a deficit or as compensation for revenue resumed, will be classified under “71—Miscellaneous”.

Note.—(1) If a work for which Government give financial assistance is executed as a deposit work by the Public Works Department on behalf of a local body, the Government’s contribution should not be paid in cash to the local body, but should be adjusted by transfer of credit under the head “Public Works Deposits”, and debited to “Grants-in-aid” under the Public Works Major head concerned, irrespective of the object of the assistance. The deposit account of a local body which has not withdrawn its balance from the Treasury will simultaneously be credited and debited with the amount. Ordinarily in the case of—

(a) contribution works which are executed partly from Government funds or grants-in-aid and partly from the funds of local bodies and also in the case of—

(b) irrigation contribution works which are financed partly by the Government and partly by private bodies, the Government contribution or an instalment of it will be paid only after the local body has paid out of its own funds corresponding amount,

e.g., in the case of a work costing one lakh to which the Government have under taken to contribute ₹ 75,000 and instalment of ₹ 30,000 may be paid by Government as soon as the local body makes payment of ₹ 10,000. The bills on which the Government contribution is adjusted in this manner should be countersigned by the Divisional Officer who should see that the rule is observed. If in the case of works of class (a) and (b), it is considered not desirable to suspend the works pending receipt of contribution, Government money may be spent in advance of its turn, but interest shall be charged on the amount so spent for the period it is advanced. In such cases, demand for payment of the contribution shall ordinarily be made at least a month before the money is required and the date on which it should be paid shall be stated in the demand, and interest will accrue from that date or from such later date on which Government money may be actually advanced. If there are not sufficient Government funds in a year to be utilised on the works pending receipt of the contribution due from the local body or private body concerned, orders of Government shall be obtained for the provision of funds in proper time. In cases where the excesses are comparatively small appropriation to cover such excesses as are not expected to be cleared before the end of the financial year shall be obtained from Government in December of each year under the suspense head "Miscellaneous Public Works Advances". The rule regarding recovery of interest on Government money spent in advance of its turn may be relaxed in the case of the amount spent in advance of the first instalment payable by a local body for a contribution work which is partly financed by that body by means of a loan. For Government money spent in advance of the second and subsequent instalments, interest shall be charged unless in any case Government decide not to charge interest.

Note.—(2) A contribution paid by a local body or a private person or body with the express object of meeting the whole or a part of the cost of construction by the Public Works Department of a specific work which is eventually to be the property of Government, should be credited as revenue receipts of the Government corresponding to the expenditure major head (including Capital Head of Account) under which the provision for such work is made.

16.1.3. In the public works account contributions made to local bodies are charged to the minor head "Grants-in-aid" under the major head "50—Public Works".

16.1.4. When works already constructed, or land already purchased are transferred, free of charge, to local bodies no re-adjustment of cost in the accounts is necessary.

16.1.5. For every non-Government work there must be a duly sanctioned detailed estimate or requisition, as the case may be, in the same way as for a Government work for which powers have been delegated to the officers of the Department.

16.2. DEPOSIT WORKS

I. GENERAL

16.2.1. When a deposit work is to be carried out, the local body or other party concerned should advance the gross estimated expenditure or the share which is payable by it, to the Divisional Officer in one lump sum, or in instalments and by such dates as may be specially authorised by the Government (vide paragraph 186 of the Kerala Public Works Department Code). No non-Government work shall be executed before receipt of contribution there for without the special orders of Government except in the cases specified in paragraph 16.1.2. Where payment in instalments is authorised owing to the difficulty of depositing the full estimated amount in advance in the case of large works, the Divisional Officer should forecast his probable requirements on each such work for the succeeding month and apply to the local bodies concerned for funds and the latter should without delay pay the instalments to the Divisional Officer. The amount received should be credited in the accounts to the head "Public Works Deposits" against which will be debited all expenditure incurred upto the amount of the deposit. Any expenditure incurred in excess of the amount deposited should be debited to "Miscellaneous Public Works Advances" pending recovery—Vide paragraph 13.3.3.

Note.—(1) If preferred the local body concerned may be authorised to pay the deposit direct into the treasury. In the case, the accompanying chalan should state clearly that the amount is creditable to the Public Works Department, naming the division and the work to which the deposit relates.

Note.—(2) A local body which has a current with the Government treasury may be authorised to draw a cheque on the treasury in favour of the Divisional Officer and this will be paid at the treasury by transfer credit to the Divisional Officer's account (Public Works Deposits). Similarly for the unspent balances the Divisional Officer will draw a cheque in favour of the local body by transfer credit to the deposits of local funds.

Note.—(3) In cases the maintenance of roads on the banks of rivers, canals and channels devolves entirely on local bodies, and the works pertaining there to are executed by the Public Works Department as full contribution works, if the Divisional Officer considers it undesirable to suspend the

works pending receipt of contribution from the local bodies, Government money may be spent in advance, interest being charged on the amount so spent; when this course is adopted the procedure in the last three sentences of the first sub paragraph of Note 1 under paragraph 16.1.2. should be followed.

16.2.2. A consolidated record of the transactions of a month relating to all deposit works of the division should be prepared in K.P.W. Form 61 Schedules of Deposit Works. This schedule shows, in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and up-to-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 realisations and not as expenditure.

Note.—(2) All payments of decretal amounts pertaining to 'Deposit Works' should be charged on the Consolidated Fund of the State under the head of account "50—Public Works—Suspense—Miscellaneous Public Works Advances—other items—(charged)". These should simultaneously be transferred to the Deposit work concerned by debit to 'Public Works Deposits', if sufficient funds are available or to "50—Public Works—Suspense—Miscellaneous Public Works 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.

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 plant, audit and accounts and pensionary charges, if any, recoverable under the rules vide Appendix 2 to Kerala Account Code, Volume III reproduced in Appendix 9 to this code. 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 percentage leviable should be adjusted month by month as the works expenditure is incurred.

16.2.5 In the case of deposit works to which Government have contributed, no refund should be made to a local or other body from any unexpended balance at the credit of "deposits" without the sanction of Government. The Divisional Officer should report through the Superintending Engineer and the Accountant General the actual cost of the work, the shares to be borne by the local body and by Government, the amount actually contributed by each, and the amount refundable. After verification by the Accountant General, sanction will be accorded to the refund. The Divisional Officer should then refund what is due to the local or other body and credit the unexpended balance of the Government contribution to the Civil Department through the remittance head by a minus credit to the head "Public Works Deposits". The Accountant General will adjust this amount by credit to the service head to which the contribution was originally debited.

Exception:— In the case of water supply and drainage schemes financed partly by the local bodies and partly by Government the materials that surplus at the site of the work after their completion shall be taken over by the local body concerned. For the purpose of this transaction, the surplus materials shall be valued at 50 percent of their book value. Of the amount so arrived at, a share proportionate to the local body's share of the credit realised by the sale of the materials, and the balance shall be recovered from the local body; the former amount should by book adjustment be exhibited as a minus credit to "deposit" in the divisional accounts, representing refund of unspent balance set off against a corresponding minus debit afforded to the same head as reduction of expenditure on the work. The amount surplus materials should be credited in full to the Government share of the expenditure in the divisional accounts supported by a sale account in the proper form. The report or statement to be furnished to the Accountant General for verifying the correctness of the refund of the unspent balance should contain brief particulars of the adjustment of the value of the surplus materials to facilitate check in the Accountant General's office.

II. LOCAL FUND WORKS

16.2.6. The procedure prescribed in paragraphs 16.2.1. to 16.2.5. above will apply.

Exception:— Works executed on behalf of Panchayats and construction work under the Poor Housing Scheme and Subsidised Rental Housing Scheme for the weaker sections of the community, in the State are exempt from payment of centage charges.

16.3. LOCAL LOAN WORKS

16.3.1. The rules under which payments on account of Local Loan Works may be made in the Public Works Department are detailed below:—

(1) Every loan to a Municipality, Port Trust or any other Quasi-public body or person will be recorded in the books of the Accountant General, and no part of it may be issued except under his authority.

(2) No Department or Government officer may incur any expenditure or liabilities against a sanctioned loan unless a statement in writing is first obtained from the Accountant General that the amount is available out of such a loan and has been placed in separate account so as to be available for the proposed expenditure.

(3) Funds spent by any public department or officer under Rule II shall reckon for interest as if they were drawn on the last day of the month in the accounts of which they are included by the spending department or officer.

Note.—Rules 2 and 3 may be modified at the discretion of the Government.

16.3.2. Expenditure on a Local Loan Work, incurred in accordance with the foregoing rules and under orders of competent authority, should be accounted for as outlay against the sanctioned loan, under the head “P—Loans and advances by the Central Government” or “Q—Loans and advances by the State Governments” as the case may be, and shown in the schedule of Debits of Miscellaneous Heads of Accounts, K.P.W. Form 71 supported by a schedule of works expenditure.

16.3.3. All charges debitible to a loan should be brought to account as they occur, so that the interest charges may be correctly calculated and adjusted in the Accountant General’s 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 Works Expenditure.

16.3.4. The limit of funds set aside of expenditure on a work during the year should be ascertained from the Accountant General by the officer authorising the expenditure, and communicated to the Divisional Officer for guidance. This limit should be treated as the appropriation for the work and should not be exceeded without special orders.

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 Kerala Account Code, Volume I.

Note.—(1) Subject to such general exceptions as may be authorised 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 work 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 stores issued to other departments is chargeable to them.

17.1.2. The cost of land acquired by the Civil Authorities on behalf of the Public Works Department is debitible 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 debitible 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 debitible to the Public Works Department as part of the cost of works for which the land is acquired. When the land is taken 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 rent 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 charges of any other department, the charges on account of rent in connection with such 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 to by the Divisional Officer, is charged to the Public Works Department by corresponding credit to the Jail Department.

17.1.6. (a) When any Government land with improvements thereon or any building is transferred from one Service Department to another under the State Government, the transfer shall be made free of charge.

(b) When any Government land with improvements or building in the possession of one Service Department is transferred to another Service Department or a branch of any Service Department, for a specific purpose of starting any industry or commercial undertaking of a remunerative nature, it shall be competent for the Government, to order the collection of market value of the lands and improvements transferred to such Service Department or a branch of the Service Department, according to the merits of each case.

(c) When any land with improvements or any building is transferred from or to a commercial Department, the full market value thereof or the book value whichever is higher should be charged.

(d) The value of lands, improvements and buildings transferred to a Commercial Department under (c) above or to a Service Department or branch of a Service Department under (b) above shall be fixed by the District Collector adopting the principles of valuation accepted under the Land Acquisition Act and Rules.

(e) When the purpose for which the land was transferred to the Service or Commercial departments as the case may be under (b) or (c) above has ceased, or in the event of such land or portion thereof not being required any further by such department or institution, such land or portion thereof shall revert to Government and the amount of compensation, if any, payable to such department shall be fixed by the

Collector of the District in which the land is situated, provided that in no case such compensation shall be fixed in excess of the value realised under (b) or (c) as the case may be.

17.1.7. Services rendered, or articles supplied, by one division to another will not be charged for except in the following cases:—

(i) *Stores*.—if they are issued from a Stock or Materials account (vide paragraphs 10.5.14 and 10.5.15.) or if their transfer affects a work for which a separate capital account is kept.

(ii) *Other Services*.—if they affect the accounts of (a) any work for which a separate capital account is kept, (b) a work in progress, (c) suspense or deposits.

17.1.8. Amounts owing by one Public Works Division to another, including the Divisions of Other Governments, should be paid by cheques or Bank Drafts (See Note 1 below Rule 2 of Appendix 8), while those due to other Departments of the same Government or non-Public Works Department of other Governments should, in the absence of any orders to the contrary, be adjusted by book transfer.

17.1.9. Cash recoveries made from employees, contractors, etc., as also revenue realised, by a division on behalf of other divisions, departments or Governments, should be passed on to them, the payment being made in the manner prescribed in paragraph 17.1.8. Cash obtained from treasuries on cheques and cash receipts (including surplus cash) remitted to treasuries are accounted for as remittance transactions.

The detailed procedure to be followed in the settlement of transactions relating to cash recoveries, etc., made by one Public Works Division on behalf of another Division is indicated in Rule II (i) of Appendix 8.

17.2. ACCOUNTS PROCEDURE

17.2.1. (a) When a transaction has to be cleared by a book transfer under the foregoing rules, the transfer should be effected by debiting or crediting it to the remittance or other head concerned in the Cash or Stock Account if it appears therein, or by an entry in the Transfer Entry Book. See also paragraph 22.4.5. in respect of cash obtained from treasuries on cheques.

(b) When a transaction on account of supplies made or services rendered, etc., has to be settled in cash, i.e., by cheque/bank draft, the monetary settlement should be effected by debiting the amount due, to the suspense head "Cash Settlement Suspense Account" under "T—Deposits and Advances—Part IV—Suspense—Suspense Account" pending clearance on receipt of cheque/bank draft from the Division concerned. The detailed procedure to be followed in his regard is given in Appendix 8.

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 4.2.4.

Note.—(3) Since all interdivisional 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 in cash, vide paragraph 17.1.8—the minor head “Cash Settlement Suspense Account” has been subdivided as under:—

- (i) ‘Transactions between Divisions rendering accounts to the same Accountant General’ and
- (ii) ‘Transactions between Divisions in different Account Circles’.

(c) The following procedure shall apply in regard to the settlement of interdivisional transactions for a particular month relating to a Division if the amount involved for that month is less than ₹ 10.

- (i) In the case of transactions requiring settlement with local divisions, the remittances may be made in cash through a special messenger. The Receiving Division should issue a receipt in K.P.W. Form 3 which would ensure that the amount is accounted for correctly in the cash Book. This receipt would form the voucher for the paying Division.
- (ii) The payments at outstation may be remitted by money order and the money order commission may be charged to “Office-Contingencies”. The money order receipts granted by the Post Office and the Payee’s acknowledgement would be treated as vouchers by the Paying Division.

17.2.2. In cases, however, in which the transaction originates in another department of the same or another Government, the responding transfer should, as a rule, be made on receipt of intimation of the original debit or credit through the Accountant General.

17.2.3. The following are exceptions in which the adjustments may be made without receipt of intimation from the Accountant General.

- (1) Recoveries of rent realised, on behalf of the Public Works Department,

by disbursing or Accounts Officers of other account circles, provided the entries are supported by certificates in Form 45 Statement of Rents recoverable in cash or by deduction from Pay Bills, signed by those officers, to show that the amounts adjusted in the accounts have been realised from the parties concerned, *See* paragraph 9.3.10.

(2) Any other transactions authorised by the Accountant General.

17.2.4. The responding division should examine every transfer/claim advised to it for adjustment/payment by 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 the dispute, whether as to the amount or as to other particulars of the transactions should be settled separately in communication with the officer who advised the transfer.

Note.—Railway debits for amounts, due on warrants and credit notes, passed on by the Accountant General for adjustment in the divisional accounts, should be accepted in full, subject only to re-adjustment, later on, of under or over-charges. The responding officer is not responsible for the correctness of the charges with reference to the railway tariffs but only for proper scrutiny with reference to the propriety of the charges as against the head of the service concerned; the calculations made by the Railway Accounts Department, which are test checked by the Railway Audit Department, should be accepted as correct.

17.2.5. (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 claims should be supported by all necessary vouchers, except those relating to work done for other divisions, for which *See* paragraph 17.2.7. (b)

Note.—The term “all necessary vouchers” referred to above also includes such vouchers as do not ordinarily pass beyond the Divisional Office.

(c) When it is not possible to support to a payment by a voucher or the

payee's receipt a certificate of payment should be sent along with the claim, vide Note below paragraph 6.4.8.

Note:—In the case of stores issued from 'stock' by one division to another within the same circle of account, the division issuing the stores, may claim the amount from the other division on the basis of issues supplemented by the receipt of the indentor or his authorised agent, vide paragraph 7.2.11.

17.2.6. When a transaction originates in a Public Works division the necessary transfer or preferment of claim 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. to 14.2.5.

17.2.7. (a) In respect of work done in a division for other departments, or Governments the intimation of the transfer will be given after audit, by the Accountant General to the Accounts Officer concerned, or to the department for which the work is done if in the same circle of account. The division undertaking the work is responsible that the transactions are brought to account under the remittance or other head concerned and that works accounts are maintained and vouchers submitted to the Accountant General in the same way as for works of the division itself. It will further be responsible that the estimate and appropriation for the work, is communicated or accepted by the party for which the work is done are not exceeded without further authority from it and if any savings are anticipated, they are notified and surrendered in time.

(b) As regards work done in a Public Works Division on behalf of another Division, including the Divisions of other Governments, the claims should be settled by the Divisions amongst themselves, without the intervention of the Accountant General. The requisite vouchers should however be sent to the Accountant General with the Monthly Account. If as a result of audit, it is noticed that an excess payment has been made, the responding Division will claim the amount of excess from the originating Division by operating on the suspense head "Cash Settlement Suspense Account", treating the item as an original transaction. On the contrary, if short payments are noticed in audit, 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 Accountant General will notify the discrepancies noticed in audit 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., the 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 of that Government) vide paragraphs 22.4.19 and 17.2.7. (b)

17.2.8. In cases in which transactions originate in another department or Government, and the intimations of transfer of debits or credits are received through the Accountant General (paragraphs 17.2.2 and 17.2.3.) the Divisional Officer should examine such transfers, as expeditiously as possible and report all his objections to the Accountant General whether the transfer is brought to account provisionally or rejected.

17.2.9. The Divisional Accountant will be responsible that there is clear authority of the responsible disbursing officer of his division for claims/transfers 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 17.2.7 (b)] have been received and 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 a 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 department, if not charged directly to works, as well as all personal advances sanctioned by competent authority, are drawn from treasuries on bills in forms, and in accordance with the procedure prescribed in Chapters V, VI and X of the Kerala Financial Code and sections I to III of Part V of the Kerala Treasury Code, Volume I, which are applicable to the Public Works Department subject to the special rules laid down in this chapter and the Kerala Public Works Department Code.

Note.—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 presented at the treasury.

18.2. CLASSIFICATION

18.2.1 Bills paid at treasuries are incorporated in the general accounts kept by the Accountant General. Drawing Officers are however, responsible that the major head and other particulars necessary for determining the accounts classification (vide Statement D of Appendix 3) are recorded on each bill.

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.

18.2.2. If as permitted by Article 87 (d) (ii) of the Kerala Financial Code, Volume I, emoluments up to 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.—In the case of non-gazetted officers, the last pay certificate should give all the necessary information, so that the necessary allocation may be correctly noted by the drawing officer in the bill of the new office. In the case of Gazetted Officers, whose last pay certificates are prepared by Treasury Officers, the responsibility for showing the correct allocations in bills rest with the officers themselves.

18.3. ENCASHMENT OF BILLS

18.3.1. Non-gazetted Officers bills should be presented at the nearest district treasury for payment. They should be accompanied by a memorandum signed by the drawing officer and specifying separately the amount of (a) cash required for disbursement and remittance to be made in cash, (b) cash orders or Reserve Bank drafts, as the case may be, required on each of the sub-treasuries subordinate to the District Treasury for payments to be made to establishments stationed near the sub-treasuries and (c) Reserve Bank drafts on other treasuries or agencies of the Bank for amounts which have to be disbursed outside the district but within the jurisdiction of the drawing officer.

Note.—The Divisional Officer may in place of the system of obtaining cash orders on sub-treasuries for payment to establishments stationed near the sub-treasuries [as in item (b) above] adopt the system of presenting separate bills for such establishments direct at sub-treasuries. But one or other of these two systems must be followed through-out each division and not both.

18.4. DISTRIBUTION OF PAY AND ALLOWANCES**I. GENERAL**

18.4.1. Special attention is invited to Rule 169 of the Kerala Treasury Code, Volume I, 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 T.R. 95 in the Kerala Treasury Code, Volume II, may be obtained, separately for each set of payments made at one place or at one time.

Note.—Acquittance rolls and received office copies of bills are not required to be submitted to the Accountant General, but as they are important records, they should be stamped “paid” and preserved carefully for such periods as may be prescribed by Government.

18.4.2. Cash drawn on pay and travelling allowance bills of establishments should not be mixed with the regular cash balances of the department, vide paragraph 6.2.5.

Note.—This rule applies also to cash received by a subordinate officer for payment of pay and allowances of Government Officers serving under him.

II. MISCELLANEOUS RECOVERIES FROM ESTABLISHMENT

18.4.3. Ordinarily recoveries on account of security deposits of employees should be made in cash when their pay is disbursed and should be credited in the cash book of the disbursing officer. When the amounts recovered have to be paid into a Treasury Savings Bank as security deposits, they under paragraph 15.1.1. also.

Note.—(1) Government in consultation with the Accountants General, 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, to some head in the compiled accounts of the division.

18.5. SPECIAL ARRANGEMENTS TO PREVENT DELAYS IN PAYMENTS

18.5.1. 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 advance (if any), works imprest or other available cash in the hands of the disbursing officer concerned, pending recoupment when the bill is subsequently encashed. In the accounts of such cash the amount advanced should not be charged off as 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.

18.6. COMMUNICATION OF SANCTIONS TO ACCOUNTANT GENERAL

18.6.1. The pay and allowances of Gazetted Officers only are subjected to a system of personal audit. Orders affecting the personal emoluments, postings, leave, etc., of Gazetted Officers only should, therefore, be communicated to the Accountant General by the sanctioning authorities Changes in the personal of subordinate 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.

Note.—If an order affecting a Gazetted Officer is notified in the Gazette, separate intimation to the Accountant General by letter is not necessary except in cases of urgency.

18.6.2. All orders revising sanctioned scales or sanctioning the creation or abolition of permanent or temporary appointments should at once be communicated by letter to the Accountant General.

18.6.3. 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 Accountant General through the Superintending Engineer. Whenever the transfer of charge is prolonged so that two Officers may be entitled to draw pay and allowances simultaneously for the same appointment the Superintending Engineer should intimate to the Accountant General 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 treasuries directly by bills, i.e., in the same way as cash required for payment of pay and allowances.

Note.—Under this method, contingent charges do not entire the divisional accounts at all, though ultimately in the Accountant General's office they are accounted for against the appropriations to which they relate.

19.2. GENERAL RULES

19.2.1. The rules in Chapter VI of the Kerala Financial Code, Volume I and Appendix 4 of the Kerala Financial Code, Volume II apply generally to the Public Works Department to the extent that they may not be inconsistent either with the authorised method of obtaining cash for contingent charges or with any of the rules in this Code.

19.2.2. The expression "Contingent charges" as used in Public Works Accounts does not include charges which under the rules in Appendix 2 are classified under some other head of expenditure, e.g., Works, Repairs and Tools and Plant.

**19.3. SPECIAL RULES WHEN BILLS ARE DRAWN
ON TREASURIES**

19.3.1. The following special rules are applicable in respect of contingencies :—

(a) The procedure prescribed in the Kerala Treasury Code, Volume I, for drawing bills direct on the treasury, for keeping the account of cash obtained on the bills and for making disbursements applies *in toto*

(b) Contingent bills may be drawn only by the Divisional Officer or such other officer as may have been specially authorised by Government, the procedure for the encashment of the bills being the same as prescribed for establishment bills in paragraph 18.3.1.

(c) Payments made out of the cash thus drawn are subject to the rules of this Code, both in regard to the manner of authorising and making payments and to the forms of vouchers to be obtained in support thereof.

(d) Debits from other departments or Governments for supplies chargeable to contingencies, intimations of which may be received from the Accountant General, should be dealt with in the manner indicated in Articles 129 and 130 of the Kerala Financial Code, Volume I. Debits from other Divisions and Stock and adjustment transactions arising within the division, should be cleared, by an entry in the regular accounts, by debit to "the Accountant General's Office on account of the contingencies of the division," the transaction being incorporated in due course in the contingent bill as laid down in the rule already quoted.

Note.—In accepting invoices of stores and work bills, etc., received from other divisions and departments, charges pertaining to contingencies should be clearly specified, and if necessary distinguished from other charges, so that, in cases where necessary adjustment can be effected in the Accountant General's Office this may be done without further reference to the Divisional Office.

19.3.2. The cash obtained for contingent charges should not be mixed up with balances of cash obtained for other purposes and care should be taken that cash charges relating to other heads are not brought to account, even temporarily as contingent charges or *vice versa*.

CHAPTER-20
DIRECTION AND OTHER SPECIAL OFFICERS

20.1. INTRODUCTORY

20.1.1. The rules in this chapter apply only to the offices of 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 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 offices do not ordinarily realise any departmental receipts. Any petty amounts received occasionally should be remitted at once to the treasury in accordance with the procedure prescribed in Rule 92 of Kerala Treasury Code Volume I.

*Note.—*For recoveries from the staff *See* paragraph 20.3.3.

20.3. PAYMENTS

I. INTRODUCTORY

20.3.1. Thus, 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) Pay and allowances.
- (2) Contingent charges.

20.3.2. Cash required to meet these payments is obtained by bills drawn on treasuries under the rules in the following paragraphs.

II. PAY AND ALLOWANCES

20.3.3. The rules in Chapter 18 for divisional offices apply *mutatis mutandis* to special offices. The following rules are peculiar to them :—

(a) The number of separate establishment bills may, however, be reduced in consultation with the Accountant General, who will specify the sections into which the bills should be divided.

(b) Recoveries from the establishments of special offices are not subject to the rules in paragraph 18.4.3. They should as far as possible, be made by deduction from their bills. When, however, the amounts recovered have to be paid into the Treasury 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. *See also Note (2) under paragraph 15.1.1.*

III. CONTINGENCIES

20.3.4. The general rules relating to Contingencies are given in Chapter VI of Volume I and Appendix 4 of Volume II of the Kerala Financial Code.

20.3.5. Charges for new supplies of, and repairs to, articles of the classes which in the case of executive offices are classified under the head "Tools and Plant", are treated as contingent charges, etc., in the case of special offices.

Examples.— Scientific instruments and drawing materials, motor cars etc.

20.3.6. The account 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 20.3.5. though these will otherwise be treated as Tools and Plant for the purposes of the Public Works Department Code. Suitable registers showing the receipts, disposal and balances of the articles should, however, be maintained.

Note.—If any articles of this class are transferred to a Divisional Office the fact of the transfer should forthwith be reported to the Accountant General even though no adjustment of cost required to be made under rule.

CHAPTER-21**ACCOUNTS RETURNS OF SUB-DIVISIONAL OFFICERS**

21.1.1. Subject to such special arrangements as may be authorised by Government, after consultation with the Accountant General, 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 cash and stores as described in Chapters 6 and 7 as well as Works Abstracts, with certain accompaniments, for each work 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. The initial accounts of cash should be closed on the last working of the calendar month and immediately the cash balance report, K.P.W. Form 5 prepared under paragraph 6.6.7 should be transmitted to the Divisional Office.

21.1.4. Copies of the Cash Book (supported by vouchers) should be sent to the Divisional office twice a month or oftener as may be directed by the Divisional Officer. The copy for the last period of each month should accompany the Cash Balance report.

Note.—(1) As the accounts of the division in respect of the cash transactions of sub-divisions are based on the copies of sub-divisional cash books prepared under this rule, Sub-divisional Officers should satisfy themselves, before signing them that they are true copies, and correct in all respects. As a further precaution, the totals of the “Cash” columns on both sides should be expressed in words in their own hand.

Note.—(2) The Accountant General, in order to eliminate the work of preparing copies, may permit sub-divisions at the headquarters of a divisional office to maintain two alternative cash books, one being submitted in original to the divisional office at the end of the month and the other being used in the month following.

21.1.5 As soon as the accounts of a month are closed, the returns enumerated below should be forwarded to the divisional office with a covering list in K.P.W. Form 85 :—

- (a) A Works Abstract accompanied where necessary by K.P.W. Forms 31, 31A or 36 and by K.P.W. Form 50, Transfer Entry Order, in the cases referred to in paragraph 8.1.7. for each work in progress [vide paragraph 2.1.1. (56)] in connection with which there was any transaction during the month with a detailed list in K.P.W. Form 86.
- (b) A “Petty Works Requisition and Account”, K.P.W. Form 26 for each petty work in progress in connection with which there was any transaction during the month (in original) with a detailed list in K.P.W. Form 86.
- (c) Transfer Entry Orders, K.P.W. Form 50 relating to the accounts of the month, excluding those proposed from time to time—vide paragraph 8.1.4.

21.1.6. Other accounts returns which Sub-divisional Officers should submit to the Divisional office are the following:—

- (a) Monthly—
 - (i) “Statement of Receipts, Issues and Balances of Road metal”, K.P.W. Form 15 vide paragraphs 7.4.1 and 7.4.2
 - (ii) Such statements or reports (vide paragraph 9.5.5.) in connection with recoveries of rents of buildings and lands as the Divisional Officer may require the Sub- divisional Officer to prepare.
 - (iii) Estimate of probable requirements of cash, if prescribed by the Divisional Officer (Note 1 below paragraph 6.2.9).
- (b) Occasional—
 - (i) Reports of verification of stores (including materials at site of works) immediately after each verification.
 - (ii) Tools and Plant Ledger—on such dates as may be prescribed by the Divisional Officer.

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 and audit and accounts charges is effected on a single order of the Divisional Officer, recorded in K.P.W. Form 59 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 scrutinised by the Divisional Accountant before they are incorporated in the connected registers and schedules and the Monthly Accounts.

Note.—(1) The Divisional Accountant's responsibility extends also to the examination of all claims included in bills presented direct at treasuries by the Divisional Officer, and on behalf of the latter he should also examine the accounts of the disposal of money obtained on those bills.

Note.—(2) In all matters connected with the personal claims of Government Officers, the Divisional Accountant is expected to give expert advice and help. He should see in particular that service books and leave accounts of subordinates are maintained in accordance with the rules, and that the admissibility of leave applied for by subordinates is verified before their leave applications are disposed of by the Divisional Officer or forwarded to higher authority. In all cases of doubt, however, he should advise the Divisional Officer to consult the Accountant General.

22.2. SCRUTINY OF ACCOUNTS

22.2.1. The Divisional Accountant should examine the accounts returns of Sub-divisional Officers on receipt to see—

- (i) that they have been received in a complete state,
- (ii) that all sums receivable are duly realised, and on realisation credited to the proper head of account as well as to the personal account, if any, of the contractor, employee or other individual,
- (iii) that the charges are covered by sanctions and appropriations and are supported by complete vouchers setting forth the claims and the acknowledgements of the payees legally entitled to receive the sums paid,
- (iv) that all vouchers and accounts are arithmetically correct,
- (v) that they are in all respects properly prepared in accordance with the rules applicable to each case, and
- (vi) that all charges are correctly classified, those which are debitible to the personal account of a contractor, employee or other individual, or are recoverable from him under any rule or order, being recorded as such in a prescribed account.

22.2.2. 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 authorised officers, the claims admitted for payment are valid and in order.

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

22.2.3. The Divisional Accountant should exercise a similar check from, day to day in regard to (i) the transactions recorded direct in the Cash and Stock Accounts of the Divisional Office, and (ii) Bills and vouchers, of Sub-divisions, which are submitted to the Divisional Officer for approval before payment is made by the Sub-divisional Officer. In respect of charges, this examination should be conducted before the payment is made.

22.2.4 Every payment should be so recorded, and a receipt for the same so obtained, e.g., *See* paragraphs 10.2.26 and 10.2.30 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.

22.2.5 If the Divisional Officer has set a limitation on the drawings of any Sub-divisional Officer, on a treasury for any month, he should intimate the same to the Treasury Officer or the Bank. The Divisional Accountant, while examining the

Cash Book of the Sub-divisional Officer, should see that the total amount of cheques drawn by him during that month does not exceed the prescribed limit; *See* paragraph 6.2.14.

22.2.6. 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) 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 Sanction 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, K.P.W. Form 55. For sanctions to special payments chargeable to the accounts of works and other miscellaneous sanctions, K.P.W. Form 56—Register of Miscellaneous Sanctions, will be found suitable.

Note.—(1) K.P.W. Forms 55 and 56 may be also used in respect of sanctions to contingent expenditure when this is not brought to account in the Monthly Accounts 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.

22.2.7. If against a single sanction two or more disbursing officers have to operate simultaneously, the orders of the Divisional Officer should be obtained imposing a definite limitation on the money transactions of each officer. Similarly, if disbursing officers of two or more Divisions are concerned, the orders of the 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.

22.2.8. It is one of the functions of the Divisional Accountant to see that expenditure which is within the competence of the Divisional Officer to sanction or regularise is not incurred as a matter of course under the orders of subordinate disbursing officers without his knowledge. All such items of expenditure should at once be brought to the notice of the Divisional Officer and his orders obtained and placed on record. *See* also paragraph 4.2.4.

22.2.9. The works expenditure should be checked with the estimates to ensure that the charge incurred are in pursuance of the objects for which the estimate was intended to provide. In the case of works the expenditure on which is recorded by sub heads (that is, items of works such as brick work, etc) the Divisional Accountant is responsible for checking the expenditure on each sub head with the estimated quantity of work to be done, the sanctioned rate, and the total sanctioned cost, so that he may bring to notice all deviations from the sanctioned estimate.

22.2.10. 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 K.P.W. Form 87 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.

22.2.11. It is permissible to take in reduction of the expenditure on works in progress, certain receipts and recoveries of expenditure (vide paragraph 9.1.8) 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 the works make allowances for such recoveries or not. The amounts of such receipts are, however, not available for expenditure in excess of that authorised in the estimate for the work and the Divisional Accountant should see that, without the orders of competent authority, the gross expenditure authorised is not exceeded, or surplus receipts realised are not utilised 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.—(1) In the case of works, the accounts of which are kept by sub heads all such receipts should be credited to a special sub head in these accounts—vide paragraph 10.5.12. In the case of other works, the progress of the realisation of receipts should be watched through the Register of Special Recoveries (vide paragraph 22.2.10) which should be posted from sanctioned estimates in respect of credits anticipated therein, and from the accounts in respect of receipts realised from time to time.

Note.—(2) The Divisional Accountant should see also that savings due to abandonment of parts of a work, as evidenced by the quantities of the work executed or otherwise are not utilised towards unauthorised expenditure.

22.2.12. 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 submitted to audit (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 the Accountant General.

Note.—(1) 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.—(2) 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 K.P.W. Form 12, Tools and Plant Received Sheet.

22.2.13. The results of the examination of accounts and vouchers received from Sub-divisional Officers should be intimated to them in all cases in which it is necessary to obtain further information, accounts, vouchers, certificates, etc. 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 retained so as to be available for the Accountant General's inspection.

22.3. SETTLEMENT OF ACCOUNTS WITH TREASURIES

22.3.1. As soon after the expiry of the month as possible a monthly settlement should be effected with all treasuries in respect of the transactions of the entire Division with them.

22.3.2. For payments into treasuries, consolidated receipts should be prepared in K.P.W. Form 47 for the whole of remittances made to each treasury, and sent to the Treasury Officers for signature.

22.3.3. For cheques drawn, the pass books, duly completed for the month, should be obtained from the Treasury Officers with the certificates of issues from treasuries which are prepared in the form reproduced below and their agreement with cash books of the Division should be effected in Part II of K.P.W. Form 48 'Schedule of Monthly Settlement with Treasuries', which also gives details of the differences.

"I hereby certify that the total issues made from this treasury on cheques drawn against the account of Shri.....Officer-in-charge,
.....Division, during.....20.....amounted to
₹(in words).....

22.3.4. The certificate of agreement should be recorded in the pass book over the signature of the Divisional Officer without recording any details of the uncashed cheques or other differences.

Note.—(1) The pass book or list of cheques cashed is written up in Form T.R. 79 of the Kerala Treasury Code, Volume II by a subordinate other than the one who handles the cash. It should remain in the Divisional Office as an account record of the office and should be sent to the treasury periodically on fixed dates (at weekly intervals in the case of the treasury at the Divisional headquarters) to be written up. The identity and amounts of the cheques entered as cashed should be examined at the earliest opportunity, the pass book being initialed (and dated) by the Divisional Accountant in token of the check.

Note.—(2) K.P.W. Form 48 is required for submission to Accountant General in original—vide paragraph 22.4.15. The office copy of the details recorded in it should be maintained in the cash book of the divisional office, the entries being made, over the signature of the Divisional Officer just after the closing entries of the month referred to in paragraph 6.6.7.

Note.—(3) If the divisional Officer is placed in account with any treasuries which are in account with an Accountant General other than his own, a separate Schedule of Monthly Settlement with Treasuries, K.P.W. Form 48 should be prepared in respect of the treasuries of each circle of account.

22.3.5. Transactions recorded in the cash books of the Public Works Department for a month may sometimes be responded to by the treasury in an earlier or a subsequent month. Differences other than those representing amounts of uncashed cheques, should be settled expeditiously in consultation with the Treasury Officer concerned.

22.4. COMPILATION OF ACCOUNTS

I. MONTHLY ACCOUNTS

(A) INTRODUCTORY

22.4.1. Before the actual compilation of the various schedules and schedule dockets, etc., is undertaken, the Abstract Book, K.P.W. Form 77 may be written up from the original Cash Books, Summaries of stock Receipts and Indents and the Transfer Entry Book in accordance with the instructions printed on the standard form. The Abstract 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.

(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 scrutinised, they should be posted into Schedule Dockets in K.P.W. Form 58 a separate form being used for—

(a) each work to be accounted for in a Schedule of Works Expenditure, K.P.W. Form 60 or in the Schedule of Deposit Works, K.P.W. Form 61 ;

(b) each manufacture or other item of expenditure debitible to Stock and to be accounted for in the Schedule of Debits to Stock, K.P.W. Form 67 (vide paragraph 22.4.8.) ;

(c) each separate class of charges (including refunds of revenue) 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 9.1.8.) should be posed as refunds, with brief particulars of the transactions. At the end of the month the schedule dockets should be completed in respect of the Stock transactions by posting therein all the Stock debits and credits of the month as recorded in K.P.W. Form 9 and 8, Summary of Indents and Summary of Stock Receipts respectively, omitting those brought to account through the Cash Books and the Transfer Entry Book. The total of the month's stock transactions relating to each schedule docket should be entered there in as a single figure plus or minus according as it is a debit or a 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, the figure represents the total issue of materials from stock to the work and the materials transferred from works 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 work and with the schedules concerned in the case of dockets of clause (c) above. All the vouchers, Transfer Entry Orders, Survey Reports and Sale Accounts which are required to be submitted to the Accountant General (vide paragraph 22.4.17.) should then be attached to the respective schedule docket which should be numbered in a separate series for each month.

Note.—(1) The Accountant General may, however at his discretion permit Divisional Officers to post the Schedule Dockets at the end of the month from the Works Abstract as soon as the latter are completed and checked. The Accountant General may also at his discretion dispense with the preparation and submission of a Schedule Docket for a work when the outlay on that work consists entirely of payments on Muster Rolls or other vouchers not required to be submitted to him. In that case, the Divisional Accountant must record a certificate in the last column of the Schedule of works expenditure against the relevant item that the vouchers in support of the item are such as are not required to be submitted to the Accountant General under the rules.

Note.—(2) The audit of Schedule Dockets is conducted in the Accountant General's office on the assumption that petty vouchers and initial stock accounts in support of the certified amounts of unvouched 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 the accuracy of these amounts as stated in Schedule Dockets.

Note.—(3) Some of the schedules referred to in clause (c) above include charges for works supported by a Schedule of Works Expenditure. Such charges and other transactions relating to works expenditure should be posted in the Schedule Dockets for the works concerned.

22.4.3. For percentage recoveries made on account of Establishments, Tools and Plant and Audit and Account charges (vide Appendix 2 of the Kerala Account Code Volume III, reproduced in Appendix 9 to this Code) a single schedule docket should be prepared in K.P.W. Form 59 embracing all Government, as well as non-Government works on which these percentages may be leviable under rule.

Note.—This form serves as the Transfer Entry Order relating to these recoveries (vide paragraph 22.1.2.) and should therefore be signed by the Divisional Officer.

(c) REGISTERS AND SCHEDULES

22.4.4. (a) All cash and transfer entry transactions of the month, other than expenditure on works, expenditure on stock and transactions referred to in paragraph 22.4.13. should be posted into one of the schedules or registers named below, to which the transactions relate:—

| | |
|--|---|
| <ul style="list-style-type: none"> (i) Registers of Revenue Realised. (ii) Registers of Refunds of Revenue. (iii) Registers of Receipts and Recoveries on Capital Account. (iv) Register of rents of buildings and lands, K.P.W. Form 46 (paragraph 9.5.4) a separate register being maintained for each major head, etc., as in respect of Nos. (i) to (iii). (v) Schedule of Debits to “Adjusting Account between Central and State Governments”, and (vi) Schedule of Credits to “Adjusting Account between Central and State Governments”. (vii) Schedule of Debits to “Adjusting Account with Railways”, and (viii) Schedule of Credits to “Adjusting Account with Railways”. (ix) Schedule of Debits to “Adjusting Account with Posts and Telegraphs”. (x) Schedule of Credits to “Adjusting Account with Posts and Telegraphs”. | <p>All in K.P.W. Form 44 (Paragraphs 9.5.1. and 9.5.2.)</p> <p>a separate register being maintained for each major head and in the case of works for which separate Capital Accounts are kept, one for each separate system or project.</p> |
| <ul style="list-style-type: none"> (v) Schedule of Debits to “Adjusting Account between Central and State Governments”, and (vi) Schedule of Credits to “Adjusting Account between Central and State Governments”. (vii) Schedule of Debits to “Adjusting Account with Railways”, and (viii) Schedule of Credits to “Adjusting Account with Railways”. (ix) Schedule of Debits to “Adjusting Account with Posts and Telegraphs”. (x) Schedule of Credits to “Adjusting Account with Posts and Telegraphs”. | <p>All in K.P.W. Form 73</p> |
| <ul style="list-style-type: none"> (v) Schedule of Debits to “Adjusting Account between Central and State Governments”, and (vi) Schedule of Credits to “Adjusting Account between Central and State Governments”. (vii) Schedule of Debits to “Adjusting Account with Railways”, and (viii) Schedule of Credits to “Adjusting Account with Railways”. (ix) Schedule of Debits to “Adjusting Account with Posts and Telegraphs”. (x) Schedule of Credits to “Adjusting Account with Posts and Telegraphs”. | <p>All in K.P.W. Form 73.</p> |

(xi) Schedule of Debits to “Adjusting Account with Defence”.

(xii) Schedule of Credits to “Adjusting Account with Defence”.

(xiii) Schedule of Debits to “Interstate Suspense Account” and

(xiv) Schedule of Credits to “Interstate Suspense Account”

(xv) Schedule of Debits to Remittances, and

(xvi) Schedule of Credits to Remittances.

(xvii) Schedule of Debits to Miscellaneous Heads of Account, and

(xviii) Schedule of Credits to Miscellaneous Heads of Account.

(xix) Schedule of transactions adjusted under the head “Cash Settlement Suspense Account” (Vide paragraph 22.4.10:) K. P.W. Form 71-A

(xx) Suspense Register, K.P.W. Form 62 in respect transactions falling under “Miscellaneous P.W.Advances” (vide paragraph 14.2.1.)

(xxi) Deposit Register, K.P.W. Form 62 (vide paragraph 15.5.2.)

(xxii) Schedule of Deposit Works, K.P.W. Form 61 (vide paragraph 16.2.2.)

(b) Of these Registers and Schedules Nos. (i) to (iv) and (xix) to (xxii) have

All in K.P.W.
Form 73.

Both in K.P.W.
Form 72

Both in K.P.W.
Form 72

already been described in the paragraphs noted against each.

Note.—(1) A separate schedule should be prepared for each class of receipt for which a separate register is maintained.

Note.—(2) When under a Major Head of Revenue, there are more than one system of works, for which separate Capital Accounts are kept, a summary of the receipts of all systems working upto the totals of the Major Head, should also be prepared.

(c) Schedules (v) to (xiv) are intended to bring together all transactions which originate in the division and have to be adjusted by the Accountant General through the major heads "Adjusting Account between Central and State Governments", "Adjusting Account with Railways", "Adjusting Account with Posts and Telegraphs", "Adjusting Account with Defence", and the suspense head "Interstate Suspense Account". The transactions relating to "Interstate Suspense Account" should be detailed by each Government and those relating to "Adjusting Account with Railways" should be grouped by each Railway. Similarly the transactions relating to "Adjusting Account with Posts and Telegraphs" and the "Adjusting Account with Defence" should be detailed by each Posts & Telegraph and Defence Accounts Officer respectively.

Note.—Items or groups of items for which details are given in separate schedules, e.g., Schedule of Receipts (K.P.W. Form 44-A) and Works Expenditure (K.P.W. Form 60) should be shown as a single item.

(d) Schedules Nos. (xv) and (xvi) are the schedules in which all remittance account transactions, other than those mentioned in (c) above, are collected, the entries being grouped under the headings given in K.P.W. Form 72.

(e) Subject to such instructions as may be issued in this behalf by the Accountant General, Schedule Nos. (xvii) and (xviii) are intended to collect all disbursements and receipts which do not pertain to any of the other schedules mentioned in this paragraph or to any of the works or stock expenditure schedules referred to in paragraphs 22.4.6. to 22.4.13. These transactions are adjusted finally in the books of Accountant General, and ordinarily affect one of the non-Public Works major heads of Revenue or expenditure (e.g., 'XII Sales tax, XVIII Jails, XLVIII — Contributions and Recoveries towards Pensions and other Retirement benefits, 20 Audit' and '71-Miscellaneous') or debt heads of account, (e.g., 'T—Deposits and Advances' and 'Deposits of Local Funds').

Note.—Recoveries of pensionary charges comprised in the percentage charges levied for work done invariably appear in the Schedules of Credits to Miscellaneous Heads of Accounts. Percentage recoveries for audit and accounts appear as

credits or minus debits in the Schedules of Credits or Debits to “Adjusting Account between Central and State Governments” according as the amounts are creditable to “LII — Miscellaneous — Fees for Government Audit” or “20—Audit”.

22.4.5. At the end of the month, the stock transactions of the month as recorded in the Summaries of Stock Receipts and Indents, K.P.W. Forms 8 and 9 excluding transactions brought to account 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 K.P.W. Form 71 to K.P.W. Form 73 and in the Deposits 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 Credit Schedule, K.P.W. Form 72 as a single entry for treasures of each circle of account, under the subheads “II-Public Works Cheques” or “III-Other Remittances—(b) Items Adjustable by Public Works Officers” as the case may be, of the head “Public Works Remittances” (*See also* Note 3 below paragraph 22.3.4)

(d) SCHEDULE OF WORKS EXPENDITURE

22.4.6.(a) After reconciliation has been effected between the totals of works abstracts and relevant schedule dockets, a Schedule of Works Expenditure should be prepared in K.P.W. Form 60 separately for expenditure relating to each of the following clauses:—

- (i) Each major head (or a division thereof shown separately in column 1 of the classification table of Appendix (3) under which expenditure is recorded.

Note.—This form is not used for manufacture transactions—*vide* paragraph 22.4.8

- (ii) All other Government works
- (iii) All non-Government works other than Deposit Works for which separate schedules are prepared in K.P.W. Form 60—*vide* paragraph 16.2.2.

(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 account, classification in the case of works under clause (i) and grouped separately for each

Government, department, division, local body or other party concerned, in the case of works of clauses (ii) and (iii). All works forming part of a single project or system should in all cases be grouped together.

(c) The schedules 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 appraise the latter of the excesses over the Estimates, allotments, etc. They should continue to include even completed works so long as there is any want of/excess over allotments, sanctioned estimates, administrative approval or financial sanction which has yet to be regularised. 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 Accountant General, to furnish quarterly statements of expenditure on such works to the Government of India.

Note.—(1) In the Schedule for works of clause (i) the money column 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 the expenditure incurred during the year over the allotment should be shown below the allotment. Similarly the amount of technically sanctioned estimate and excess there on should be entered in column 9.

Note.—(2) In the schedules pertaining to works of clauses (ii) and (iii) 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 total charges on the work.

22.4.7. Similarly, the Schedule of Deposit Works should be completed in respect of expenditure transaction which should be taken from the relevant schedule dockets.

(E) SCHEDULE OF DEBITS TO STOCK

22.4.8. * All debits to stock should be collected in K.P.W. Form 67, "Schedule of Debits to Stock". The entries in the schedule should be arranged in six groups—1. 'Manufacture' 2. 'Land Kilns etc.' 3. 'Other Sub heads'. 4. 'Advance Payments'. 5. 'Purchase' and 6. 'Carriage and Storage'. Under (1) should be detailed all manufacture operation 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 debitible to the sub head of stock under which the materials are classified (vide paragraph 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 out turn of the month (vide paragraph 12-1-12) should also be shown in the schedule, the operation out-turn being entered in two separate lines. Under (4) should be shown all advance payments and the subsequent adjustment of such advance payments (vide para 13-2-5) (e). Under (5) should be shown all payments for stock made during the month by operation of the sub-head "Purchase" but see sub paragraph 2 of para 13-2-5 (c) i. Finally under item (6) will be shown collectively all transactions under the sub-head "carriage and storage"

Note.—If the Divisional Officer is specially authorised by Government to sanction the carriage, handling, etc., charges upto a specified money limit, it will devolve upon the Divisional Accountant to conduct the scrutiny of individual items of expenditure against the Divisional Officers' sanctions, but all items of this clause should be detailed in the schedule.

**22.4.9. "An account of the suspense head "Stock" should next be prepared in K.P.W. Form 68, Stock Account Part I of this form is the main account showing the receipts, issues and balanced, classified by sub heads, separate figures being given in respect of the sub heads, "Manufacture" "Land Kilns" etc. "Advance payments", "Purchase", "Carriage, & Storage" and all other sub heads (vide paragraph 13.2.4.) being lumped up Part II, the Detailed Account of Issues is written up first, Part I is prepared from part II and the schedule of debits to stock K.P.W. Form 67".

(F) SCHEDULE OF TRANSACTIONS ADJUSTED UNDER THE HEAD "CASH SETTLEMENT SUSPENSE ACCOUNT"

22.4.10. All inter-divisional transactions, including those involving the Divisions of other Governments, should be collected in K.P.W. Form 71-A which should be posted from Part II of the Division-wise Register referred to in Rule I (1) of Appendix 8.

*Substitution: G.O. (P) No. 693/85/Fin. dated 2-11-1985.

**Modified vide G.O. (P) No. 693/85/Fin. dated 2-11-1985.

(G) CLASSIFIED ABSTRACT OF EXPENDITURE

22.4.11. A consolidated account of all expenditure (vide paragraph 3.1.9.) debited against the grants of the division should be prepared in K.P.W. Form 69 Classified Abstract of Expenditure. The figures relating to the several major heads (or divisions thereof shown separately in column 1 of the Classification table of Appendix 3) should be entered in separate sections arranged in the order indicated in the Appendix.

Note.—Refunds of revenue are excluded from this abstract, as they are treated as minus revenue, vide paragraph 9.4.1. and Appendix 3 “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 3.

(H) MONTHLY ACCOUNT

22.4.12. The Monthly Account should be prepared in K.P.W. Form 76 for presentation (with all supporting registers, schedules, vouchers), to the Divisional Officer and submission to the Accountant General. This account is an abstract of the entire receipts and disbursements of the month, as worked out in the Abstract Book (K.P.W. Form 77) and as detailed in the various schedules and registers, and shows also the opening and closing cash balances and on the back of the form are printed (1) a memorandum of miscellaneous cash receipts paid into treasuries and (2) a certificate in respect of the closing cash balances of subordinate disbursing officers. The entries, in the account 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, K.P.W. Form 44, (2) Expenditure entries, which are the totals of expenditure of Government for the several divisions of major heads and are posted from the Classified Abstracts of Expenditure K.P.W. Form 69 and (3) Other heads, entries representing both receipts and disbursements, are posted from the Schedules of Deposits, Adjusting Account between Central and State Governments, Adjusting Account with Railways, Adjusting Account with Posts and Telegraphs, Adjusting Account with Defence, Schedules of Interstate Suspense Account, Remittances, Miscellaneous Heads of Account, and transactions adjusted under the head “Cash Settlement Suspense Account”. K.P.W. Forms 75, 73, 72, 71 and 71 A respectively.

Note.—(1) The entries posted under several heads in the monthly account should be checked with the corresponding entries in the Abstract Book (K.P.W. Form 77)

Note.—(2) The totals of the columns for receipts and disbursement 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 head 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 such 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) These transactions fall under two classes:—

(i) *Cash from Treasury.*—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 in favour of self being cash (vide paragraph 6.1.1.) even though not cashed at once.

(ii) *Transfers within the Division.*—Remittances of cash and stock by one accounting officer of the division to another, are debited or credited to this head when the remittance is actually made or received.

22.4.14. Save as provided in paragraph 22.4.13. all the 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, K.P.W. Forms 7 to 9 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 purchased in cash, sold for cash and 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 Summary of Indents, K.P.W. Forms 8 and 9.

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 Summary of Indents K.P.W. Forms 8 and 9.

(I) SUBMISSION TO ACCOUNTANT GENERAL

22.4.15. The Monthly Account is due to reach the Accountant General's Office by such date between the 7th and 10th of the month following that to which it relates, as may be fixed by the Accountant General in consultation with the Divisional Officer. It should be supported by the following documents :

(1) Schedule of Revenue Realised Refunds of Revenue
Receipts and Recoveries on Capital
Account, in Form 44A.

(2) Classified Abstracts of Expenditure, K.P.W. Form 69.

(3) Schedule of Works Expenditure, K.P.W. Form 60.

(4) Schedule Dockets, K.P.W. Form 58 (with necessary Vouchers, Transfer Entry Orders, Survey Reports and Sale Accounts attached to each) (*See also Note 1 below paragraph 22.4.2.*)

(5) Schedule docket of percentage Recoveries, K.P.W. Form 59.

(6) Stock Account, K.P.W. Form 68 (with Sale Accounts, K.P.W. Form 18 in support of the Cash Credits to Stock).

(7) Schedule of Debits to Stock, K.P.W. Form 67.

(8) Schedule of Miscellaneous P.W. Advances, K.P.W. Form 65 Extract from the suspense Register K.P.W. Form 62.

(9) Schedule of Workshop Suspense (Local Form) in the same form as the Registers.

(10) Schedules of Credits and Debits to Miscellaneous Heads of Account, K.P.W. Form 71.

(11) Schedule of transactions adjusted under the head "Cash Settlement Suspense Account" K.P.W. Form 71 A.

(12) Schedules of Credits and Debits to "Adjusting Account between Central and State Governments", K.P.W. Form 73.

(13) Schedules of Credits and Debits to "Adjusting Account with Railways", K.P.W. Form 73.

(14) Schedules of Credits and Debits to “Adjusting Account with Posts & Telegraphs” K.P.W. Form 73.

(15) Schedules of Credits and Debits to “Adjusting Account with Defence” K.P.W. Form 73.

(16) Schedules of Credits and Debits to “Interstate Suspense Account” K.P.W. Form 73.

(17) Schedules of Credits and Debits to Remittances, K.P.W. Form 72.

(18) List of cheques drawn, K.P.W. Form 72 A.

(19) List of remittance into treasuries, K.P.W. Form 72B.

(20) Schedule of Monthly Settlement with Treasuries, K.P.W. Form 48 (with supporting Consolidated Treasury Receipts and Certificate of Issues, signed by Treasury Officers).

(21) Schedule of Deposits, K.P.W. Form 75 extracted from the Deposit Register, K.P.W. Form 62.

(22) Schedule of Deposit Works, K.P.W. Form 61 (with Reports of Progress of Expenditure).

(23) Copies of Tools and Plant Received Sheets and Tools and Plant Indents K.P.W. Forms 12 and 13 (only in respect of Special Tools and Plant). K.P.W. Form 13 should be accompanied by the supporting Survey Reports of Stores, K.P.W. Form 17, Sale Accounts, K.P.W. Form 13, and acknowledgements of Officers in the case of articles transferred to other P.W. Divisions including the Divisions of other Governments.

(24) List of Accounts submitted to Audit, K.P.W. Form 79.

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, setting forth the amount of the estimate, the total deposits received and the progressive expenditure, should accompany the Schedule of Deposit Works so that the Accountant General 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 authorised 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.

\$ Note.- (3) The certificate mentioned in para 10-5-28 should be submitted to the Accountant General, Chief Engineer and Superintending Engineer along with the schedule of works expenditure shown as item (3) above.

22.4.16. The schedules relating to the suspense and deposit accounts K.P.W. Forms 65, 68 and 75 and the Work-shop Suspense Schedule, must be submitted to the Accountant General, month after month so long as there are balances outstanding under the account concerned, whether there have been transactions during the month or not. The Schedule of Miscellaneous Public Works Advances, K.P.W. Form 65 and the Schedule of Deposits, K.P.W. Form 75, should, however, be restricted to the item affected during the month. In respect of the Schedule of Deposit Works, K.P.W. Form 61 the Divisional Officer may, if so authorised by the Accountant General, 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 whereon has been charged to Miscellaneous Public Works Advances, an extract from Part II relating to such works only is submitted to the Accountant General. Similarly in the Schedule of Miscellaneous Public Works Advances, for the months other than March, items which do not exceed ₹ 5 each may be shown in a lump sum, if so authorised by the Accountant General. Subject to these exceptions the remaining schedules are necessary only if there have been any transactions during the month.

Note.—(1) The Schedule of Miscellaneous Public Works Advances, K.P.W. Form 65, for September and March should be accompanied by a list of items outstanding under the head for more than six months.

**Note—(2)* “The schedule of transactions adjusted under the head cash settlement
 **Suspense Account in form 71A for September and March should be accompanied by a statement in form 71 B showing the outstandings which are unsettled for more than 6 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 payments and other charges in the accounts must accompany the Monthly Account :—

(i) Muster rolls or other vouchers in support of payments to labourers irrespective of amount.

(ii) Other cash vouchers relating to works the amounts of which do not exceed ₹ 250.

§ Addition: G.O.(P). No. 297/93/Fin Dated 28-4-1993.

* Addition: G. O. (P) 234/73/Fin. dated 12-6-1973.

** Substitution: G. O. (P) 292/73/Fin. dated 20-7-1973.

† Substitution: G. O. (P) 37/77/Fin. dated 31-1-1977

(iii) Invoices or other vouchers in acknowledgement of issues of stock materials, including issues of out-turn from Manufacture to Stock.

(iv) Vouchers in support of payments made for the conversion of cash deposits into interest-bearing securities, in cases in which no voucher other than the security itself or a safe custody certificate of the security exists.

Note.—When a voucher of this clause is not submitted to the Accountant General, the reasons should be noted against the entry of its amount in the schedule docket or in the schedule of works expenditure, *See Note I* below paragraph 22.4.2.

(v) Transfer entry orders of the classes enumerated below:—

Those involving debits to Remittance heads otherwise than in respect of expenditure on works.

Those relating to charges which are supported by vouchers received in transfer.

Those involving a credit to a 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 Accountant General, even though falling under any of the exceptions to clause (a).

Note—(1) The provisions in clauses (a) and (b) of this paragraph also apply to vouchers received from other departments or Governments, in support of transfer debits raised by them.

Note—(2) The term “voucher” used in clause (a) includes Advices of Transfer Credit and Acceptances of Transfer Debit received from other departments, etc., in the case of the docket for Schedule of Debits to Remittances.

(c) All vouchers in support of payments for land acquired should be submitted to the Accountant General.

(d) All Survey Reports of Stores (K.P.W. Form 17) and Sale Accounts (K.P.W. Form 18) must also accompany the monthly account. Sale accounts in support of cash credits to stock should be attached to the Stock Account, K.P.W. Form 68; 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 Tools and Plant Indents—*vide* paragraph 22.4.15. (item 21) K.P.W. Form 13 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.

(e) All vouchers for payments made to part-time and seasonal work-charged establishment should be forwarded to the Accountant General with the monthly accounts. A certificate should also be furnished along with the monthly accounts that all such vouchers relating to payments made to work-charged establishment during the month and included in a particular schedule docket have been enclosed therewith.

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, K.P.W. Forms 76 and 79 unless he is absent from headquarters, in which case he should send to the Accountant General as soon as he can examine his books and papers on return a report in K.P.W. Form 80 (with a duplicate copy of the Monthly Account signed by himself), without which the Accountant General will not pass the Monthly Account finally.

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 Accountant General, 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 (K.P.W. Form 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 subordinates concerned, in respect of each item of imprest or temporary advances shown in the Cash Balance Reports of the Division for 31st March.

Note.—The original Cash Balance Reports of subordinate disbursing officers should be initialled by the Divisional Officer before transmission to the Accountant General.

(b) To Part II of the Schedule of Monthly Settlement with Treasuries K.P.W. Form 48 should be subjoined a statement, in the form given below, in respect of the cheques drawn to meet payments of works.

| <i>Particulars</i> | <i>No. of cheques issued</i> | <i>Amount</i> |
|---------------------------------|------------------------------|---------------|
| 1. For the whole month | .. | .. |
| 2. During the last five working | .. | .. |

days of month

(c) The Schedules of Credits/Debits to the heads "Interstate Suspense Account", "Adjusting Account between Central and State Governments" and "Adjusting Account with Railways", "Adjusting Account with Posts and Telegraphs", "Adjusting Account with Defence", K.P.W. Form 73 must invariably be despatched so as to reach the Accountant General not later than the 7th of April of the succeeding year. All the correcting entries affecting those schedules should be intimated to the Accountant General so as to reach him by the 12th of April at the latest.

(d) The Schedule of Deposits, K.P.W. Form 75 should be accompanied by the account of Interest-bearing Securities K.P.W. Form 82 referred to in paragraph 15.6.1.

II. REVIEW OF UNSETTLED ACCOUNTS

(CONTRACTOR'S LEDGER, WORKS ABSTRACTS AND REGISTER OF WORKS, RENT REGISTERS AND THE OTHER RECORDS OF ASSESSMENT AND REALISATION OF REVENUE REFERRED IN PARAGRAPH 9.1.9.)

22.4.20. The several registers and schedules relating to the suspense and deposit heads of account and the accounts referred to above, 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 in March special steps should be taken with a view to bring about all possible reduction 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 balances, other than cash, should be forwarded to the Accountant General in K.P.W. Form 83, Annual Certificates of Balances.

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 5.3.3), 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 devolves 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 Accountant General being sought where necessary.

Note.— In connection with transactions with other Governments, Railways, Posts and Telegraphs and Defence it should be borne in mind that the Central Accounts Section of the Reserve Bank close their books for the year by the 25th April [vide paragraph 22.4.19 (c)].

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 Accountant General.

Note.—(1) 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 noticed after that date.

Note.—(2) Accounts of transactions with other Governments, Railways, Posts and Telegraphs and Defence must be settled completely and communicated to the Accountant General by the 12th April at the latest—vide paragraph 22.4.19 (c)

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 Accountant General on the 1st June following, 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 of Deposit Schedules, the items not affected, so long as, in addition to the necessary details of the items affected, the totals for the account concerned are also given.

IV. MISCELLANEOUS RETURNS

22.4.24. Other account returns which the Divisional Officer should submit to the Accountant General are the following:—

(a) Quarterly:—

Quarterly statement of the assessment and realisations of Irrigation Revenue—vide paragraph 9.2.1. (c)

(i) Half-yearly:

Lists of items outstanding for more than six months under the general suspense head “Purchases” and “Miscellaneous Public Works Advances”—vide Note 1 to paragraph 13.1.1. and Note below paragraph 22.4.16.

*(ii) Half yearly statements in form 71 B showing the outstanding which are unsettled for more than 6 months under “Cash Settlement Suspense Account” along with the monthly accounts for September and March.

V. CORRECTION 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 Article 251 of the Account Code, Volume IV (Central), and (reproduced after Article 51 of the Kerala Account Code, Volume I) in cases affecting the accounts of works, including those falling under paragraph 10-6-12.

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 Accountant General of the Divisional Officer’s Supplementary Account of the year, it should nevertheless be reported to the Accountant General for instructions unless the amount be not more than ten rupees.

*Addition: G. O. (P) 234/73/Fin. dated 12-6-1973.

(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 permissible, 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 Accountant General 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 Accountant General are specially brought to the notice of the Divisional Officer.

VI. PRO FORMA 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 pro forma 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 and Auditor General, the Accountant General will determine the required forms in consultation with Government, but if the accounts are required for administrative purposes, the Accountant General will merely give such advice or assistance in prescribing the forms as may be required of him.

Note.—(2) If a pro forma account relates to transactions of two or more divisions, the compilation of it will ordinarily be undertaken by the Accountant General; but 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 Accountant General may not be required to check it except in pursuance of an arrangement agreed between him and Government.

22.4.28. If for the purposes of any pro forma account which the Accountant General 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 Accountant General in consultation with Government, where necessary. *See also paragraph 3.2.1. (d)*

22.4.29. The pro forma 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 Accountant General in accordance with the rules prescribed in the Account Code, Volume IV (Central). These accounts are known as the Administrative Accounts of Irrigation, Navigation, Embankment and Drainage Works.

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. and 14.3.1.

22.4.31. In respect of buildings in charge of the Public Works Department, which are available for occupation as residences, capital and revenue accounts are required to be prepared periodically by the Accountant General for each circle of Superintendence, in accordance with the directions given in the Account Code, Volume IV (Central) and any further orders that Government may have issued. For this purpose, Divisional Officers should furnish the Accountant General annually with the necessary data, in respect of such buildings of their divisions as may have to be included in the circle accounts in such forms as may be prescribed by the Accountant General.

VII. REVIEW BY DIVISIONAL OFFICER

22.4.32. 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 scrutinised and initialled the individual 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 record in all cases preferably in K.P.W. Form 88 (Memo of review) posted in a suitable position on the account, etc. concerned.

CHAPTER-23
MISCELLANEOUS

23.1. TRANSFERS OF CHARGE

I. DIVISIONAL AND SUB-DIVISIONAL OFFICERS AND OTHER EXECUTIVE SUBORDINATES

23.1.1. The procedure prescribed in paragraph 327 to 336 of the Kerala Public Works Department Code should be followed by the officers concerned.

II. DIVISIONAL ACCOUNTANTS

23.1.2. 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 the 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 Objection Statements and Audit Notes received from the Accountant General, should also be set forth in detail

23.1.3. 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 Finance Department. The relieving Accountant should examine it when taking over charge and promptly forward it, with his remarks, to the Finance Department through the Divisional Officer, who will record such observations as he may consider necessary.

23.2. RECONSTITUTION OF EXECUTIVE CHARGES

23.2.1. All orders regarding the reconstitution of executive charges should be communicated to the Accountant General. When

- (i) Works in progress and suspense in consequence of such reconstitution of accounts of works.
- (ii) Appropriation and sanctions not the account of two or more divisional officers yet completely operated upon. are to be amalgamated or those of any office are
- (iii) Stocks and other suspense either to be broken up into parts or closed, the accounts (e.g., See margin) of liabilities not yet accounts.
- (iv) Remittance accounts.
- (v) Deposit and Cash balances. Tools and Plant and road metal, and of relevant
- (vi) Unrealised rent and other account and establishment records (including revenue and unused forms of cheque and receipt books),
- (vii) Interest-bearing securities. should receive the special attention of all concerned.

23.2.2. On all such occasions the following procedure should be followed:—

(1) 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 pro forma adjustment without making any account adjustment.

(2) 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 and forward the same to the Divisions concerned with a forwarding letter requesting them to incorporate those figures in the balances of the latter divisions and endorse a copy to the Accountant General 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 entries 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 but intimating at the same time the balances under each head to the successor division with a copy to the Accountant General. The closing division should quote the number and date of the letter under which the balances are transferred to the successor division (s) in the relevant schedules to be

submitted to the Accountant General and show the closing balances under the various heads as 'Nil' on this authority.

(3) The division (s) to which the balances have been transferred should incorporate the balances in its/their books without making any account adjustment, in the month immediately following the month in which the balances were transferred by the closing division. The balances so transferred by the closing division should be incorporated in their entirety quoting the number and date of the letter of the closing of division as authority by the successor division (s), discrepancies, if any, being settled subsequently with the successor division to which the records of the closing division have been transferred.

(4) In the event of closure of a division or sub-division only the wholly unused receipt books should be brought into use by the successor division or sub-division. The unused forms in partly used receipt books should be cancelled by using a rubber stamp under the initials of the officer-in-charge of the closed division or sub-division.

(5) The Accountant General should be addressed for further instructions, if any required.

23.3. DESTRUCTION OF RECORDS

23.3.1. 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 Accountant General, provided that, in cases not covered by such rules, the specific concurrence of the Accountant General is necessary before any records are ordered to be destroyed and that in each divisional office full details are maintained permanently in K.P.W. Form 89 of all records destroyed from time to time.

APPENDIX – I**A. The Audit and Accounts Order, 1936**

[The relevant provisions of the Audit and Accounts Order, 1936 as adapted by the India (Provisional Constitution) Order, 1947 defining the powers of the Comptroller and Auditor General of India in relation to the accounts and the audit of the accounts are reproduced below. References therein to the Auditor General, Federation, Province, Governor General, Governor, and the Act should be construed as references to the Comptroller and Auditor General, Union (Central Government), State, President, Governor and the Constitution respectively.]

“11. (1) Subject to the provisions of this paragraph, the Auditor General shall be responsible for the keeping of the accounts of the Federation and of each Province other than accounts of the Federation relating to Defence or Railways and accounts relating to transactions in the United Kingdom.

(2) As respects accounts of the Dominion, the Governor General, and as respects accounts of a Province, the Governor, may after consultation with the Auditor General, make provision by rules for relieving the Auditor General from responsibility for the keeping of the accounts of any particular service or department.

(3) The Governor General may after consultation with the Auditor General make provision by rules relieving the Auditor General from responsibility for keeping accounts of any particular class or character.

(4) The Auditor General shall, from the accounts kept by him and by the other persons responsible for keeping public accounts, prepare in each year accounts (including, in the case of accounts kept by him, appropriation accounts) showing the annual receipts and disbursements for the purposes of the Federation and each Province, distinguished under the respective heads thereof, and shall submit those accounts to the Federal Government or, as the case may be, to the Government of the Province on such dates as he may, with the concurrence of the Government concerned, determine.

(5) Notwithstanding in this paragraph, the Auditor General shall comply with any general or special orders of the Governor General or, as the case may be, a Governor as to the head of account under which any specified transaction or transactions of any specified clause is, or are, to be included.

In issuing any such order as aforesaid the Governor General or Governor shall consult the Auditor General.

12. It shall be the duty of the Auditor General to prepare annually, in such form as he with the concurrence of the Governor General may determine and to submit to

the Governor General a general financial statement incorporating a summary of the accounts of the Federation and of all the Provinces for the last preceding year and particulars of their balances and outstanding liabilities, and containing such other information as to their financial position as the Governor General may direct to be included in the statement.

13. (1) It shall be the duty of the Auditor General—

(i) to audit all expenditure from the revenues of the Federation and of the Provinces and to ascertain whether moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it;

(ii) to audit all transactions of the Federation and of the Provinces relating to debt, deposits, sinking funds, advances, suspense accounts and remittances business;

(iii) to audit all trading, manufacturing and profit and loss accounts and balance sheets kept by order of the Governor General or of the Governor of a Province in any department of the Federation or of the Province;

and in each case to report on the expenditure, transactions or accounts so audited by him.

(2) The Auditor General may with the approval of, and shall if so required by the Governor General or the Governor of any Province audit and report on—

(i) the receipts of any department of the Federation or, as the case may be, of the Province;

(ii) the accounts of stores and stock kept in any office or department of the Federation or as the case may be, of the Province.

The Governor General or, the Governor of a Province may after consultation with the Auditor General make regulations with respect to the conduct of audits under this sub-paragraph.

(3) This paragraph shall not apply to accounts of transactions in the United Kingdom, and the powers and duties of the Auditor General with respect to the accounts relating to such transactions shall be as specified in section 170 of the Act.

14. If the Governor General appoints an independent officer to audit sanctions to expenditure accorded by the Auditor General, the Auditor General shall produce for inspection by that officer all books and other documents relating thereto and give him such information as he may required for the purposes of his audit.

15. It shall be the duty of the Auditor General, so far as the accounts for the keeping of which he is responsible enable him so to do, to give to the Federal Government and to the Government of every Province such information as they may from time to time require, and such assistance in the preparation of their annual financial statements as they may reasonably ask for.

16. The Federation and every Province shall—

(i) Supply to the Auditor General free of charge the annual Budget estimates of the Federation or of the Province and any other publications issued by a department of the Federation or of the Province which he may require for purposes connected with his audit functions, and

(ii) give to him such information as he may require for the preparation of any account or report which it is his duty to prepare.

17. The Auditor General shall have authority to inspect any office of accounts in India which is under the control of the Dominion or of a Province, including treasuries and such offices responsible for the keeping of initial or subsidiary accounts as submit accounts to him.

18. The Auditor General shall have authority to require that any book and other documents relating to transactions to which his duties in respect of audit extend, other than books or documents which are in the United Kingdom, shall be sent to such place as he may appoint for inspection by him:

Provided that if the Governor General or the Governor of a Province certifies that any such book or document is a secret book or document, the Auditor General shall accept as correct statement of the facts stated in that book or document a statement certified as correct by the Governor General or, as the case may be, by the Governor.

19. Anything which under this order is directed to be done by the Auditor General may be done by an officer of his department authorised by him, either generally or specially:

Provided that except during the absence of the Auditor General on leave or otherwise an officer shall not be authorised to submit on his behalf any report which the Auditor General is required by the Act to submit to the Governor General or the Governor of a Province.”

B. The Initial and Subsidiary Accounts Rules

The Initial and Subsidiary Accounts Rules issued by the President in exercise of the powers conferred by sub-paragraph (3) of paragraph 11 of the Government of India (Audit and Accounts) Order, 1936, as adapted by the India (Provisional Constitution) Order, 1947.

1. (1) These rules may be called the Initial and Subsidiary Accounts Rules.

(2) They shall come into force on the 1st April 1937.

2. In these rules:—

(1) “Initial Accounts” means a primary record of all money transactions affecting the revenues of the Federation (Union) or of any Province (State) as they occur;

(2) “The Order” means the Government of India (Audit and Accounts) Order, 1936;

(3) “Treasuries” includes all treasuries and sub-treasuries whether under the control of the Federation (Union) or of a Province (State) and other terms and expressions have the same meanings as have been assigned to them in the Order.

3. The Comptroller and Auditor General of India, from the date, these rules come into force, shall be relieved from the responsibility for keeping the accounts of the undermentioned class or character:—

(a) Initial Accounts required to be kept in treasuries;

(b) Initial and Subsidiary Accounts that may be required to be kept in any office or department of the Federation (Union) or, as the case may be of any Province (State);

(c) Accounts of stores and stock that may be required to be kept in any office or department of the Federation (Union) or of a Province (State) by order of the Governor General (President) or of the Governor of the Province (State); and

(d) Trading, manufacturing and profit and loss accounts and balance sheets and any other subsidiary accounts that may be required to be kept by order of the Governor General (President) or of the Governor of a Province (State) in any Department of the Federation (Union) or of the Province (State).

4. Nothing contained in Rule 3 shall be construed as derogating from the authority of the Comptroller and Auditor General of India:—

(a) to require any treasury, office or department keeping initial or subsidiary accounts to render accounts of such transactions as are included in them to the

Audit and Accounts Offices under his control on such dates as he may determine; or

(b) to prescribe the form in which such accounts shall be rendered and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based shall be kept.

APPENDIX 2

(See Paragraph 4.2.2.)

A. Rules for initial recruitment and training of Divisional Accountants

I. RECRUITMENT OF CANDIDATES

(a) Recruitment to the Cadre of Divisional Accountants will be from three sources as indicated below:—

(i) By absorption of Emergency Divisional Accountants:—

One third of the vacancies (i.e., taking into account the total sanctioned strength of the posts, both permanent and temporary) will be filled up by absorbing the existing Emergency Divisional Accountants.

Note.—(1) This provision will be in force only until all the existing Emergency Divisional Accountants are absorbed to the Cadre of Divisional Accountants.

Note.—(2) The Emergency Divisional Accountants absorbed to the regular cadre will be exempted from the operation of Rules VII and VIII.

When all the existing Emergency Divisional Accountants are thus absorbed, the future vacancies coming under this quota will be filled up by transfer from the category of Junior Superintendents of the Public Works Department and the Public Health Engineering Department who have passed the Account Test (Higher) and Public Works Divisional Test or equivalent departmental tests; the selection will be made by the Public Service Commission.

Note.—(3) The Emergency Divisional Accountants appointed on or before 27-1-1960 and whose services are not regularised will also sit for the Divisional Accountants' Test Examination (vide section B). The services of those who come out successful will be regularised irrespective of the ratio prescribed in this sub-rule.

(ii) By direct recruitment:—

One third of the vacancies will be filled up by direct recruitment from the open market.

(iii) By transfer:—

The remaining one third of the vacancies will be filled up by transfer from among Upper Division Clerks of all departments (including Assistants Grade I of the Administrative Secretariat and the Finance Secretariat and Upper Division Auditors of the Local Fund Audit Department) and those who hold posts higher than that of Upper Division Clerk in the non-gazetted cadres, who have passed the Account Test(Higher) and who have put in not less than five years' total service which one year should be in the Upper Division/or in higher grades.

The Emergency Divisional Accountants appointed after 27/1/1960 who are otherwise eligible will also be observed to the cadre of Divisional Accountants through the competitive test referred to in the succeeding paragraph(b).

(b) Appointment by direct recruitment and by transfer will be through a competitive and qualifying test called “The Initial Recruitment Examination for Divisional Accountants”. The examination will be conducted by the Public Service Commission.

II. SUBJECTS OF THE EXAMINATION

The subjects and minimum marks qualifying for a pass in this examination will be as follows:—

| <i>Subject</i> | <i>Maximum Marks</i> | <i>Minimum Marks required for a pass</i> | <i>Percentage</i> |
|--|----------------------|--|-------------------|
| (i) General Knowledge, précis .. and General English | 150 | *60 | *40 |
| (ii) Elementary Book-keeping .. | 150 | *60 | *40 |
| (iii) Arithmetic and mensuration .. (Elementary but practical) | 150 | *60 | *40 |
| Total .. | 500 | *220 | |

Note.— (1) The duration each of the three papers will be three hours,

Note.— *(2) A separate minimum of 30% for papers (i) and (ii) and 35% for paper (iii) is prescribed in the case of candidates belonging to Scheduled Castes and Scheduled Tribes.

Note.—*(3) The duration of each of the three papers will be 3 hours.

III. SYLLABUS OF THE EXAMINATION

The syllabus of the examination will be as indicated below:—

(i) *General Knowledge*:—The paper is intended to test the ability of the candidate to write in clear and simple English and would cover questions of general knowledge, précis of a given passage and General English.

(ii) *Elementary Book-Keeping*—The paper in this subject will be of a fairly elementary character. The ‘Students’ complete commercial book-keeping, accounting and banking by Arthus Fieldhouse is prescribed as the text book for the paper on this subject. It should be supplemented by a knowledge of the following chapters in “Advanced Accounts” by R.N. Carter (Latest edition). Where these chapters cover the same ground as Fieldhouse the questions will be set from Carter and not from Fieldhouse:—

| | |
|---------|---|
| Chapter | I—Book-keeping upto the Trial Balance. |
| Chapter | II—Trading and Profit and Loss Account and Balance Sheet. |
| Chapter | V—Depreciation, Sinking Fund Reserves, Reserve Funds, Secret Reserve. |
| Chapter | VI—Bills of Exchange, Promissory Notes, Cheques. |
| Chapter | VII—Portion relating to Voyage Account. |
| Chapter | IX—Self-balancing Ledgers. |
| Chapter | X—Capital and Revenue, Revenue Account, Receipts and Payments Accounts, Income and Expenditure Account. |
| Chapter | XVI—Manufacturing and working Accounts, and Cost Book Mining Company. |
| Chapter | XVII—Cost Accounts. |
| Chapter | XVIII—Double Account System. |

Note.—If there is any change in the subjects of these Chapter in the subsequent editions of “Carter” candidates should read the corresponding Chapters in the later edition.

(iii) *Arithmetic and Mensuration*:—The standard for this subject will be the same as that prescribed for the Matriculation or the School Leaving Certificate Examination. The Book “Mensuration for Indian Schools and Colleges, Part I” by

Pierpoint is prescribed as representing the standard expected of the candidates on this subject.

Note.—As the examination is competitive one, no exemption from appearing in any subject will be granted to any candidate.

IV. FEE OF THE EXAMINATION

Each candidate applying to appear at the examination will pay a fee of ₹15. Candidates belonging to the Scheduled Castes and Scheduled Tribes are permitted to remit only 25% of the fee.

Note.—No candidate will be allowed to appear for the examination more than thrice.

V. EDUCATIONAL QUALIFICATIONS AND AGE

**For recruitment from the open market.*—The minimum qualification will be a University Degree with at least a second class. In the case of candidates belonging to Scheduled Castes/Scheduled Tribes the minimum educational qualification will be a University Degree. The age of the candidate should not exceed 35 years on the 1st January of the year in which the applications for the examination are invited with the usual relaxation of 3 years for backward classes and 5 years for Scheduled Castes and Scheduled Tribes.

VI. PROBATION

Every person selected for appointment to the Cadre Divisional Accountants will undergo practical training for a period of 18 months in accordance with the programme of training specified under Rule VII. On the successful completion of the training (to be certified by the Accountant General) he will be on probation for a period of one year. During the period of probation he will be in independent charge of the accounts of a Division and will be paid the minimum of the scale of pay attached to the post of Divisional Accountant. Those selected from service will be given the pay and allowances they would have drawn but for the selection subject to the minimum of the scale of pay of Divisional Accountant. The training period will not form part of probation.

(ii) For the successful completion of probation a person appointed to the cadre of Divisional Accountants should pass the Divisional Accountant's Test Examination. Declaration of successful completion of probation by Government is also necessary.

(iii) Seniority among the persons recruited as Divisional Accountants will be fixed based on the rank given to them by the Public Service Commission at the time of

*Insertion: G. O. (P) 800/81/Fin. dated 25-11-1981.

recruitments. The earlier passing of the Divisional Accountant's Test Examination will not alter the original seniority.

(iv) Seniority of the Emergency Divisional Accountants absorbed as Divisional Accountants will be fixed taking into account their service as Emergency Divisional Accountants.

(v) No probation is required in the case of Emergency Divisional Accountants absorbed as Divisional Accountants and who have put in 3 years service as Emergency Divisional Accountants.

VII. PRACTICAL TRAINING

(i) The programme of training will be as follows:

| | |
|---|--|
| (a) Practical training in various Sections in the Office of the Accountant General, Thiruvananthapuram. | Period—3 months. |
| (b) Practical training in one of Sub-divisions at Thiruvananthapuram | Period—2 months Lectures—2 hours a week. |
| (c) Practical Training in the Divisions at Thiruvananthapuram. | Period—4 months. Lectures—2 hours a week |
| (d) Practical training in the WAC Section of the Office of the Accountant General, Thiruvananthapuram. | Period—3 months. Lectures—2 hours a week. |
| Total | Period- 12months |

The trainees will be attached to the Office of the Accountant General during the whole period of training and placed under a selected Accounts Officer of the Office of the Accountant General who will give them lecturers and guide them in their practical work in the sub divisions and divisions. The monthly diaries of the work done by these trainees will be scrutinised by the Accounts Officer of the Office of the Accountant General in charge of the training. While the trainees undergo practical training in the sub divisions and divisions, they have to go over to the officer of the Accountant General and receive further guidance during the lecture period.

(ii) If the progress of a recruit from service as disclosed by his work during the first six months of training, is not satisfactory, he will be reverted to his original office.

(iii) During the period of training, the trainees will be given a lump sum allowance of ₹ 6500 per mensem. Those selected from service will however be given an allowance equal to the pay and allowances they would have drawn but for the selection, subject to a minimum of ₹ 6500 per mensem.

B. Rules for the Divisional Accountant's Test Examination

VIII. DEPARTMENTAL EXAMINATION

(i) The departmental examination is called the 'Divisional Accountants' Test Examination'. This examination which will be in two parts,—written and 'viva-voce', will be held by the Public Service Commission twice a year. The fee for the examination will be ₹ 5. The examination has to be passed as a whole and not in parts.

(ii) The subjects of the examination and the minimum marks qualifying for a pass are as follows:—

| <i>Subjects</i> | <i>Maximum marks</i> | <i>Minimum marks required for a pass</i> |
|---|----------------------|--|
| (1) | (2) | (3) |
| 1. Public Works Accounts and Procedure (Written)— | | |
| (i) Kerala Public Works Account Code (ii) Kerala Public Works Department Code (iii) Kerala Account Code, Vol. III | 150 | 40% |
| 2. Accounts and Financial Rules (Written)— | | |
| (i) Account Code (Central) Vol. I (ii) General Financial Rules (Central) Vols. I and II (iii) Compilation of the Treasury Rules (Central) Vols. I and II (iv) Kerala Financial Code, Vols. I and II (v) Kerala Account Code, Vols. I and II | 150 | 40% |

| (1) | (2) | (3) |
|---|-----|----------------|
| (vi) Kerala Treasury Code, Vols. I and II | | |
| (vii) Kerala Service Rules | | |
| 3. Viva-voce | .. | 150 |
| Aggregate | .. | 450 * Deletion |

The written parts (subjects 1 and 2 should be a severe practical test of the candidate's knowledge of the rules and processes connected with (i) the preparation and examination of initial accounts, including the stock and tools and plant accounts, contractors bill and other bills and vouchers, (ii) the classification and compilation of Divisional Accounts and (iii) the service rules so as to give on the spot advice to the Executive Officers on all financial matters.

Note.—(1) The candidates will not be allowed the use of any books in the examination.

(2) The duration of each of the 2 written papers will be 3 hours.

The viva-voce part (subject 3) of the Examination is intended to show whether the candidate can promptly give to the Executive Officers of the Department appropriate advice on matters concerning the accounts and on the financial arrangements of divisional and sub-divisional offices.

(iii) While the candidate recruited from service will be eligible to appear for this examination after a period of training of at least six months, the recruits from the open market will be allowed to appear for this examination only after a training of at least one year.

(iv) The candidates (including direct recruits) will not ordinarily be allowed more than three chances but Government may, in special circumstances, allow upto two additional chances to those whom they consider deserving of the concession. If the period of probation is curtailed the number of chances will be curtailed correspondingly.

(v) In the event of failure to pass the 'Divisional Accountants' test Examination' within the period of probation, the direct recruits/recruits by transfer will be removed from service or reverted to the post held by him at the time of selection, as the case may be.

* Deletion: G.O.(P) No. 256/2012/Fin. Dated 2-5-2012

APPENDIX 3

(See Paragraph 3.1.7)

List of major and minor heads of public works receipts and disbursements

Note.—The numbers within brackets indicate references to the Explanatory Notes.

| MAJOR HEADS | MINOR HEADS |
|-------------|-------------|
|-------------|-------------|

REVENUE HEADS

E. Multi purpose River Schemes, Irrigation and Electricity Schemes

XXXIV. Irrigation, Navigation,
Embankment and
Drainage Works
(Commercial) (1).

A. Irrigation Works—

(1) Productive Works—

Direct Receipts :
Water rates (2)
Owners rates (3)
Water Supply of Towns (4)
Sales of Water (5)
Plantations (6)
Other Canal Produce (7)
Water Power (8)
Navigation (9)
Rents (10)
Fines (11)
Receipts from Workshops
Recoveries of expenditure (12)
Miscellaneous (13)
Indirect Receipts :
Portions of Land Revenue due to
works (14)
Betterment levy
Deduct—Refunds

(2) Unproductive Works Same as for (A) (1) above

| MAJOR HEADS | MINOR HEADS |
|--|---|
| B. Navigation, Embankment and Drainage Works— | |
| (1) Productive Works | <p>Direct Receipt :</p> <p>Navigations (9)</p> <p>Sales of Water (5)</p> <p>Plantations (6)</p> <p>Rents (10)</p> <p>Recoveries of Expenditure (12)</p> <p>Miscellaneous (13)</p> <p>Indirect Receipts :</p> <p>Portion of Land Revenue due to works (14)</p> <p>Betterment levy</p> <p>Deduct—Refunds</p> |
| (2) Unproductive Works | Same as for (B) (1) above |
| XXXV. Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) | |
| A. Irrigation Works— | <p>Direct Receipts :</p> <p>Water rates (2)</p> <p>Owners' rates (3)</p> <p>Water supply of Towns (4)</p> <p>Sales of water (5)</p> <p>Plantations (6)</p> <p>Other Canal Produce (7)</p> <p>Water Power (8)</p> <p>Navigation (9)</p> <p>Rents (10)</p> <p>Fines (11)</p> <p>Recoveries of expenditure (12)</p> <p>Miscellaneous (13)</p> <p>Indirect Receipts :</p> <p>Portion of Land Revenue due to works (14)</p> <p>Betterment levy</p> <p>Deduct—Refunds</p> |

| MAJOR HEADS | MINOR HEADS |
|---|--|
| B. Navigation, Embankment and Drainage Works— | <p>Direct Receipt :</p> <p>Navigation (9)</p> <p>Sales of Water (5)</p> <p>Plantations (6)</p> <p>Rents (10)</p> <p>Recoveries of Expenditure (12)</p> <p>Miscellaneous (13)</p> <p>Indirect Receipts :</p> <p>Portions of Land Revenue due to works (14)</p> <p>Betterment levy</p> <p>Deduct—Refunds</p> |

F. Public Works (including Roads) and Schemes of Miscellaneous Public Improvements

XXXVII. Public Works—

| |
|--------------------------------|
| Rents (10) |
| Ferry Receipts |
| Tolls on Roads |
| Receipts from workshops |
| Recoveries of expenditure (12) |
| Miscellaneous (17) |
| Deduct—Refunds |

J. Contributions and Miscellaneous Adjustments

LVI. Grants-in-aid from Central Government

Public Works :

- (1) Transfer from the Central Road Fund (15)
- (2) Centrally Sponsored Schemes—State Roads of Economic and Interstate Importance (16)

Note.—The adjustments under the two minor heads are done by the Accountant General.

| MAJOR HEADS | MINOR HEADS |
|---|----------------------------------|
| EXPENDITURE HEADS | |
| E. Multi purpose River Schemes, Irrigation and Electricity Schemes | |
| 43. Irrigation, Navigation, Embankment and Drainage Works (Commercial) | |
| A. Irrigation Works— | |
| (a) Productive Works— | |
| (i) Working Expenses | Extensions and Improvements (18) |
| | Maintenance and Repairs (18) |
| | Establishment (19) |
| | Tools and Plant (20) |
| | Suspense (21) |
| (ii) Interest | Interest (22) |
| (iii) Other Revenue Expenditure | |
| (b) Unproductive Works— | |
| (i) Working expenses | Same as for A (a) (i) above |
| (ii) Interest | Same as for A (a) (ii) above |
| (iii) Other Revenue Expenditure | |
| B. Navigation, Embankment and Drainage Works – | |
| (a) Productive Works— | |
| (i) Working expenses | Same as for A (a) (i) above |
| (ii) Interest | Interest (22) |
| (iii) Other Revenue Expenditure | |
| (b) Unproductive Works— | |
| (i) Working expenses | Same as for B (a) (i) above |
| (ii) Interest | Same as for B (a) (ii) above |
| (iii) Other Revenue Expenditure | |

| MAJOR HEADS | MINOR HEADS |
|---|--|
| 44. Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) | |
| A. Irrigation Works— | Works |
| (i) Works | Extensions and Improvements (18) Maintenance and Repairs (18) Establishment (19) Tools and Plant (20) Grants-in-aid Suspense (21) |
| (ii) Miscellaneous Expenditure | Establishment (19) Tools and Plant (20) Other charges Grants-in-aid Suspense (21) |
| B. Navigation, Embankment and Drainage Works— | |
| (i) Works | As for A (i) above |
| (ii) Miscellaneous expenditure | As for A (ii) above |
| C. Expenditure financed from Famine Relief Fund | Irrigation Works : Navigation, Embankment and Drainage Works |
| F. Public Works (including Roads) and Schemes of Miscellaneous Public Improvements | |
| 50. Public Works— | Original Works—buildings (23), (24), (25) Customs* Taxes on Income Opium* Land Revenue State Excise Stamps |

*These heads are not operated on in State Books.

MAJOR HEADS

MINOR HEADS

Forest
 Registration
 General administration
 Audit*
 Administration of justice
 Jails
 Police
 Ports and Pilotage (26)
 External Affairs*
 Scientific Departments
 Education
 Medical
 Public Health
 Agriculture
 Animal Husbandry
 Co-operation
 Industries
 Currency*
 Mint (27)*
 Civil Works (28)
 Stationery and Printing
 Miscellaneous Departments (29)
 Original Works—
 Communication (30)
 Original Works—Miscellaneous (31)
 Repairs (24), (32)
 Petty Construction and Repairs by
 Civil Departments* (33)
 Establishment (19)
 Tools and Plant(20)
 Furniture (34)*
 Grants-in-aid
 Suspense (21)
 Block grant for transfer to Central
 Road Fund*
 Deduct—Amount met from Central
 Road Fund*

*These heads are not operated on in State Books.

| MAJOR HEADS | MINOR HEADS |
|---|--|
| | Deduct—Amount met from subventions from Central Road Fund* |
| | Transfer of grants for Road Development to the Deposit Head Subventions from Central Road Fund(16) |
| | Expenditure written back from 103— capital outlay on Public Works outside the Revenue Account. |
| F.F. Capital Account of Public Works (including Roads) and Schemes of Miscellaneous Public Improvements within the Revenue Account | |
| 52. Capital outlay on Public Works (35)— | Amount transferred from 103- Capital outlay on Public Works outside the Revenue Account |
| I. Miscellaneous | |
| 64. Famine Relief (36)— | |
| A. Famine Relief(37) | Salaries and establishment (38) Relief Works (39, 40) |
| E. E. Capital Account of multi purpose River Schemes, Irrigation and Electricity Schemes outside the Revenue Account | |
| 99. Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial) | |
| A. Irrigation Works— | |
| (1) Productive | Works Establishment (19) Tools and Plant (20) Interest on capital Suspense (21) |

| MAJOR HEADS | MINOR HEADS |
|--|--|
| | Deduct—Receipts and recoveries on Capital Account (12) |
| (2) Unproductive | Same as for A (1) above |
| B. Navigation, Embankment and Drainage Works— | |
| (1) Productive | Same as for A (1) above |
| (2) Unproductive | Same as for A (1) above |
| C. Deduct—Amount financed from Famine Relief Fund—Net capital expenditure out-side the Revenue Account | |

E. E. Multi purpose River Schemes, Irrigation and Electricity Schemes outside the Revenue Account

100. Capital outlay on Irrigation, Navigation, Embankment and Drainage Work (Non-Commercial)

A. Irrigation Works—

Works
Establishment (19)
Tools and Plant (20)
Suspense (21)
Deduct—Receipts and recoveries on Capital Account (12)

B. Navigation, Embankment and Drainage Works—

Same as for A (1) above

C. Deduct—Amount met from Famine Relief Fund—Net capital expenditure outside the Revenue Account

MAJOR HEADS

F.F. Capital Account of Public Works (including Roads) and Schemes of Miscellaneous Public Improvements outside the Revenue Account

103. Capital outlay on Public works (35)

DEBT AND DEPOSIT HEADS

S. Unfunded debt

| | |
|-----------------------|---|
| State Provident Funds | General Provident Fund Contributory Provident Fund Other Miscellaneous Provident Funds (41) |
|-----------------------|---|

T. Deposits and Advances

| | |
|------------------------|---|
| Central Road Fund (16) | As in column (1) |
| Civil Deposits | Public Works Deposits |
| Other Accounts | Subventions from Central Road Fund (16) |
| Suspense Accounts | Cash Settlement Suspense Account (42) |

- I. Transactions between Divisions rendering accounts to the same Accountant General
- II. Transactions between Divisions in different Account Circles
- III. Rents relating to other State Governments

Departmental and Similar Civil Departmental Balances Accounts (43) (44)

U. Remittances

1. REMITTANCES WITHIN INDIA

Other Local Remittances—

Cash remittances and adjustments between officers rendering accounts to the same Accountant General Public Works Remittances (45)

| MAJOR HEADS | MINOR HEADS |
|---|---|
| Adjusting Account between Central and State Government (49) | I. Remittances into Treasuries (46) II. Public Works Cheques (46) III. Other Remittances (47) Transfers between Public Works Officers (48) |
| Adjusting Account with Railways | Suitable minor heads may be opened where necessary |
| Adjusting Account with Posts and Telegraphs | A separate head shall be opened for each Railway and the Secretary for Railway Board (Accounts) |
| Adjusting Account with Defence | A separate head shall be opened for each Posts and Telegraphs Accounts Officer |
| Interstate Suspense Account | A separate head shall be opened for account between any two States |

1. For the classification of expenditure and revenue pertaining to Irrigation, Navigation, Embankment and Drainage Works, under major heads and sections thereof, *See Statement (A)*.
2. Sale proceeds of water for irrigation purposes only, includes also lease amount paid by the Government of Tamil Nadu towards use of Periyar water.
3. Rates imposed on owners of land in respect of the benefit which they derive from irrigation.
4. Sale proceeds of water supplied to towns for domestic purposes only.
5. Sale proceeds of water supplied for purposes other than irrigation or town consumption.
6. Sale proceeds of produce from regular canal plantations.
7. Sale proceeds of produce (e.g., wood, grass, etc.) from canals or tanks other than from regular plantations.

8. Mill rents and all charges made for water applied to turn machinery. The Royalty from the Government of Tamil Nadu for using Periyar waters for the generation of electric power is also credited under this head.

9. Transit dues, transport profits, tolls and hire of ferry boats, etc.

10. Includes rents of buildings, furniture and other special amenities but excludes rents of Land. Suitable detailed heads should be opened for the record of several kinds of these rents according to local requirements.

11. Fines for wastage of water and infringement of canal rules.

12. *See Statement 'E'*

13. Includes receipts by sale of drift wood, rents of land, supervision charges on sales of stock, value of stores found surplus, profits on stock due to revaluation, lapsed deposits, and fines [other than those for wastage of water and infringement of canal rules, vide footnote (11) above] and confiscated deposits which do not represent compensation for damage to work in progress.

*Note.—*When a fine is imposed or deposit confiscated with the object of defraying expenditure caused by the action of an individual or firm, as when a contractor is penalised for abandonment of his contract owing to the fact that such abandonment has increased the cost of the work, the amount of the penalty may be taken in reduction of the expenditure.

14. Receipts due to the work, such as enhancement of land Revenue, interest on the proceeds of the sales of water land, after deduction, where necessary, of the cost of Civil Administration.

15. The subventions other than those from the Reserves (Ordinary and Special) made from the Central Road Fund to the State Government are credited to the major head “LVI-Grants-in-aid from Central Government” in the accounts of the State. Simultaneously equivalent amounts are credited to the deposit head “Subventions from Central Road Fund” by per contra debit to the minor head “Transfer of Grants for Road Development to the Deposit Head Subventions from Central Road Fund” under the major head “50-Public Works”. The actual expenditure incurred from time to time on objects approved by the Central Government is charged in the accounts of the State Government to the head “50-Public Works” or other appropriate head of account concerned. At the same time an equivalent amount is transferred month by month to the deposit head “Subventions from Central Road Fund” by reduction of expenditure under a distinct head “Deduct—Amount met from Reserve Fund and Deposit accounts—Amount not met from subventions from Central Road Fund” under the relevant head of account. The expen-

diture incurred from time to time on works authorised by the Central Government to be met from the grants from the Central Road Reserve (Ordinary and Special) is debited in the first instance in the accounts of the State to the head “50-Public Works” and recouped later by grants from the Central Road Fund Reserve. As the grants are reimbursement of the expenditure incurred by the State Governments, these are credited in the State accounts to the head “LVI-Grants-in-aid from Central Government” without being transferred to the deposit head “Subventions from Central Road Fund”.

*The Accounts Officers of the State Governments carry out necessary monetary settlement and adjust the debits under “74 Grants-in-aid etc.” in the Central Section of their books by per contra credits to “LVI-Grants-in-aid from the Central Government etc.” in the State Government Books. On the basis of monthly statements of adjustments received from various Accounts Officers the Accountant General, Commerce Works and Miscellaneous, who maintains the Centralised account of the Fund, carries out the matching adjustment for the equivalent amount by debit to “Central Road Fund” and contra credit to “74 Grant-in-aid etc.—Deduct amount met from Reserve Funds and Deposit Accounts—Amount met from Central Road Fund”.

16. The construction of roads other than those declared as National Highways comes under item 13 of the State list in the Seventh Schedule to the Constitution of India and therefore comes within the Legislative competence of the State Legislature. The expenditure on such roads should, therefore, be included in the State Budget, and subjected to the control and scrutiny of the State Legislature and State Public Accounts Committee. The reimbursement by the Government of India of the cost of these works (wholly or in part) is only a financial arrangement between the State and the Central and should not affect the strictly correct procedure of providing for these works in the State Budget. The payment by the Government of India should be treated as a grant-in-aid.

The following accounting procedure suggested by the Comptroller and Auditor General of India and accepted by the State Government in regard to Construction and Development of State Roads of Economic or Interstate Importance should be adopted:—

The entire monthly expenditure for the approved works coming under this category is to be initially debited in the State accounts to “50-Public Works (b) Communication—Original works—Roads of Economic or Interstate Importance”. Simultaneously, that proportion of the expenditure on each job which is the authorised job to be borne by the Government of India may be debited under “88—Grants for Development—Grants to State Governments—Construction of State Roads of Economic or Interstate Importance” in Central section of the accounts, per contra credit to a distinct detailed head of account of nomenclature “Roads of Economic or Interstate Importance” under “LVI-Grants-in-aid from Central Government” in the State section of the accounts.

*This takes effect from the accounts for the year 1970-71.

17. Includes rents of land; sales of produce including wood, grass, fruit, vegetables, etc., from compounds of buildings when such produce is Government property; supervision charge on sales of stock; value of stores found surplus; profits on stock due to revaluation; lapsed deposits; and fines and confiscated deposits which do not represent compensation for damage to works in progress (vide note under foot note 13)

A separate detailed head should be provided for any important class of Miscellaneous receipts brought to account under this head.

18. The detailed classification of works expenditure is given in Statements B and C.

19. The detailed classification of the minor-head 'Establishment' is given in Statement D.

20. The divisions are (1) New supplies, (2) Repairs and carriage, (3) Deduct—Recoveries and (4) Lump sum charges creditable to other Governments, Departments, etc. New supplies include scientific instruments and drawing materials, plant and machinery, tool, and navigation plant. Office furniture should be debited to contingent grant of the Office concerned.

The third of this is intended for the record of recoveries on account of Tools and Plant charges when these are taken in reduction of expenditure, vide Statement E, clause 4(ii).

21. The sub-heads are (1) Purchase, (2) Stock, (3) Miscellaneous Public Works Advances and (4) Workshop suspense.

The sub-head 'Purchase' under the minor head 'Suspense' is operated from 1st April 1961 only for the adjustment of the credit balance outstanding under that head on that date.

22. The interest charges on each scheme or project may be recorded under a separate minor head under "Interest" as a group minor head.

23. Each of the minor heads may be sub-divided into major works or minor works.

24. When a building is intended for two or more departments, all original works and repair charges on it should be classified unless ordered otherwise by Government, as pertaining to the Department for which the largest accommodation is required.

25. (1) Original works comprise all new construction whether of entirely new works of additions and alterations to existing works, except as hereinafter provided; also all repairs to newly purchased or previously abandoned buildings required for bringing them into use.

(2) Repairs include primarily operations undertaken to maintain in proper condition of buildings and works in ordinary use and also new works in circumstances indicated in clause (3) and exceptions to clause (4) below.

(3) When a portion of an existing structure or other work, not being a road surface, road bridge causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or remodelled (whether or not the change involves any dismantlement) and the cost of the change represents a genuine increase in the value of the property, the work of replacement, or remodelling, as the case may be, should be classed as “original work” the cost (which should be estimated if not known) of the portion replaced or remodelled being credited to the estimate for “original work” and debited to “repairs”. In all other cases the whole cost of the new work should be charged to “repairs”.

Note.—In the case of buildings the capital value of any portion of a building which is abandoned or dismantled without replacement should be written off the total capital value of the building, in any *Pro forma* account of its cost.

(4) When any existing portion of a road, road bridge, causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or remodelled (whether or not the change involves any dismantlement) and the change represents genuine increase in the value of the property, the whole cost of replacement or remodellings as the case may be, should be classed as “new work” and the cost or value of the portion replaced or remodelled should not be debited to “repairs”.

Exception:— Petty and miscellaneous items of work in any material, as hereinafter described, which ordinarily should be claused as “new works” should be debited to “repairs” upto a limit to be prescribed by the State Government subject to be a maximum of ₹ 20,000 in any one case, provided that the works in question do not in the opinion of the Superintending Engineer form part of any comprehensive scheme or project covered by a works estimate—[The State Government have fixed a limit of ₹ 4,000 for the purpose of this rule—*See* exception below Local Ruling No. (2) Article 22 of the Kerala Account Code, under Volume III].

(a) Super-elevation at curves.

(b) Widening the formation or carriage-way of a road, widening a drain, or cutting back a hillside to improve vision at curves, provided that the acquisition of land is not involved in any case.

*(c) The Superintending Engineer is competent to sanction estimates for easing of curves of roads involving land acquisition, the estimated cost of which does not exceed ₹ 20, 000 under the charges “Special Repairs”, the expenditure being meet from the provisions for the maintenance of roads”.

(d) Improvements of alignment or gradients or changes of grade at Irish Bridges or drips, carried out at the time of renewing a surface, provided that the acquisition of lands is not involved in any case.

(e) *Improvements to or reconstruction of the surface of a road in some different material where it is desirable to carry out such improvements or reconstruction at the time of renewing a surface.

(f) The construction or reconstruction of road surfaces in different materials for the purposes of experiment.

(g) The reconstruction or remodelling of bridges, culverts, causeways, embankments, ferry approach, protective or training works in connection with a road.

*Note.—*Item (f) includes replacement of boats and other apparatus connected with ferries.

(5) In addition to all repairs and renewals in materials similar to that pre-existing, the following items of road work should be classed as “repairs” :—

- (i) Ordinary repairs and maintenance including surface painting and the necessary addition of stone chips, gravel or sand, but not including asphaltic concrete, premix asphalt macadam, bitumen grout, bitumen semi-grout, mix-in-place, cement concrete or cement macadam.
- (ii) Special repairs including the work of replacement of a damaged bitumen semi-grouted surface by bitumen semi-grouted surfacing and periodical renewals.
- (iii) Petty and miscellaneous items of work in any material, as described in “exception” to clause (4) above.
- (iv) Widening the roads or culverts and reconstruction of culverts, etc. ,

26. Includes the expenditure on works in connection with the buildings only and not the charges in connection with lights, etc., which will be debited to the head “53—Ports and Pilotage”.

27. Includes the expenditure on works in connection with the buildings only and not the charges in connection with machinery and equipment, etc., which will be debited to the head “63-Mint”.

*Addition.—G.O. (P) 811/80/Fin. dated 29-10-1980.

28. For buildings of the Public Works Department (Civil Works Section), including residences not reserved for any department. Includes also as a distinct detailed head “Losses on Stock”, which is meant for all general losses on stock which cannot be definitely attributed to any work, whether building or road, the accounts of which are open.

29. Includes all Civil Departments (other than the Irrigation Branch of the Public Works Department and the Railways and Posts and Telegraphs Departments) not included in the list of minor and detailed heads under the major head “50”.

30. This minor head is meant for charges on roads, bridges, ferries, tunnels, ropeways, causeways, tramways, and other means of communications, together with buildings, wells, encamping grounds, etc. for travelers and kilometre-stones, fencing arboriculture, inspection houses, and other works connected with communications. It should be suitably subdivided according to local requirements.

31. This head should be used as sparingly as possible, i.e., only where there is absolutely no other head which can be appropriately operated upon.

32. This minor head should be suitably divided so as to record the expenditure on repairs in the same detail as the charges on Original Works—Buildings, Communications or Miscellaneous, as the case may be. One of the detailed heads may be “Losses on Stock” if it is considered necessary to have one under “Repairs” in addition to that provided under “Original Works”—vide foot note (28).

[The head ‘Repairs—buildings’ includes also taxes debitible to the Public Works Department on both residential and non-residential building (vide paragraph 10.8.4.) charges on account of watchmen for the care of vacant buildings and rents of hired residences].

33. To be divided into two sub-heads (1) Works and (2) Repairs. This minor head records expenditure on Central Civil Works, the maintenance of which has been entrusted to Heads of Departments for economical and/or administrative reasons.

34. This minor head is meant for expenditure on table fans, refrigerators, furniture, etc., stocked by the Central Public Works Department for supply to residences. The expenditure on furniture required by the Divisional and Sub-divisional Officers, etc., of the Public Works Department should be debited to the contingent grant of the office concerned. The expenditure on furniture which can be classified as “Fixtures” should be debited direct to the works concerned.

35. The minor heads which are prescribed under the head “50—Public Works”, with the exception of “Repairs” should be opened under the head. Expenditure on account of restoration of damage caused by extraordinary casualties, such as flood, fire, etc., which is permitted to be debited to this major head should be recorded under a separate minor head “Extraordinary Replacements”. Receipts representing recoveries of capital expenditure previously debited to this major head may be classified under a separate minor head “Deduct—Receipts and Recoveries on Capital Account”.

36. The term “Famine” is to be interpreted in wider sense to cover famine due to drought or other natural causes, such as flood, earthquake or similar calamity. *See also* foot note 294 of the List of Major and Minor Heads of Account.

37. Public Works Officers are concerned only with the two minor heads mentioned here.

38. The following detailed heads should be opened:—

- (1) Pay and Allowances, Special Relief officers.
- (2) Establishments:—
 - (a) Clerks and other superior establishments
 - (b) Class IV establishments.
- (3) Travelling allowances.
- (4) Contingencies.

As regards Government servants, the following rules should be observed:—

(a) In the case of a Government servant already in the service of Government (other than an officer in military employ proper), his pay and allowances together with his contingent expenditure, shall be debited to the ordinary service head when he is merely an addition to an existing establishment, which requires strengthening owing to famine work, but when he is detached altogether from his own regular duties and is employed mainly on famine relief and his place in the permanent establishment is filled up by fresh appointment, his pay and allowances together with his contingent expenditure shall be charged to the head “64 A—Famine Relief”.

(b) The pay and allowances of an establishment specially entertained for, and mainly employed on famine relief, shall together with its contingent expenditure, be debited to the head “64 A—Famine Relief”.

(c) In all cases falling under clauses (a) and (b), travelling allowances to and from the work the work and also while engaged on the work, as well as pay and allowances during transit, will be debited to the head to which the pay of the official, while actually employed on the work, is debited.

(d) The rules regulating the debit of the pay and allowances of Government servants in military employ proper deputed to famine duty are given in Section I of Appendix 3 to the Kerala Account Code, Volume I.

39. Divided into Communications; Irrigation Works; Other Works.

40. The following rules regulate the classification of expenditure of Public Works undertaken for purposes of famine relief:—

(a) Public Works undertaken in consequence of the occurrence of famine, but not directly for the employment of famine-stricken people and not therefore treated as relief works, will be classified in the accounts as ordinary Public Works are classified, except that any expenditure in excess of normal rates incurred in consequence of the employment for relief purposes of unskilled and unprofitable labour will be transferred to the head “64 A—Famine Relief”.

(b) Public Works expenditure which is undertaken directly for the relief of famine and is controlled and managed under the conditions applicable to famine relief works will be charged to “64 A—Famine Relief” whether the work is or is not one which would, at some time or other, have to be undertaken irrespective of famine. If, however, the work on which the famine labour is employed is a revenue-producing work “Commercial” (whether within or outside the Revenue Accounts of Government), the value of the work done, reckoned at ordinary rates, will be charged to the ordinary head of account and the excess only debited to “64 A—Famine Relief”.

41. Includes Work Establishment Provident Fund.

42. The Sub-heads I and II are to be used for initially classifying the inter divisional transactions relating to the service rendered or supplies made by one division to another pending clearance on receipts of cheque/bank draft from the division concerned (*See Appendix 8*).

Recoveries on account of rent made in one State on behalf of another State are to be credited under Sub-head III. This will be cleared when bank drafts are drawn by the Accountant General concerned in favour of the Accountant General of the division on behalf of which the rent is recovered. (*See para 9.3.11*)

43. These accounts receive debit for the cash balance held by Departmental Officers outside the generally available cash balances.

44. Includes Public Works cash balances.

45. For transactions of Public Works Officers with Treasury and other Officers of the Civil Department (including the Forest Department) within the same circle of account, transactions originating in other circles of account are also passed on to Public Works Officers by the Accountant General through this head.

46. If a Public Works Officer deals with Treasuries in account with another Accounts Officer, the transactions on account of remittances into Treasuries and cheques drawn are classified as pertaining to the sub-head “III—Other Remittances—(b) Items adjustable by Public Works Officers”.

The procedure mentioned above does not apply to transactions in respect of cheques and cash remittances of the Central Public Works Department Officers, occurring in State Treasuries. These transactions are passed on to the Accountant General, Central Revenues, through Exchange Accounts in accordance with the procedure laid down in Article 133 of the Central Account Code, Volume IV.

47. This head is subdivided into—

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

48. This head is intended only for the settlement of transactions outstanding on 1st April 1965 between Public Works Officers (including Civil Officers acting as Public Works Disbursers) rendering accounts to the same Accountant General. (See also Appendix 8).

This head is subdivided into—

- (a) Original credits.
- (b) Responding debits.
- (c) Original debits.
- (d) Responding credits.

49. For transactions originating in a State Division on behalf of the Central Government.

STATEMENT A

Main classification of expenditure pertaining to Irrigation, Navigation, Embankment and Drainage Projects

All works of Irrigation, Navigation, Embankment, Drainage and Water Storage are primarily classified into the following two sections:—

A. Irrigation works.—This section includes water storage works also.

B. Navigation, Embankment and Drainage works.—This section includes receipts and charges relating to waterways, 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 Work, 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 the capital invested calculated at one per cent above the borrowing rate of the State Government prevailing from time to time. 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 simple 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 capital expenditure in the pro forma accounts of the project viz., Financial Forecasts, Administrative Accounts, etc., although it is treated as indirect receipt for the purpose of general accounts.

(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 authorised by competent authority.

4. The rules 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 for which capital accounts are kept 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 one per cent above the borrowing rate of the State Government prevailing from time to time. Conversely if it is not expected to yield the relevant return, it should be classified as unproductive. If, moreover, at any time during the period of construction or within ten years of the date of 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 (i) 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 for which a capital account is kept and which is classified as productive fails, 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 the 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) to (iii) above shall be applied to the whole system, including such extension or improvement, as if the 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 be 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 original projects and not those relating to extensions and improvements shall be applicable. In all such cases separate revenue and capital accounts should be maintained for the extension in order to enable the productivity test to be periodically applied.

(v) The State Government 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 accounts in respect of past transactions, but the necessary transfers will be effected by the Accountant General in the *pro forma* accounts of the work 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 maintenance on sections not opened for working and 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 minor 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 replacement, 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 * ₹ 10,000 (₹ Ten thousand only) the cost of the new work should be divided between 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 ₹ 1,000 should not be charged to Capital but to the Revenue Accounts.

*Substitution. G. O. (P) 592/80/Fin. dated 12-9-1980.

(d) When the construction estimate of a project for which a separate capital account is kept, is closed, the expenditure on works of additions, extensions or improvements will be charged thus:—

- (i) Estimates exceeding *₹ 10,000 (₹ Ten thousand only) for (1) works which are in themselves directly remunerative, such as new distributaries, mills or works for increasing the canal discharge, 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 ₹ 10,000 (Rs. Ten thousand only) or under shall be charged to the Revenue Account.
- (iii) All estimates for works which are neither remunerative in themselves nor 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 minor head “Works” of the major head “99” or “100” as the case may be. That which is chargeable to the Revenue Account will fall under the minor head “Extension and Improvements” or “Maintenance and Repairs” of the Division “Working Expenses” of the major head “43” according as the expenditure pertains to the category of “Original Works” or “Repairs”—vide foot note (25).

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 charge, the work being classified as one for which no capital accounts are kept. In the category of unproductive works is also included “Miscellaneous expenditure”, which is expenditure upon the preliminary survey of new projects and also for the cost the famine surveys required for the preparation of famine programme.

*Substitution. G. O. (P) 592/80/Fin. dated 12-9-1980.

STATEMENT B

Detailed classification of works expenditure pertaining to Irrigation, Navigation, Embankment and Drainage works

Works expenditure of Irrigation, etc., major heads falls under one or other of the minor heads "Works", "Extensions and Improvements", and "Maintenance and Repairs". Each of these minor heads is divided into (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, and (2) each of its branches separately; that relating to distributaries may also 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 into 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 and 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) buildings required for the general purposes of a canal system such as workshop, headquarters station, etc., are chargeable to "Main Canal and Branches".

4. For rules relating to Special Tools and Plant and losses on Stock—See paragraph 7.1.4 and 7.2.35 respectively. The head "Water-Courses" is not necessary in the case of the minor heads "Extensions and Improvements" and "Maintenance and Repairs". The head "Losses on Stock" is intended for all general losses on stock which cannot be attributed to any work the accounts of which are open.

STATEMENT C

The detailed heads referred to in paragraph 1 of Statement B and 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 Government 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 to which aspect of the work predominates.

A. PRELIMINARY EXPENSES

Survey and Preliminary investigations:—This heads does not appear under “Extensions and Improvements” nor under “Maintenance and Repairs”.

B. LAND

Compensations 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 woods, building, materials, etc., obtained on clearing land taken up should be taken in reduction of the charge if realised before the accounts of the estimate for the acquisition of the land have been closed, vide paragraph 4 of Statement E. If any building acquired with the land are used as residences or otherwise let they should be brought on the Register of Rents, K.P.W. Form 46, and rents realised should be treated as ordinary rent receipts.

C. WORKS

All construction works, whether of earthwork or of masonry, etc., excluding, work falling under the heads, 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, super passages, culverts, siphons, inlets, out-lets, and cross drainage works generally, when such works are in connection with river and hill torrents.

F(I) 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, railway for crossing the canal, including subsidiary works, eg., approach roads, fencing gates, ghats, steps etc.

H. ESCAPES

Masonry and earthwork connected with escapes (including escape heads)

I. NAVIGATION

Locks at head works 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 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 of buildings hired by document.

L. EARTH WORK

Excavation and embankments for the channel, and its side roads and service roads, protective works 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—Earthwork”.

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 debitible to the head “Water-courses” (3) distance marks, (4) boundary pillars. Also minor works constructed in the banks 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 and debitible to any other detailed head.

P. MAINTENANCE

All repair works prior to the opening of the revenue account for the project on the section concerned. This head appears only under “Works”.

STATEMENTD

Showing the detailed classification of the minor head “Establishment”. This minor head is divided as follows:—

| <i>Name of sub-division</i> | <i>Remarks</i> |
|-----------------------------|---|
| I. Direction | Includes Chief and Superintending Engineers, Consulting Architect and other Special Officers. |
| II. Executive | 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 Government should be taken in reduction of the charges. |

| <i>Name of sub-division</i> | <i>Remarks</i> |
|--|---|
| III. Other Establishment | Establishment of a miscellaneous character not covered by sub division I or II above |
| | In the case of irrigation heads it includes medical establishment, establishment employed on large surveys for new irrigation, etc, projects, establishment employed entirely on the revenue management of irrigation, etc., projects and on assessment, etc., of revenue, plantation and water regulation establishment, etc., and charges debited by the Civil Department for collection, etc., of revenue. |
| IV. Establishment charges creditable to other Governments, Departments, etc. | Debits to the major head on account of establishment charges in cases in which such charges are not adjustable in the account of any particular work under paragraph 10.1.3. |
| V. Deduct recoveries | For credits of all kinds on account of (i) percentage or (ii) lump-sum recoveries for work done or other services rendered but excluding recoveries for work done in workshops when such credits are adjustable as reduction of expenditure in accordance with the rule in Statement E. |
| VI. Pensionary charges | This subdivision relates only to the major heads “43”, “44” and “99”. |

2. The Sub-divisions I to IV have, below them, the following heads, with such detailed heads as may be prescribed locally :—

- (a) Pay of Officers.
- (b) Pay of Establishments.

- (c) Allowances.
- (d) Contingencies.
- (e) Other charges.
- (f) Deduct—Recoveries. For use only under Sub-division II (Workshop section).

An additional head, “Bonus”, may be opened, where necessary, for bonus paid to non-pensionable subscribers to provident funds.

Note.—The general principles regulating the classification and incidence of Pay, Allowances, Leave salaries, etc., of Government Servants, are contained in Articles 31, 32 and Appendix III of the Kerala Account Code—Volume I.

STATEMENT E

Treatment of recoveries of expenditure in the accounts of the Public Works Department

The following rules will regulate the exhibition of recoveries of expenditure in Government accounts in respect of transactions of the Public Works Department.

2. As a general rule all recoveries of expenditure appearing in the accounts of P.W. Officers should be treated as revenue receipts and not as minus expenditure. But recoveries between different departments of the same Government should be treated as reduction from the gross expenditure except where such recoveries are made by a commercial department. If, however the recoveries made from another department are not effected within the accounts of the year in which the expenditure was incurred, they should be treated as revenue and not as deduction from expenditure unless the latter course is authorised by provision in the budget estimates.

Recoveries in respect of overpayments made during the current year however should ordinarily be adjusted by deduction from the current year's charge under the detailed head previously over-charged.

3. As an exception to the general rule in paragraph 2 above, recoveries under stock and other suspense accounts should be treated as reduction of gross expenditure. The recoveries of expenditure upon works 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 make allowance for such recoveries or not. *See also* paragraph 2.2.11.

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 at percentage rates.*—These recoveries, in so far as they are effected from outside bodies and from other departments of the State Government, should be adjusted by deduction from expenditure under the minor head “Establishment”, recoveries on account of works carried out on behalf of other Governments, however, should be treated as revenue receipts.

(ii) *Recoveries of tools and plant charges at percentage rates.*—Recoveries from other departments of the State Government should be adjusted as reduction of expenditure under the minor head “Tools and Plant”. All other recoveries should be treated as revenue receipts under the major head concerned.

(iii) *Recoveries on account of charges for leave and pensions.*—When the recoveries on account of establishment charges include, as a distinct and separate facto, an element of the charges for leave and pensions, the portions 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 “XLVIII—Contribution and recoveries towards pensions and other retirement benefits”, while such recoveries in the case of the Irrigation Department, should be credited to the Irrigation Major Heads concerned, as receipts or recoveries of expenditure according as they relate to revenue or capital Major Heads. In cases, however, in which the rates for leave and pension contribution are combined, the recoveries in the case of Civil Works should be taken to “XLVIII—Contribution and recoveries towards pensions and other retirement benefits”, while such recoveries in the Irrigation department should be credited to the Irrigation Major Heads concerned as revenue receipts.

“Exception.—The leave and pensionary charges in respect of Irrigation Schemes (Commercial) will be debited in accounts, scheme-wise, under the detailed head ‘Pensionary charges’ under ‘43—Irrigation, Navigation, Embankment and Drainage Works (A) Irrigation Works (a) Productive Works—Establishment’, ‘43—Irrigation, Navigation, Embankment and Drainage Works (A) Irrigation Works (b) Unproductive Works—Establishment’, 99—capital outlay on Irrigation, Navigation, Embankment and Drainage Works (A) Irrigation Works (1) Productive—Establishment and 99—capital outlay on Irrigation, Navigation, Embankment and Drainage Works (A)

Irrigation Works (2) Unproductive—Establishment and per contra credit being taken for the same amount under the receipt head “Recovery of Pensionary charges from Commercial Departments and undertakings” under “XLVIII—Contributions and Recoveries towards Pensions and other Retirement Benefit—Miscellaneous” at the percentage rate arrived at for each financial year on the basis of the following formula of the total cost of the establishment on the project.

Rate fixed by Government for the year
based on the effective borrowing
rate for the year

Average cost of pay of officers and
Establishment under Public Works
Department for the preceding
seven years

Average cost of the total of the
Public Works establishment
charges for those years

But when once the fraction for a particular year is fixed it will be constant and effective for the succeeding three years. However the total cost of the “pensionary charges” every year will vary as the total cost of the establishment of the project and the effective borrowing rate of Government are variables. As soon as the effective borrowing rate of the State Government is fixed the rate of ‘pensionary charges’ will be reviewed, on the basis of the above formula’.

In the case of Irrigation Schemes (Commercial) where separate establishment is employed for the execution of the schemes, pensionary and leave charges will be calculated at the percentage rate fixed by Government, for the year based on the effective borrowing rate for the year and this percentage is to be applied on the total pay and leave salary of the establishment. In respect of establishment charges allocated to such schemes towards “Direction”, “Superintendence”, the pensionary charges have to be worked out adopting the ratio applicable for the schemes for which no separate establishment is created.

5. Notwithstanding anything contained in these rules, receipts and recoveries on Capital Account in so far as they represent recoveries of 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 lump sum.

6. The recoveries of expenditure which are finally creditable as revenue receipts should be recorded under the minor head “Recoveries of expenditure” of the major heads XXXIV, XXXV or XXXVII, as the case may be, while those which are adjustable, in reduction of expenditure under the capital major heads should appear under the minor head “Receipts and Recoveries on Capital Account” of the capital major head concerned.

Note.—Receipts on account of the sale proceeds of lands buildings, special tools and plant or other assets purchased or constructed at the cost of a special project may at the discretion of 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 works done for Railways, Defence Services and Posts and Telegraphs should be treated as reduction of expenditure under “20—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” subordinate to the major head “LII—Miscellaneous”.

APPENDIX IV

(See Chapter 5)

Procedure for the preparation of Budget Estimates, Distribution of Funds, Appropriation and Reappropriation of Funds, etc., and the detailed rules for the control of expenditure against funds.

I. BUDGET ESTIMATES, ETC.

1. In this section the procedure for the preparation of budget estimates of receipts and expenditure of the State Government in so far as it relates to the Public works Department and as embodied in the Budget Manual is summarised for ready reference by the Departmental Officers.

2. The Public Works Department has to prepare budget estimates in respect of the following heads:

| | | <i>Date on which the estimates should reach the Administrative Department</i> | <i>Date on which the estimates should reach the Finance Department</i> |
|--|--|---|--|
|--|--|---|--|

RECEIPT

| | | | |
|---------|--|---------------|---------------|
| XXXIV. | Irrigation, Navigation, Embankment and Drainage Works (Commercial) | 10th November | 15th November |
| XXXV. | Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) | do. | do. |
| XXXVII. | Public Works | 1st November | 10th November |

EXPENDITURE

| | | | |
|------|---|---------------|---------------|
| 43. | Irrigation, Navigation, Embankment and Drainage Works (Commercial) (i) Working Expenses | 10th November | 20th November |
| 44. | Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) | do. | do. |
| 50. | Public Works | 1st November | 16th November |
| 52. | Capital outlay on Public Works within the Revenue Account | do. | do. |
| 99. | Capital outlay on Irrigation | 10th November | 25th November |
| 100. | Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial) | do. | do. |
| 103. | Capital outlay on Public Works outside the Revenue Account | do. | 15th November |

The Estimating Officer in all these cases is the Chief Engineer Public Works Department except in respect of water cess for which the Board of Revenue is the Estimating Authority. These dates are fixed so as to enable the Finance Department to consolidate all the estimates and lay them before the Legislature towards the beginning of March each year. It is therefore of the utmost importance that the departmental officers should adhere to these dates so that the programme may not be upset.

REVENUE

3. The budget estimate for revenue is based on the existing rates of taxes, etc., and no increase or reduction in such rates which has not been sanctioned by the Government should be proposed therein. If such proposals have already been sent to Government separately, the financial results of such proposals should be indicated in the remarks column.

EXPENDITURE

4. The estimates for expenditure are divided into two parts namely, Part I for ordinary annual expenditure of departments based on standing sanctions and Part II containing estimates in respect of schemes involving new expenditure or abandonment of existing revenue.

5. *Part I Estimates.*—Provision should be made in this part for all sanctioned schemes but not for schemes of new expenditure which have been submitted to the Government but not yet sanctioned. When the discontinuance of any sanctioned expenditure requires the sanction of Government and proposals have been submitted to the Government but not yet sanctioned, this provision should be omitted and the necessary explanation given in the remarks column. Every estimating officer should observe strictly the rules relating to the classification in the accounts, to the exhibition of recoveries of expenditure as receipts or as deductions from expenditure.

6. Lump sum provisions should not be made as a rule in the budget except in the few cases where lump sum provision may become unavoidable e.g., provision for grants to local bodies or for private managements for Water Supply and Drainage Schemes, Roads and Bridges, etc.

7. In the case of works details of major works in progress should be given in the following form:

| Serial Number | Name of Works | Reference to sanction of works and | Estimated Cost | Expenditure to end of previous year | Budget estimate current year | Revised estimate current year | Budget estimate ensuing year |
|---------------|---------------|------------------------------------|----------------|-------------------------------------|------------------------------|-------------------------------|------------------------------|
| 1 | 2 | 3 | ₹ | ₹ | ₹ | ₹ | ₹ |
| | | | | | | | |

Note.— In the case of road maintenance works, two columns ‘kilometre of road’ and ‘rate per kilometre’ may be inserted in addition.

8. The Government have prescribed monetary limits for minor works debitable to “50 Public Works” to be executed for the various departments from time to time in a year. No increase in this limit will be permitted except under the specific orders of Government.

9. *Part II Estimates.*—Part II estimates are defined in the following paragraphs :—

Increase to cadres of services or posts.—Proposals to increase the cadres of services or the number of posts of a particular kind either permanently or as a temporary measure should be treated as Part II schemes except in the following cases :—

(a) Additions to cadres of subordinate services or additional non-gazetted posts which are required either as a temporary measure or permanently to deal with normal increase of work according to the existing standards of administration or revision of pay scales in a Department provided that the additional cost does not exceed ₹ 2,500 per annum.

Note.— If work-charged establishment is replaced by temporary or permanent staff, such proposals need not be treated as Part II schemes, provided the extra cost on account of leave and pension charges does not exceed ₹ 2,500.

(b) Temporary additions cadres purely for temporary work, e.g., revision of departmental manuals, which is expected to last only for a few months and to cost only a small amount.

(c) Temporary additions to cadres of services and temporary additional posts in the Public Works Department to supplement the quasi-permanent and permanent cadres for the execution of original works in progress and minor works for which special temporary establishments have not been employed, provided the additional cost does not exceed ₹ 2,500 per annum.

(d) Additions to cadres of services or additional posts, the cost of which is recovered together with leave and pensionary contribution or the cost of which is recovered in part so as to leave only a trivial amount to be debited to State revenues.

(e) Continuance of existing temporary posts.

(f) Permanent retention of establishment which has been sanctioned on a temporary basis in the first instance.

10. *Contingencies*.—The purchase of new machinery, plant or other dead stock and the purchase of livestock or furniture on a large scale should be treated as Part II schemes while provision for renewals or replacement of worn out or otherwise unserviceable machinery, tools and plant and dead stock or of deceased livestock should be made in Part I of the estimates.

11. *Grants-in-aid non-recurring*.—The Part II estimates should include grants not only for new works but also for works in progress or completed works for which no part of the grant has actually been disbursed in a past year and no part is likely to be disbursed in the current year.

12. *Works*.—All new works (including extensions and improvements) the cost of which is estimated at more than ₹ 10,000 should be treated as Part II Schemes.

Provision under Part II should be proposed only for such new works for which administrative approval has already been accorded by the Government or other competent authorities. Such approval could be accorded on the basis of a rough estimate of cost together with such line sketches and descriptions of the work as will give a general idea of the proposed work, its location, etc. In the case of major projects which normally take more than a year for completion, administrative approval may be accorded for the entire work at one time so that provision could be made according to a phased programme. In the case of project coming under the 'Plan' the phasing of expenditure will be according to the Plan allocation for each year.

13. While proposing Part II schemes in respect of works, the administrative department of the Secretariat should also indicate the priorities of the various schemes based on which, and subject to availability of funds, the Finance Department will include necessary provision for such works in the budget for the ensuing year. Where works included in the previous or current years's budget have not been started, nor proposed for inclusion in the estimates of the budget year, full justification must be given for proposing new ones.

COMMUNICATION OF BUDGET PROVISION

14. The Finance Department will also communicate to Heads of Departments and other estimating officers copies of the printed budget and, in addition, departmental sheets of the demands for grants with which they are concerned, Copies of the demands for grants will also be sent to the Comptroller and Auditor-General of India and to the Accountant General. Although provision may be included for schemes of new expenditure in the demands for grants, no officer may take any action in regard to any such scheme which will have the effect of committing the Government to expenditure, until the Appropriation Act has been published in the Government Gazette and sanction of the Government to the scheme has been received.

15. *Vote on Account*.—The Legislature may make a grant in advance under Article 206 (1) of the Constitution for a part of a financial year pending completion of the procedure prescribed in, and the passing of the Annual Appropriation Act in accordance with, the provisions in Articles 203 and 214 *ibid*. The motion for “Vote on Account” will state the total sum required and the various amounts needed for each department and the items of expenditure which compose that sum shall be stated in a schedule appended to the motion.

As soon as the Appropriation Act is passed the amount included in the “Vote on Account” will be available to the Heads of Departments and other Estimating Officers for distribution to sub controlling officers for expenditure during the period covered by the vote.

CONTROL OVER EXPENDITURE

16. *Distribution of Grant*.—The sheets of the detailed estimates relating to the demands for grants which are communicated to the Head of the Department or Estimating Officer who is also the chief controlling officer, show budget estimates as finally fixed for the several heads of accounts with which he is concerned.

17. Figures are entered not only against various sub-heads of appropriation but also against the detailed account heads of which they are composed. Ordinarily, a subhead of appropriation is the lowest unit for the purpose of appropriation, but in some cases the provision under a detailed account head is treated as a specific appropriation e.g., each major work under “50 Public Works—Original Works”.

18. Except in respect of grants-in-aid under “50 Public Works” the amount provided in the budget estimates for each unit of appropriation shall be regarded as an appropriation placed at the disposal of the Chief Controlling Officer. In the case of grants-in-aid however, the appropriation is retained in the hands of Government in the Administrative Department of the Secretariat.

19. *Method of watching actuals.*—The Chief Controlling Officer has to see that the expenditure in each unit of appropriation is kept within the appropriation and that if expenditure beyond the existing appropriation is essential steps are taken in time with a view to the necessary appropriation being provided by the competent authority, for the additional amount required. He should also surrender in time all the appropriations which are surplus to his requirements. He should therefore keep a constant watch over the progress of expenditure and must pay due regard to the special points enumerated in paragraphs 26 to 32.

20. The control of expenditure is exercised by a Chief Controlling Officer in either of the following two ways:—

(i) by keeping the appropriation in his own hands;

(ii) by distributing the appropriation among his subordinate controlling officers each of whom will in turn distribute the appropriation at his disposal among the disbursing officers subordinate to him making each such authority responsible for watching the expenditure against the appropriation allotted to him. In the former case the Chief Controlling Officer is wholly responsible for watching the expenditure against the appropriation whilst in the latter case he shares this responsibility with his subordinate officers.

(iii) The duty of enforcing that the distribution made by the Chief Engineer among the Superintending Engineers and by the Superintending Engineers among their subordinates are not exceeded rests with the Chief Engineer and the Superintending Engineers themselves. Divisional Officer should likewise see that the distribution made by themselves or by higher authority for specific works or project are not exceeded.

21. (i) The first method is adopted in respect of the following units of appropriation under all major heads of expenditure:

- (a) Pay of Officers;
- (b) Pay of Establishments;
- (c) Allowances; and
- (d) Charges payable to Government departments and others.

(ii) The second method is adopted in respect of other units of appropriation.

22. The procedure for control over expenditure in respect of the expenditure incurred in the Public Works Department fall under two categories :

- (i) Expenditure incurred by drawing bills on treasuries.
- (ii) Expenditure incurred by drawing cheques on treasuries.

The procedure in respect of the first category is the same as for other Departments of Government and is given below:—

DISBURSING OFFICER'S REGISTER OF ACTUALS

23. Every Chief Controlling Officer should watch the progress of expenditure continuously and for this purpose he should require the disbursing officers to report every month the figures of actual expenditure during the previous month and the liabilities incurred but not yet paid. Each disbursing officer should therefore maintain a register in Form C of disbursements and liabilities. As soon as a bill is cashed at the treasury, it should be posted in the appropriate columns of the register against the treasury district in which the payment is made. The adjustment if any, made by the Accountant General and intimated to the disbursing officers should be entered on receipt of the intimation.

24. After the close of each month every disbursing officer should after such reconciliation with the treasury figures as may be prescribed by the Chief Controlling Officer in consultation with the District Treasury Officer, forward to the Controlling Officer immediately superior to him an extract of his account in Form C, omitting the details leading upto the district totals against serial number IV.

25. A Controlling Officer must see not only that the total expenditure is kept within the limits of the authorised appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept

informed of not only what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. He must be in a position to assume before Government and the Public Accounts Committee, if necessary complete responsibility for departmental expenditure and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise.

26. In order that a controlling authority may be kept informed of the progress of expenditure not only of what has actually been spent from an appropriation but also about liabilities and commitments in respect of which payments will have to be made during any financial year as well as the following year, a monthly liability statement in Form C1—(which should be progressive and give the position of outstanding liabilities upto the month to which the statement relates) should be maintained and a copy thereof submitted by each disbursing officer to the controlling authority commencing from the month of October in each financial year. The controlling authority should also maintain a liability register in the same form as the liability statement, in which the particulars stated in the monthly statement should be consolidated. This will facilitate the exercise of effective control of expenditure and the preparation of correct budget estimates and also help in the elimination of excesses over grants and non-surrender of savings.

SUBORDINATE CONTROLLING OFFICER'S REGISTER

27. The subordinate controlling officer should consolidate in Form D the figures in his own register of disbursements (Form C) and the figures contained in the extracts of accounts received from the disbursing officers subordinate to him. The disbursements appertaining to each sub head of appropriation or detailed account should be grouped by districts. The subordinate controlling officer should, after such reconciliation with the treasury figures as may be prescribed by the Chief Controlling Officer, forward an extract of his register in Form D to the Chief Controlling Officer showing only the totals against each serial number except serial numbers VI and IX, which should be omitted.

RECONCILIATION BY DISBURSING, Etc. OFFICERS

28. The Executive Engineers and the Superintending Engineers of the Public Works Department are required to reconcile their figures with the treasury figures before they forward them to the immediately superior Controlling Officer. They should see that the reconciliation work is completed not later than the 20th of each month. Those who are stationed in or near the district headquarters will send their clerks to the district treasury for the purpose of reconciliation. Those who are stationed away from the district headquarters will also send their clerks to the district treasury for the purpose of reconciliation, if they have been special authorised by the chief controlling officers concerned to do so; otherwise they will transmit their accounts to their superior officers without reconciling them with the treasury figures.

**CHIEF CONTROLLING OFFICER'S REGISTER AND
RECONCILIATION OF FIGURES**

29. A Chief Controlling Officer should consolidate in Form D the totals of his own expenditure (Form C) and that shown in the extracts from the registers of subordinate controlling officers in the manner prescribed for subordinate controlling officers. He should send a clerk of his office to the Accountant General's office with the departmental registers every month on a date fixed by the Accountant General. The clerk should, with the assistance of the Accountant General's staff compare the departmental figures with those recorded in the Accountant General's books. A statement of discrepancies will be prepared in duplicate and analysed in two columns, one showing the adjustments to be made in the Accountant General's Office and the other showing the adjustments to be made by the Chief Controlling Officer. The Accountant General's Office will keep one copy, and the clerk will take the other back to his office, where the necessary adjustments should be effected in the departmental registers. The Chief Controlling Officer should inform the Accountant General that this has been done. The Accountant General will likewise make the necessary adjustments in his books and inform the Chief Controlling Officer that he has done so. The latter should then send a certificate to the Accountant General stating that the figures in his registers have been reconciled with those in the books of the Accountant General.

30. The procedure for the control of expenditure in respect of funds drawn by cheques on treasuries is given below :

The divisional accounts furnish all the information necessary for the watching of expenditure. The Divisional Officer should prepare a monthly statement in Form G for each major head of account. This statement should show the various minor heads, sub-heads of appropriation and individual works for which specific appropriations have been sanctioned by a higher authority as well as appropriations therefore as modified from time to time. If a lump sum appropriation has been placed at the disposal of the Divisional Officer for more than one work, they may be grouped together and only the total shown. The expenditure incurred under each unit of appropriation should be posted in the relevant column from the register of works and the schedules of works expenditure. For suspense heads the 'gross' credits or debits should be posted. Undischarged liabilities and anticipated credits should be separately recorded in the column provided for the purpose.

The statement should be completed within a week after the date fixed for closing of the divisional accounts and a copy forwarded to the Superintending Engineer. The latter will consolidate the statements received from the Divisional

Officers into a circle report in Form H and send to the Chief Engineer in duplicate. The Chief Engineer will review the progress of expenditure for each circle with the help of the circle report, check it with the accounts of the Audit Office and return the duplicate copy of report to the Superintending Engineer with any necessary corrections and the reasons for them. Any corrections which the Chief Engineer considers necessary should be incorporated by the Superintending Engineer in his accounts and communicated to the Divisional Officer.

The Chief Engineer will also consolidate the circle statements in Form H for the purpose of reviewing the progress of expenditure for the whole State.

DISTRIBUTION OF GRANT BY THE CHIEF AND SUPERINTENDING ENGINEERS

31. An appropriation is intended to cover all the charges including the liabilities of past years, to be paid during the year or to be adjusted in the accounts of it. It is operative until the close of the financial year. Any unspent balance lapses and will not be available for utilization in the following year unless Government include any anticipated lapses in the demand for the following year.

The Chief Engineer will distribute the amounts allotted to him among the Superintending Engineers and other officers under his direct control. The Superintending Engineers will likewise distribute the amounts at their disposal among the several Executive Engineers who are subordinate to them. The Chief and Superintending Engineers may, in carrying out such distribution, retain a portion of their appropriations as a reserve in their own hands. In making this distribution the following points should be borne in mind:—

(i) The sum total of the appropriation made by any authority from a unit should not exceed the amount of the unit or portion thereof placed at his disposal.

(ii) An officer at whose disposal an appropriation for a primary or secondary unit has been placed may, out of it, allot funds or expenditure on a specific work or item or on a group of works for items of expenditure, provided that no funds are allotted to new minor works costing more than ₹ 2,500 or to any major work.

(iii) The appropriations for any unit or for works or other objects for which a specific appropriation has been provided may be increased or reduced only by a formal order of reappropriation authorizing a transfer of funds from or to another unit or work by a competent authority.

32. *Lump sum appropriation placed at the disposal of the Divisional Officer*—A Divisional Officer at whose disposal a lump sum appropriation has been placed for a group of works or items may allot out of it funds for specific works or items. Thus, for example a Divisional Officer may allot appropriations for minor works and repairs individually out of the lump sum at his disposal.

33. *Savings in Appropriation*—The progress of expenditure month by month and a careful assessment of the commitments and liabilities for the remaining part of the year may indicate savings in the appropriations shown against the several sub heads in the detailed budget estimates of grants. There are several possible reasons for such savings such as over-budgeting or postponement of or economy in expenditure. Savings should not be kept in reserve by the disbursing or the Controlling Officer to meet possible unforeseen excesses, under other heads or to cover new expenditure which would normally be provided for in the next year's estimates. All savings should, when they come to notice, be immediately surrendered to the Finance Department through the administrative Department concerned with full explanations as to how they came about.

Note—See also paragraph 5.2.2.

34. *Expenditure not provided for in the Budget Estimates*—(a) The appropriations against the several sub-heads as shown in the budget estimates should not ordinarily be exceeded. The estimates provide for all items of expenditure for the financial year as far as they can be foreseen, and within the limit of available funds. Proposals for fresh expenditure not provided for in the estimates during the course of the year are therefore not justified in ordinary circumstances and should not be made unless there are very special reasons.

(b) Unavoidable and unforeseen circumstances may, however sometimes arise in the course of a financial year making it necessary to incur urgently fresh expenditure under one or more sub-heads or to incur expenditure on a new service not contemplated in the budget estimates. In cases the procedure for providing the requisite funds is as follows:—

(1) Savings in other appropriations by postponement or curtailment of less urgent expenditure included in the same grant (charged or voted portion as the case may be), may be reappropriated for the purpose, except when the additional expenditure is on account of a new service.

(2) If the above mentioned course is not possible, a supplementary statement of expenditure should be presented to the Assembly, as laid down in Article 205 of the Constitution.

(c) Saving within a grant should not be reappropriated to meet additional expenditure until the deductions made for probable savings, if any, in the grant (charged or voted) have been covered as described in the preceding paragraph. But it is in all cases the duty of the Controlling Officer, who for special reasons desires, to incur during the course of a year, fresh expenditure not provided in the budget estimates for the year to examine carefully whether the fresh expenditure cannot be offset by the postponement or curtailment of less urgent expenditure for which provision has been made.

(d) Expenditure on a *new service* not contemplated in the budget estimates for the year may not be incurred, whether the expenditure is charged or voted and whether it can be met by reappropriation or not, until it is included in a supplementary statement of expenditure presented to the Legislature and eventually in an Appropriation Act. If the expenditure can be met from saving within the grant, wholly or in part, it is sufficient if a token sum of ₹ 100 or the balance actually required as the case may be, is included in the supplementary statement of expenditure.

(e) When a proposal involving new expenditure not contemplated in the budget estimates but not on a *new service* is submitted to Government and the expenditure can be met by reappropriation, funds should not be provided by reappropriation in anticipation of the Government sanction to the proposal, since if the sanction is not given or is delayed the funds so provided will lapse wholly or in part. In order to avoid such lapses, the applications for sanction to the expenditure and for reappropriation of funds should be submitted together. When new expenditure is to be incurred which will be specifically met from the savings within the grant or appropriation, the reappropriation of funds should be made before the expenditure is actually incurred.

(f) When an additional appropriation is required urgently in a case not involving a new service and no savings are foreseen, the authority concerned should apply to the Administrative Department of the Government for permission to incur the expenditure. The department may, with the concurrence of the Finance Department sanction or authorise the incurring of the expenditure and inform the Accountant General through the Finance Department that provision will be made later either by reappropriation or, if this proves impracticable by placing before the Legislature in due course a supplementary statement of expenditure. The grant as a whole should not be exceeded before the necessary funds are provided by the Legislature. The Controlling Officer in respect of the expenditure will be responsible for seeing that funds are so provided. He will be held responsible if a supplementary grant obtained on his recommendation is found to have been unnecessary.

Note.—The orders of the Government on the recommendations of the Public Accounts Committee regarding “New service” will be published by the Finance Department from time to time. The Government will decide whether expenditure proposed in the course of a year is *on new service or not* with reference to these rulings.

35. *Reappropriation.*— Reappropriations as between different grants or between the charged and voted sections of the same grant are not permissible, but reappropriations between sub-heads of appropriation within a grant may be made at and when they become necessary in the course of the financial year except in the following cases:—

- (1) From any sub-head which takes credit for probably savings until sufficient savings to cover that credit have been surrendered to the Finance Department.
- (2) For expenditure, whether charged or voted, on a new service not contemplated in the budget estimates until provision has been made for the purpose in an Appropriation Act.

36. Reappropriations should be, from one sub-head of appropriation to another. The detailed account heads, if any included in a sub-head of appropriation should be ignored for this purpose, except when the amounts appropriated under detailed account heads have been declared to be specific appropriations, e.g., major works. Reappropriation is permissible only when a saving under one sub-head and an excess under another are known or anticipated with reasonable certainty, or when it is deliberately proposed to curtail expenditure under one sub-head with a view to incurring, more urgent additional expenditure under another. Deliberate reappropriation from one sub-head to another as a temporary device in the expectation of restoring the diverted amount from savings which might occur under other sub-heads later in the year is objectionable and irregular. Reappropriations should invariably be in multiples of ₹ 100.

37. An appropriation or reappropriation within the grants of a year, can be authorised at any time before, but not after, the expiry of the year.

38. The powers of reappropriation are embodied in paragraph 366 VIII, 367 VIII and 368 VII of the Kerala Public Works Department Code.

39. *Supplementary appropriations.*—Supplementary appropriations are required in the following cases:—

(1) When the amount authorised by the Annual Appropriation Act to be expended for a particular service for the current financial year is found to be insufficient for that year.

(2) When a need does arise during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the Annual Financial Statement for that year.

(3) If any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year.

40. The primary responsibility in regard to proposals for supplementary appropriations rests with the Chief Controlling Officer. He should explain clearly not only why a supplementary appropriation is required but also why the need for the funds was not foreseen at the time when the original estimates were framed. Greatest care should be taken in submitting proposals for supplementary appropriations to the Government in the Administrative Departments concerned as the procedure for obtaining them involves considerable labour. If after the close of the financial year any supplementary appropriations actually obtained are found to be unnecessary this will be regarded as an irregularity and the Accountant General will draw attention to it in the Audit Report on the appropriation Accounts which is examined by the Committee on Public Accounts.

SAVINGS IN OR EXCESSES OVER THE FINAL APPROPRIATIONS FOR A FINANCIAL YEAR.

41. The final appropriation, the actual expenditure in the year and the resultant variation under each unit of appropriation within the several grants will be shown in the detailed Appropriation Accounts prepared by the Accountant General after the close of the financial year. The variations under individual primary units of appropriation are usually explained in the Appropriation Accounts only in cases in which in the opinion of the Accountant General explanations are likely to be required by the Public Accounts Committee; but the Controlling Officers should give the Accountant General all information that he may require in connection with the preparation of the Appropriation Accounts.

42. On receipt of the Appropriation Accounts for a year the Finance Department will request the Administrative Departments concerned to obtain the explanation of the Chief Controlling Officers for all the variations explained in the account. The Public Accounts Committee will ordinarily consider these variations and make such recommendations as it may deem necessary after considering the notes of the Administrative Department based on the explanations of the Chief Controlling Officers. The explanations obtained by the Administrative Departments for variations not considered by the Public Accounts Committee should be forwarded with the Administrative Department's remarks to the Finance Department which will request the Administrative Department when necessary, to draw the attention of the Controlling Officer concerned to any instance of defective budgeting or control of expenditure so that it may not be repeated.

43. According to Article 205 of the Constitution, all excesses over grants which occur during the course of the year or which are noticed after the close of the year have to be regularised by getting a supplementary statement of expenditure voted by the Legislature to cover the excess. The following procedure is laid down for such regularisation:—

(A) EXCESS OCCURRING DURING THE YEAR

Under the Constitution, expenditure in excess of the grant should not occur, but in practice it may not be possible always to prevent the same. The Accountant General will, as soon as possible in the course of the financial year, bring to the notice of Government in the Administrative Departments concerned, any trend in the expenditure which is likely to result in excess over the grant. Pursuant to such warnings from the Accountant General, Government in the Administrative Department will issue instructions to the Controlling Officers concerned to exercise rigorous control over expenditure so as to keep it within the sanctioned grant. Whenever it is noticed that the expenditure cannot be limited to the grant or that expenditure has actually exceeded it, steps have to be taken promptly by the Controlling Officers and Government in the respective administrative departments to regularise the position by moving a supplementary demand in the Legislature at the earliest opportunity.

(B) EXCESS NOTICES AFTER THE CLOSE OF THE YEAR

The excesses which are noticed after the close of the financial year stand on a different footing. In this case, the illegality has taken place and cannot be remedied by a supplementary grant during the same financial year. Further, the legislature may take a serious view of such excesses and would like to enquiry into the causes and examine as to why the Administration could not prevent them or obtain supplementary grants. For this purpose, the legislature depends upon the Public Accounts Committee to scrutinise the excesses and recommend whether regularisation should be sanctioned by the Legislature. The actual excesses over grants noticed after the close of the year will be brought to notice only through the Audit Report and Appropriation Accounts for the year and after such excesses over grants have been scrutinised by the Public Accounts Committee steps will be taken for their regularisation on the basis of the report of that Committee on the Audit Report and Appropriation Accounts.

FORM C
(See paragraph 23)

Designation:

Demand No:

Major Head:

Disbursing Officer's register of expenditure and liabilities for the month of20.....

FORM C-1
(See paragraph 26)

Liability Register for the year
Grant No.

FORM D

(See paragraph 27)

Subordinate or Chief Controlling Officer's consolidated register of expenditure and liabilities for the month of.....20.....

Office of the
Demand No.
Major Head

| Number | Subject | Units of appropriation and detailed account head | | | | | | | | | | R. marks |
|-----------|--|--|---|-----------|---|--|---|---|----|----|----|-------------|
| | | Minor Head | | Sub- Head | | Units of appropriation and detailed account head | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| I | Units of appropriation | | | | | | | | | | | |
| II | Appropriation | | | | | | | | | | | |
| III | Expenditure to end of preceding month | | | | | | | | | | | |
| IV | Disbursements during the month.....District of payment of | | | | | | | | | | | |
| V | Accounts of | | | | | | | | | | | |
| VI | Total disbursement of the month | | | | | | | | | | | |
| VII | Accountant General's adjustments self as disbursing officer | | | | | | | | | | | |
| Officer X | | | | | | | | | | | | |
| Officer Y | | | | | | | | | | | | |
| Officer Z | | | | | | | | | | | | |
| VIII | Total adjustments | | | | | | | | | | | |
| IX | Progressive total of expenditure including adjustments..... | | | | | | | | | | | |
| Officer X | Liabilities:— | | | | | | | | | | | |
| Officer Y | Self as disbursing officer | | | | | | | | | | | |
| Officer Z | | | | | | | | | | | | |
| X | Total liabilities | | | | | | | | | | | |
| XI | Total progressive expenditure plus liabilities (VIII plus X) | | | | | | | | | | | |

NOTE.—Spare registers should be maintained for plan and non-plan expenditure. When a single register is maintained, separate pages should be allotted for plan and non-plan expenditure.

Division:
Major head:

FORM G
MONTHLY STATEMENT—PUBLIC WORKS DEPARTMENT
(See paragraph 30)

Report of the progress of expenditure against appropriation upto the end of 19

| | | | | | | | | | | | |
|--------|------------|--|--------------------------------------|------------------------------------|--------------------------|------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------------|---------|
| Number | Minor head | Detailed heads or units of appropriation | Name of work and number of estimates | Appropriation to end of last month | Changes during the month | Modified appropriation | Expenditure during the month | Total expenditure up-to-date | Oustanding liabilities up-to-date | Total expenditure and liabilities | Remarks |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |

FORM H
PUBLIC WORKS DEPARTMENT
(See paragraph 30)

Major head:
Circle:

Statement of progressive circle expenditure upto the end of 19

| Number | Minor head | Detailed heads of account | Circle appropriation up to the end of last month | Change in appropriation | Modified appropriation | Circle expenditure to end of last month during the year | Division | Total | Division | Total expenditure up-to-date | Division | Division | Labellites | Total liabilities and expenditure | Remarks |
|--------|------------|---------------------------|--|-------------------------|------------------------|---|----------|-------|----------|------------------------------|----------|----------|------------|-----------------------------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | | |

NOTE:—In the case of the Chief Engineer, the expressions 'State' and 'Circle' should be substituted for 'Circle' and 'Division' respectively.

APPENDIX V**Procedure for Payment from the Central Road Fund**

The resolution on road development adopted by the Constituent Assembly of India on 19th November 1947 as amended by that Assembly on 8th December 1949 and by the Parliament of India on 14th April 1950 and the orders issued by the Government of India from time to time regarding the procedure for payments from the fund are reproduced below:—

1. 1. *Central Road Fund Resolution.*—(1) There shall continue to be levied on motor spirit an extra duty of custom and of excise of not less than 2 annas per gallon (.....paise per litre) and the proceeds thereof shall be applied for the purposes of road development.

2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum as near as may be equivalent to the share in such proceeds arising from taxed motor spirit used in aviation during the calendar year concerned, and such sum shall be at the disposal of the Central Government for allotment as grants-in-aid civil aviation.

(2) The balance of the proceeds shall be credited as a block grant to a separate Road Fund.

(3) For the purpose of this resolution “taxed motor spirit” shall mean motor spirit upon which the duty of customs or excise shall have been paid and in respect of which no rebate of such duty shall have been given.

3. (1) The Road Fund shall be allocated as follows:—

(a) a portion equal to twenty per cent, shall be retained by the Central Government as a central reserve, this percentage being applicable with effect from the allocation due for the financial year 1948-49.

(b) out of the remainder there shall be allocated by the Central Government a portion for expenditure in each State and Territory specified in the First Schedule to the Constitution as near as may be in the ratio which the consumption of taxed motor spirit other than motor spirit used in aviation in each area for which an allocation is to be made shall bear to the total consumption in the territory on India of taxed motor spirit, other than motor spirit used in aviation during the calendar year ending the financial year concerned.

(2) The portions allocated for expenditure in States shall be remained by the Central Government until they are actually required for expenditure in the manner hereinafter specified.

(3) If in the opinion of the Central Government, the Government of any State has at any time—

- (a) failed to take such steps as the Central Government may recommend for the regulation and control of motor vehicles within the State, or
- (b) delayed without reasonable cause the application of any portion of the Road Fund allocated or re-allocated as the case may be for expenditure within the State, the Central Government may resume the whole or part of any sums which it may at that time hold for expenditure in that State.

(4) All sums resumed by the Central Government from the account of any State Government as aforesaid shall be reallocated between the credit accounts of State Governments and the reserve with the Central Government in the ratio of the main allocation for the financial year preceding the year in which the re-allocation is made provided that the sum of calculated as the share of the State from whose account the resumption has been made shall be credited to the reserve with the Central Government.

(5) Special additions to the Road Fund for financial particular projects may be accepted from sources other than that mentioned in para 2 (2) which shall be kept in a Special Reserve and utilised for such projects.

4. The balance to the credit of the Road Fund or of any allocation thereof shall not lapse at the end of the financial year.

5. No expenditure shall be incurred from any portion of the Road Fund save as hereinafter provided.

6. The Central reserve with the Central Government shall be applied first to defraying the cost of administering the Road Fund and thereafter upon such schemes for research and intelligence and upon such special enquiries connected with roads and upon special grants-in-aid for such objects connected with road as the Central Government may approve.

7. The sums allocated for expenditure in the States may, subject to the previous approval of the Central Government, each proposal made, be expended upon any of the following objects, namely:—

- (i) on the construction of new roads and bridges, of any sort ;
- (ii) on the reconstruction or substantial improvement of existing roads and bridges;
- (iii) in special cases, on the maintenance of roads and bridges constructed, reconstructed, or substantially improved from the Road Fund or from loans approved or sanctioned by the Central Government ;
- (iv) to meet charges, including the cost of establishment, connected with the preparation of schemes of road development or with the administration of State Boards of Communications;
- (v) to meet charges including the cost of establishment connected with control of motor transport, and
- (vi) on the interest and amortization of loans approved or sanctioned before the date of this Resolution by the Central Government and spent, or to be spent on the construction, reconstruction or substantial improvement of roads and bridges;

8. In considering proposals for the construction, reconstruction or improvement of roads and bridges from the Road Fund, the Central Government shall have regard to the present urgent need for improving the efficiency and reducing the cost of transport by road or agricultural produce to markets and railways.

9. (1) A Standing Committee for Roads shall be constituted consisting of:—

- (a) the Minister in charge of Transport who shall be ex-officio Chairman and the Minister of State for Transport who shall be ex-officio vice-Chairman and the Minister of State for Parliamentary Affairs who shall be ex-officio member;
- (b) 15 members elected by the members of parliament from amongst themselves, and
- (c) the Chief Commissioner of Railways.

(2) In the absence of the Chairman and the Vice-Chairman, the members present at any meeting may elect one among themselves to act as Chairman of the meeting.

(3) No approval to any proposal for expenditure from supported by a majority of the members present and voting.

(4) All proposals for expenditure from the Central reserve and all other proposals for expenditure from the Road Fund to be made in the State shall be

referred by the Central Government of the Standing Committee before the proposals are approved:

Provided that the amounts in the Special Reserve shall be applied only to the purposes for which they are earmarked.

10. The functions of the Standing Committee shall be:—

- (a) To consider the annual budget and accounts of the Road Fund;
- (b) To advise upon all proposals for expenditure from the Central Reserve;
- (c) To advise upon the desirability of all other proposals involving expenditure from the Road Fund in the States;
- (d) To advise upon proposals for the resumption of monies held by the Central Government as provided in sub-paragraph (3) of paragraph 3 of this Resolution, and
- (e) To advise the Central Government generally on all questions relating to roads and road traffic which the Central Government may refer to the Committee.

**ORDERS OF THE GOVERNMENT OF INDIA REGARDING
THE PROCEDURE FOR PAYMENT FROM THE FUND**

1. The money lying in the Fund exists in three different forms (i) Payments from Road Fund Allocations; (ii) The Central (Ordinary) Reserve and (iii) The Central Special Reserve.

PAYMENT FROM ROADS FUND ALLOCATION OF STATES

2. Under paragraph 7 of the Road Fund Resolution, the sums allocated for expenditure in the States can be spent only on the objects specified in that paragraph and such expenditure requires the *Previous approval* of the Central Government. Before approving a proposal for expenditure from the Road Fund Allocations of a State, the Central Government are required to refer it to the Standing Committee for Roads, vide paragraph 9 (4) of the Resolution. It will, therefore, be necessary for the State concerned to obtain the previous approval of the Central Government to schemes which they intend to finance wholly or partly from the State's Road Fund Allocations. They must do this before incurring any commitments on these schemes. They need not send the estimates to the Centre for approval of any works proposed to be financed from the Road Fund Allocations, though such estimates may be sent for technical advice to the Roads Organisation of the Ministry of Transport if the State wish to do so.

3. Quarterly allotments will be made by the Central Government from the allocations held by them to the credit of the State Government concerned for expenditure on specific schemes which have been previously approved by the Central Government.

4. Audit is required to see that the expenditure on any scheme met out of allocations from the Central Road Fund is within the programme approved by the Central Government with the advice of the Standing Committee for Roads. For this purpose the Government of the State concerned, upon the receipts of the approval of the Central Government, should intimate to them the name, number and date of the detailed estimate as (technically) sanctioned by the competent authority, the amount for which it is sanctioned, the amount to be met from the State's Road Fund Allocations, and a very brief description of the work which it comprises in those cases where the title of the estimate itself does not adequately convey its scope. This information will be passed on by the Government of India to audit with instructions that expenditure against the estimate in question may be adjusted against the State Road Fund Allocations to the extent authorised.

5. The Accountant General concerned is authorised to pass an excess over the estimated cost of a scheme, as approved by the Central Government, upto a limit of 10 per cent of the estimated cost. When the excess is more than 10 per cent the approval of the Central Government to the revised cost should be obtained by the State Government concerned. This limit 10 per cent applies to excesses over the amounts approved by the Government of India whether at the preliminary stage, when approval to scheme is accorded after obtaining the advice of the Standing Committee for Roads, or at the later stage when the final cost of works as per detailed estimates are intimated to Audit.

PAYMENT FROM THE ROAD FUND CENTRAL (ORDINARY) RESERVE

6. Under paragraph 6 of the Road Fund Resolution, the Central (Ordinary) Reserve with the Government of India can be applied only for the purposes specified in that paragraph. For approving a proposal for expenditure from the Central (Ordinary) Reserve the Central Government are required to refer it to the Standing Committee for Roads, vide paragraph 9 (4) of the Resolution.

7. When an application is received by the Government of India for a grant from the Central (Ordinary) Reserve they will in the first instance satisfy themselves whether the proposed scheme is suitable and then refer it to the Standing Committee for Roads. If, in the light of the advice tendered by the Committee, the Government of India decide that a grant should be given from the Reserve to the State

Government or other administration or authority concerned, the Government of India will inform them that they will be prepared to meet from the Reserve the whole or a stated percentage of the estimated cost of the work, subject to a maximum limit if necessary.

8. The State Government or other administration or authority concerned should then submit detailed estimates, with plans, etc., for each such scheme to the Government of India. After scrutiny of the estimates, the Government of India will communicate their technical approval and financial sanction to the State Government or other administration or authority concerned.

9. The competent authority will then accord (technical) sanction to the estimates, and the State Government or other administration or authority concerned should then intimate to the Government of India the number, date and other particulars of the detailed estimates so sanctioned, as in paragraph above. The Government of India will at once pass on this information to Audit and inform them that a contribution will be made from the Central (Ordinary) Reserve towards the expenditure against the sanctioned estimate to the extent decided upon.

10. Actual payments will be made by the Accountant General, Central Revenues, to the State Government or other administration concerned on the basis of the monthly audited expenditure on the work as communicated to him by the State Accountant General concerned, subject to the limit of the contribution sanctioned by the Government of India.

11. Where the Accountant General, Central Revenues, is also, the Auditor officer for a centrally administered area he will make the necessary adjustments himself in his books, subject to the limit of the contribution sanctioned by the Government of India.

12. The State Accountant General or the Accountant General, Central Revenues, as the case may be, is empowered to pass any excess over a contribution from the Central (Ordinary) Reserve sanctioned by the Government of India upto a limit of ₹ 1,000 in any one case. When the excess is more than ₹ 1,000 an application may be made by the State Government or other administration or authority concerned for an extra grant from the Central (Ordinary) Reserve. In making such an application, the revised (detailed) estimates, if any, for the work should also be submitted to the Government of India for technical approval and financial sanction, with a report explaining in full the reasons for the excess.

13. Applications, if any, for extra grants from the Central (Ordinary) Reserve, will be considered by the Government of India on the merits of each case in the

light of the financial position of the reserve and other circumstances prevailing at the time, but no assurance can be given that the extra grant required will be forthcoming. Therefore, while sanctioning a grant from the Central (Ordinary) Reserve initially the Government of India may require an assurance from the State Government or other administration or authority concerned that they will provide the balance of the funds that may be needed to complete the project from their own resources.

| | | | | | | | | | | |
|-----|---|---|---|---|---|---|---|---|---|---|
| 14. | * | * | * | * | * | * | * | * | * | * |
| | * | * | * | * | * | * | * | * | * | * |
| | * | * | * | * | * | * | * | * | * | * |

PAYMENTS FROM THE ROAD FUND, CENTRAL (SPECIAL) RESERVE

15. The Special Reserve is intended for expenditure on specified objects, vide paragraphs 3 (5) and 9 (4) of the Resolution. The procedure for the sanction of grants and adjustment of expenditure from the Reserve is the same as that for grants from the Central (Ordinary) Reserve.

16. Strict instructions, have been issued to Audit not to admit expenditure from any of the subdivisions of the Central Road Fund, ie., the allocations, the Central (Ordinary) Reserve, and the Central (Special) Reserve, unless it has been authorised by the Central Government under the prescribed procedure described above. If, for any special reasons, it is desired that expenditure should be permitted from the Fund in anticipation of sanction of the Central Government in accordance with the above described procedure, their orders should be obtained for the departure from the rules. Audit is not empowered to admit such expenditure from the Fund and will not do so unless authorised specifically by the Central Government.

APPENDIX 6

Rules governing expenditure on National Highways

Under entry 23 in list 1 (Union list) of the Seventh Schedule to the Constitution of India Highways have to be declared as National Highways by or under law made by Parliament before they vest in the Union. In pursuance of this entry the National Highways Act, 1956 (48 of 1956) was enacted by Parliament (reproduced as Annexure 1) and a list of Highways except such parts of them as were situated within any Municipal area declared to be National Highways as on the date of enactment was given in the Schedule to the Act. Under section 2 (2) of the Act the Central Government may by notification in the official Gazette declare any other Highway to be a National Highways and on the publication of such notification such Highway shall be deemed to be specified in the Schedule.

The rules made by the Central Government in exercise of the powers in section 9 of the National Highways Act, 1956 are reproduced in Annexure 2.

Though under section 5 of the Act it shall be the responsibility of the Central Government to develop and maintain in proper repair all National Highways, the Central Government may by notification in the official Gazette direct that any function in relation to their development and maintenance shall, subject to such conditions, if any, as may be specified in the notification, also be exercisable by the Government of the State within which the National Highway is situated or by any Officer subordinate to the Central Government or to the State Government. By virtue of these provisions the Central Government issued a notification on the 4th April 1957 entrusting their functions in relation to the execution of works pertaining to National Highways in the State of Kerala, specified in the Schedule to the Act, to the State Government of Kerala, subject to the condition that they shall in the exercise of such functions be bound to comply with the rules made under the Act.

Any additions to the Schedule to the Act will have to be similarly notified before the State Government can exercise the functions of the Central Government in respect of them.

The expenditure in ‘Original works’ and ‘Repairs’ pertaining to National Highways shall be debited to 103—Capital Outlay on Public Works—Communications and 50 Public works—Repairs—Communications respectively in the Central Section of the accounts.

*Receipts from National Highways other than those received during the course of execution of work eg:—receipts and revenues from the avenue trees and proceeds by way of sale of clippings, dead trees and charges realised for ferry services and Inspection Bungalows, Rest Houses etc. which are maintained from the National Highway funds shall be credited to Central Government under the appropriate minor heads.

(This amendment shall be deemed to have come into force with effect from 28-1-1981.)

In respect of these works $7\frac{1}{2}$ % is allowed towards establishment and Tools and Plant charges of which 6% has been allowed towards Establishment Charges and $1\frac{1}{2}$ % for Tools and Plant.

Original works.—Original works comprise all new construction whether of entirely new works or of additions and alterations to existing works, except as

*Substitution. G.O.(P) 592/81/Fin. dated 8-9-1981.

hereinafter provided; also all repairs to newly purchased or previously abandoned buildings required for bringing them into use.

Repairs.—Repairs include primarily operations undertaken to maintain in proper condition buildings and works in ordinary use and also new works in circumstances indicated below:

(a) When a portion of an existing structure or other work, not being a road surface, road-bridge, causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or remodelled (whether or not the charge involves any dismantlement) and the cost of the change represents a genuine increase in the value of the property, the work of replacement or remodelling as the case may be, should be classed as “original work,” the cost (which should be estimated if not known) of the portion replaced or remodelled being credited to the estimate for “original work,” and debited to “repairs”. In all other cases the whole cost of the new work should be charged to “repairs”.

Note.—(i) In the case of buildings the capital value of any portion of a building which is abandoned or dismantled without replacement should be written off the total capital value of the building, in any *Pro forma* account of its cost.

Note.—(ii) The expenditure on minor additions and alterations to buildings, upto certain monetary limit to be fixed by Government may be classed at the discretion of the Superintending Engineer as petty works expenditure and debited to repairs, provided that if such works relate to residence, the cost is taken into account in determining the capital cost and in calculating rent in accordance with the rules issued by the Government.

(b) When an existing portion of a road, road bridge, causeway, embankment, ferry approach, protective or training work, in connection with a road is to be replaced or remodelled (whether or not the change involves any dismantlement) and the change represents genuine increase in the value of the property, the whole cost of replacement or remodelling as the case may be should be classed as “new work” and the cost or value of the portion replaced or remodelled should not be debited to “repairs”.

Exceptions:—The following petty and miscellaneous items of work which should ordinarily be classed as new works should be debited to repairs upto a limit of ₹ 10,000 in any one case provided that the works in question do not, in the opinion of a comprehensive Superintending Engineer concerned, form part of any comprehensive scheme or project covered by the works estimates:—

- (i) Super-elevation at curves.
- (ii) Widening the formation of carriage way of a road, widening drain, or cutting back a hillside to improve vision at curves.
- (iii) Improvements of alignment or gradients, changes of grade at Irish bridges, or dips carried out at the time of renewing a surface.
- (iv) Improvements to or reconstruction of the surface of a road in some different material where it is desirable to carry out such improvement or reconstruction at the time of renewing a surface.
- (v) The construction or reconstruction of road surface in different materials for the purposes of experiment.
- (vi) The reconstruction or remodelling of bridges, culverts, causeways, embankments, ferry approach, protective or training works in connection with a road.

Note.—Item (iv) includes replacement of boats and other apparatus connected with ferries.

(c) Petty works of the following nature, which are covered by the spirit of the exception, may be debited to repairs upto the limit of ₹ 10,000 in any one case, with the prior approval of the Government of India:—

- (i) Petty survey works, including survey required to complete records relating to land widths, encroachments, etc.
- (ii) Demarcation of road boundaries.
- (iii) Traffic surveys for planning of road development.
- (iv) Ordinary repairs and maintenance, including surface painting the necessary addition of stone chips, gravel or sand.
- (v) Special repairs and periodical renewals.

(d) Original works of the following kind taken up for the first time cannot be financed from maintenance and repairs grant whatever be the amount:—

- (i) Works involving land acquisition which may otherwise come under exceptions (ii) and (iii) above.
- (ii) Provision of asphaltic or bituminous concrete, premix asphaltic or bituminous macadam, bituminous grout, bituminous semigrout, mix-in-place cement concrete or cement macadam surface.

In order to enable the Government of India to prepare the road development budget and to allot funds for the construction, development and maintenance of National Highways the particulars specified in the Annexure A, have to be furnished by the State Governments in the prescribed form on the several dates mentioned against each item.

| Serial No. | Particulars required | Last date of submission to the Accountant General | Last date of submission to the Government of India | Remarks |
|------------|--|---|--|--|
| 1 | ORIGINAL WORKS Schedule of demands relating to the construction and development of National Highways (for next financial year) | 15th September | 1st October | To be submitted through the Accountant-General concerned. |
| 2 | Application for additional funds based on intimation of surrenders 3 monthly/6 monthly actuals in respect of sanctioned original works on National Highways (for current financial year) | 1st August / 1st November | 15th August/ 15 November | do |
| 3 | Final requirements in respect of sanctioned original works on national Highways (for current financial year) | 1st January | 15th January | do |
| 4 | MAINTENANCE AND REPAIRS Schedule of demands for the maintenance and repairs of national Highways (for current financial year) | 15th September | 1st October | do. |
| 5 | Final requirements for the maintenance and repairs of national Highways | 1st January | 15th January | do. |
| 6 | Abstract particulars of maintenance estimates National Highways (next financial year) | .. | 15th March | To be submitted to the consulting Engineer to the Government of India (Roads) direct by the State Chief Engineer |

ANNEXURE I**THE NATIONAL HIGHWAYS ACT, 1956**

(48 of 1956)

An Act to provide for the declaration of certain highways to be national highways and for matters connected therewith.

Be it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

1. *Short title, extent and commencement.*—(1) This Act may be called the National Highways Act, 1956.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. *Declaration of certain highways to be national highways.*—(1) Each of the highways specified in the Schedule except such parts thereof as are situated within any municipal area is hereby declared to be a national highway.

(2) The Central Government may, by notification in the Official Gazette, declare any other highway to be a national highway and on the publication of such notification such highway shall be deemed to be specified in the Schedule.

(3) The Central Government may, by like notification, omit any highway from the Schedule and on the publication of such notification, the highway so omitted shall cease to be a “national highway”.

3. *Definition*—In this Act, “municipal area” means any municipal area with a population of twenty thousand or more the control or management of which is entrusted to a municipal committee, a town area committee, a town committee or any other authority.

4. *National Highways to vest in the Union.*—All national highways shall vest in the Union and for the purposes of this Act “highways” include—

(i) all lands appurtenant thereto, whether demarcated or not;

(ii) all bridges, culverts, tunnels, causeways, carriageways and other structures constructed on or across such highways ; and

(iii) all fences, trees, posts and boundary, furlong and mile stones of such highways or any land appurtenant to such highways.

5. *Responsibility for development and maintenance of national highways.*—It shall be the responsibility of the Central Government to develop and maintain in proper repair all national highways, but the Central Government may, by notification in the Official Gazette, direct that any function in relation to the development or maintenance of any national highway shall, subject to such conditions, if any, as may be specified in the notification, also be exercisable by the Government of the State within which the national highway is situated or by any officer or authority subordinate to the Central Government or to the State Government.

6. *Power to issue directions.*—The Central Government may give directions to the Government of any State as to the carrying out in the State of any of provisions of this Act or of any rule, notification or order made thereunder.

7. *Fees for service or benefits rendered on national highways.*—(1) The Central Government may, by notification in the Official Gazette, levy fees at such rates as may be laid down by rules made in this behalf for services or benefits rendered in relation to the use of ferries, temporary bridges and tunnels on national highways.

(2) Such fees when so levied shall be collected in accordance with the rules made under this Act.

(3) Any fee leviable immediately before the commencement of this Act for services or benefits rendered in relation to the use of ferries, temporary bridges and tunnels on any highway specified in the schedule shall continue to be leviable under this Act unless and until it is altered in exercise of the power conferred by sub-section (1).

8. *Agreements with State Government or Municipalities.*—Notwithstanding anything contained in this Act, the Central Government may enter into an agreement with the Government of any State or with any authority entrusted with the control or management of any municipal area in relation to the development or maintenance of the whole or any part of a national highway situated within the State or, as the case may be, in relation to the development or maintenance of any such part of a highway situated within a municipal area as is referred to in sub-section (1) of section 2 and any such agreement may provide for the sharing of expenditure by the respective parties thereto.

9. *Power to make rules.*—(1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the forgoing power, such rules may provide for all or any of the following matters, namely—

- (a) the manner in which, and the conditions subject to which, any function in relation to the development or maintenance of a national highway or any part thereof may be exercised by the State Government or any officer or authority subordinate to the Central Government or the State Government;
- (b) the rates at which fees for services rendered in relation to the use of ferries, temporary bridges and tunnels on any national highway may be levied and the manner in which such fees shall be collected ;
- (c) the periodical inspection of national highways and the submission of inspection reports to the Central Government;
- (d) the report on works carried out on national highways ;
- (e) any other matter for which provision should be made under this Act.

10. *Laying of notification, rules, etc., before Parliament.*—All notifications or agreements issued or entered into under this Act shall be laid before both Houses of Parliament as soon as may be after they are issued or entered into and all rules made under section 9 shall be laid for not less than thirty days before both Houses of Parliament as soon as may be after they are made, and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following.

THE SCHEDULE

(See Section 2)

NATIONAL HIGHWAYS

| <i>Serial No.</i> | <i>National Highway No.</i> | <i>Description of national highways</i> |
|-------------------|-----------------------------|---|
| (1) | (2) | (3) |
| 1 | 1 | The highway connecting Delhi, Ambala, Jullundur and Amritsar and proceeding to the border between India and Pakistan. |
| 2 | 1A | The highway connecting Jullundur, Madhopur, Jammu, Banihal, Srinagar, Baramula and Uri. |
| 3 | 2 | The highway connecting Delhi, Mathura, Agra, Kanpur, Allahabad Banaras, Mohania, Barhi and Calcutta., |

| <i>Serial No.</i> | <i>National Highway No.</i> | <i>Description of national highways</i> |
|-------------------|-----------------------------|--|
| 4 | 3 | The highway connecting Agra, Gwalior, Shivpuri, Indore, Dhulia, Nasik, Thana and Bombay. |
| 5 | 4 | The highway starting from its junction near Thana with the highway specified in serial No. 4 and connecting Poona, Belgaum, Hubli, Bangalore, Ranipet and Madras. |
| 6 | 5 | The highway starting from its junction near Baharagora with the highway specified in serial No. 7 and connecting Cuttack, Bhubaneshwar, Visakhapatnam, Vijayawada and Madras. |
| 7 | 6 | The highway starting from its junction near Dhulia with highway specified in serial No. 4 and connecting Nagpur, Raipur, Sambalpur, Baharagora and Calcutta. |
| 8 | 7 | The highway starting from its junction near Banaras with the highway specified in serial No. 3 and connecting Managawan, Rewa, Jabalpur, Lakanadon, Nagpur, Hyderabad, Kurnool, Bangalore, Krishnagiri, Salem, Dindigul, Madurai and Cape Comorin. |
| 9 | 8 | The highway connecting Delhi, Jaipur, Ajmer, Udaipur, Ahmedabad, Baroda and Bombay. |
| 10 | 8A | The highway connecting Ahmedabad, Limbdi, Morvi and Kandla. |
| 11 | 8B | The highway starting from its junction near Bamanbhore with the highway specified in serial No. 10 and connecting Rajkot and Porbandar. |

| <i>Serial No.</i> | <i>National Highway No.</i> | <i>Description of national highways</i> |
|-------------------|-----------------------------|---|
| 12 | 9 | The highway connecting Poona, Sholapur, Hyderabad and Vijayawada. |
| 13 | 10 | The highway connecting Delhi and Fazilka and proceeding to the border between India and Pakistan. |
| 14 | 22 | The highway connecting Ambala, Kalka, Simla, Narkanda, Rampur and Chini and proceeding to the border between India and Tibet near Shipki-La |
| 15 | 24 | The highway connecting Delhi, Bareilly and Lucknow. |
| 16 | 25 | The highway connecting Lucknow, Kanpur, Jhansi and Shivpuri. |
| 17 | 26 | The highway connecting Jhansi and Lakhnadon. |
| 18 | 27 | The highway connecting Allahabad with the highway specified in serial No. 8 near Managawan. |
| 19 | 28 | The highway starting from its junction near Barauni with the highway specified in serial No. 23 and connectivity Muzaffarpur, Pipra, Gorakhpur and Lucknow. |
| 20 | 28A | The highway starting from its junction near Pipra with the highway specified in serial No. 19 and connecting Sagauli and Raxaul and proceeding to the border between India and Nepal. |
| 21 | 29 | The highway connecting Gorakhpur Ghazipur and Banaras. |
| 22 | 30 | The highway starting from its junction near Mohania with the highway specified in serial No. 3 and connecting Patna and Bhaktiyarpur. |

| <i>Serial No.</i> | <i>National Highway No.</i> | <i>Description of national highways</i> |
|-------------------|-----------------------------|---|
| 23 | 31 | The highway starting from its junction near Barhi with the highway specified in serial No. 3 and connecting Bhaktiyarpur, Mokameh, Purnea, Dalkhola, Siliguri, Sivok and Cooch Behar and proceeding to its junction with the high way specified in Serial No. 28 near Goalpara. |
| 24 | 31A | The highway connecting Sivok and Grangtok. |
| 25 | 33 | The highway starting from its junction near Barhi with the highway specified in serial No. 3 and connecting Ranchi and Tatanagar and proceeding to its junction with the highway specified in serial No.7 near Baharagora. |
| 26 | 34 | The highway starting from its junction near Dalkhola with the highway specified in serial No. 23 and connecting Berhampore, Barasat and Calcutt. |
| 27 | 35 | The highway connecting Barasat and Bangaon and proceeding to the border between India and Pakistan. |
| 28 | 37 | The highway starting from its junction near Goalpara with the highway specified in serial No. 23 and connecting Gauhati, Jorabat, Kamargaon, Makum and Saikhoa Ghat. |
| 29 | 38 | The highway connecting Makum, Ledo and Lekhapani. |
| 30 | 39 | The highway connecting Kamargaon, Imphal, and Palel and proceeding to the border between India and Burma. |
| 31 | 40 | The highway connecting Jorabat and Shillong and proceeding to the border between India and Pakistan near Dawki. |

| <i>Serial No.</i> | <i>National Highway No.</i> | <i>Description of national highways</i> |
|-------------------|-----------------------------|--|
| 32 | 42 | The highway starting from its junction near Sambalpur with the highway specified in serial No. 7 and proceeding via Angul to its junction with the highway specified in serial No. 6 near Cuttack. |
| 33 | 43 | The highway connecting Raipur and Vizianagaram and proceeding to its junction with the highway specified in serial No. 6 near Vizianagaram |
| 34 | 45 | The highway connecting Madras, Tiruchirappalli and Dindigul. |
| 35 | 46 | The highway connecting Krishnagiri and Ranipet. |
| 36 | 47 | The highway connecting Salem, Coimbatore, Trichur, Ernakulam, Trivandrum and Cape Comorin. |
| 37 | 47A | The highway starting from its junction near Trichur with the highway specified in serial No. 36 and connecting with the West Coast Road near Chalisseri. |
| 38 | 49 | The highway connecting Madurai and Dhanushkodi. |
| 39 | 50 | The highway connecting Nasik with the highway specified in serial No. 5 near Poona. |

ANNEXURE 2

In exercise of the powers conferred by section 9 of the National Highways Act, 1956 (48 of 1956), the Central Government hereby makes the following rules, namely:—

1. *Short title.*—These rules may be called the National Highways Rules, 1957.
2. *Definitions.*—In these rules, unless the context otherwise requires—
 - (a) “Act” means the National Highways Act, 1956;

(b) “approved work” means any original work on a national highway in respect of which the Central Government has accorded technical approval and financial sanction;

(c) “completion report” means a report required to be furnished under rule 8;

(d) “executive agency” means—

(i) in the case of a Union Territory the Administrator thereof to whom the functions of the Central Government in relation to the execution of works pertaining to national highways are delegated under Article 239 of the Constitution ; and

(ii) in any other case the State Government to which such functions are delegated under section 5 of the Act; and

(e) “progress report” means a report required to be furnished under 7.

3. *Detailed estimates of original works.*—A detailed estimate for the execution of any original work on a national highway shall be forwarded by the executive agency to the Central Government in such forms as the Central Government may require and that Government may accord technical approval and financial sanction to such estimate subject to any conditions it may think fit to impose.

4. *Abstract of particulars of detailed estimate for maintenance of national highways.*—(1) An abstract of the particulars of the detailed estimate for the maintenance of a national highway during each financial year shall be forwarded by the executive agency to the Central Government in such form as the Central Government may require not later than the 1st day of the month of May in that financial year.

Provided that the Central Government may, in any case or class of cases, require the executive agency to forward a detailed estimate or estimates for the maintenance of any national highway in such form as that Government may require.

(2) The Central Government may accord approval to the abstract or the detailed estimate or estimates submitted to under this rule subject to any conditions it may think fit to impose.

5. *Revised detailed estimate.*—When the expenditure upon any original work on a national highway to the detailed estimate of which the Central Government has accorded technical approval and financial sanction exceeds, or is likely at any time to exceed, the amount of such estimate by more than ten per cent thereof or by a sum of twenty-five thousand rupees, whichever is less, the executive agency shall forward a revised detailed estimate for such work to the Central Government

in such form as the Central Government may require, and the Central Government may accord technical approval and financial sanction to such estimate subject to any conditions it may think fit to impose.

6. *Application for allotment of funds.*—An Application for the allotment of funds for meeting expenditure on any original work on a national highway or on the maintenance of a national highway during any financial year shall be made by the executive agency to the Central Government in such form as that Government may require and the Central Government shall communicate its decision to the executive agency on such application as soon as possible after such application is received.

7. *Monthly progress report.*—The executive agency shall furnish to the Central Government a monthly progress report on every approved work in such form as that Government may require.

8. *Completion report.*—As early as possible after the completion of any approved work the executive agency shall furnish to the Central Government a full and correct report on such completion in such form as that Government may require.

9. *Inspection of works.*—The Consulting Engineer to the Government of India (Road Development) or any officer authorised by him in this behalf may inspect at any time any approved work in progress or completed. A report of every such inspection shall be submitted to the Central Government.

APPENDIX VII

(See paragraph 4.2.14)

Notes of inspection of the accounts records of Sub-divisional Offices

Sub-division.

Date of last Inspection:

By the Executive Engineer :

By the Divisional Accountant :

Date of present Inspection :

Submitted to the Divisional Officer, for orders.

*Divisional Accountant,
..... Division.*

No.

Dated

Forwarded to the Sub-divisional Officer,
in duplicate for early resubmission with replies within
15days.

*Executive Engineer,
.....Division.*

PART I

I. Cash book

1. Furnish the name and designation of the Government Officer in whose charge the cash is kept.
2. Compare the entries in the cash book with those in the extract submitted to Division Office and note any differences.
3. See that private cash or accounts of members of the Department are not mixed up with the Public Cash or Accounts (Paragraphs 6.1.13 and 6.2.5 of the Kerala P.W.A. Code).
4. Are the rules in paragraphs 6.2.19 and 6.2.16 of the Kerala P.W.A. Code regarding cheques cancelled and renewed properly observed?
5. See whether cheques are irregularly deposited in the Cash chest at the close of the year (vide Note to paragraph 6.4.4. of the Kerala P.W.A. Code).

II. Imprest accounts

1. How often are the imprest accounts closed and are they promptly recouped by the Sub-divisional Officer?
2. Are the entries in the original imprest accounts free from erasures or interpolations and are corrections properly made and attested by the Imprest Holders?
3. Examine the original imprest accounts generally from the date of last inspection and compare the entries for a month with those in the accounts submitted to Division Office.
4. Are works establishment rolls and nominal muster rolls for amounts in excess of Rs.10 passed for payment by the Sub-divisional Officers invariably paid from temporary advances (Paragraph 6.6.14 of the Kerala P.W.A. Code)? If not, specify cases and ascertain reasons for departure from the code rules.

III. Nominal muster rolls

1. Are the muster rolls submitted every month to Division Office along with the other vouchers for audit? If not, those relating to the month should be completely checked to see that :

- (a) the calculations are correct ;
- (b) corrections if any are properly made and attested ;
- (c) they are signed by the Officer maintaining them ;
- (d) they are periodically checked by the Officer in charge of the work (when he is not the Officer who maintained the muster) or by any superior Officer ;
- (e) the present and absent marks are made in ink and pencil marks if any are not inked over subsequently [Nominal rolls should not be in pencil (paragraph 10.2.6. of the Kerala P.W.A. Code)] ;
- (f) measurements are taken whenever possible and reference in measurement books and details of work done are given in Part II [Paragraph 10.2.6. (g) Kerala P.W.A. Code.] ;
- (g) the charge is in order and the rates paid to labourers and the rates for items of works noted in Part II are not in excess of the schedule of rates of the Sub-division ;
- (h) they are pre-audited and passed by the Sub-divisional Officer before payment except in the few cases in which the enforcement of the rule would result in objectionable delay in payment of labour [vide Note under paragraph 10.2.6. (d) Kerala P.W.A. Code.] ;
- (i) the labourers are paid without delay and payments are made and attested by the Officer of the highest standing available [Kerala P.W.A. Code paragraph 10.2.6. (d).];
- (j) unpaid wages are correctly brought forward into the Register of unpaid wages P.W.A. Form 19A and shown as such in the work abstract [Kerala P.W.A. Code paragraph 10.2.6. (d).];
- (k) names of monthly paid members of work establishment are not included in the nominal muster rolls;
- (l) nominal muster rolls exist in the Sub-divisional Office for all payments of muster rolls (including C.L.R. Form 20) for the selected month and the Accounts shown in the cash book and imprest accounts correctly represent the charges.

2. Are the instructions in paragraph 10.2.6. (d), Kerala P.W.A. Code carefully observed? Are there any longstanding items and if so what action has been taken by the Sub-divisional Officer for their clearance?

IV. Measurement books

1. Trace payments relating to petty vouchers into the books.
2. Are dates of measurements invariably recorded in measurement books, measurements crossed off as soon as bills are passed for payment and voucher number noted and paid order signed by the disbursing officer soon after payment? (paragraph 10.2.26, Kerala P.W.A. Code).
3. In the case of running accounts are backward and forward references given to previous and subsequent running accounts [Paragraph 10.2.11 (c) and (d), Kerala P.W.A. Code].
4. In the case of cancelled measurements are reasons for cancellation recorded under the initials of the Officer [Paragraph 10.2.11 (f), Kerala P.W.A. Code] and in case of any corrections are they properly made and attested?
5. Are there any cases in which measurements have been taken by any unauthorised persons contrary to the provisions of paragraph 10.2.11. (a) of the Kerala P.W.A. Code?
6. Are measurements taken and recorded in measurement books as soon as articles are received for specific works and the quantities in bills when received verified with these entries or are measurements recorded in the books on receipt of bills?
7. Note any measurement books missing and action taken by the Sub-divisional Officer. Has their write-off been sanctioned by the Superintending Engineer?
8. Are acknowledgements taken from the responsible persons whenever books change hands? (Note under paragraph 283 of the Kerala P.W.A. Code).
9. Is the list of works to be check-measured by the Sub-divisional Officer maintained up-to-date in the Sub-division Office and submitted to the Sub-divisional Officer every month?

V. Agreements

1. Where is the file of agreements kept, especially the originals of those sanctioned by the Sub-divisional Officer?
2. Compare the particulars and rates in the office copies of agreements sanctioned by the Sub-divisional Officer and sent to Division Office with those in the originals filed in the Sub-division in a few selected instances.

VI. Contactor's account

1. In cases where lump sum payments have been made to contractor without detailed measurements how long are the items outstanding?
2. Check the issues in material accounts of minor works with the quantities as per receipts obtained from the piece workers and sent to Division office and note any differences.

VII. Materials at site

1. Check completely one month's receipts and issues with reference to entries in measurement books/store intends, transfer entry orders (details should be available in adjustment book), muster rolls or register of transactions adjusted under Cash Settlement Suspense Account and from stock accounts and note any differences.
2. What are the due dates for the submission of the accounts to Sub-division Office by Section Officers and are they punctually received on the due dates every month and are they systematically checked in the Sub-divisional Office? If vouchers are sent in batches to Division Office twice or thrice a month, is the necessary check exercised in the Sub-division Office?

VIII. Cheque and receipt books

1. By whom are the cheques filled up? Compare the entries in the counterfoils of the cheque books with those in the original cash book for any one month and record the remarks.
2. Is any limit imposed by the Divisional Officer over the drawing of the Sub-divisional Officer? (Paragraphs 6.2.9 and 6.2.14 of Kerala P.W.A. Code). If so, is the amount shown as the reverse of the counterfoils of the cheque books and balances are worked out and undrawn balances at the end of the period left out without being carried forward?
3. Do you notice any overdrawals and if so, what is the explanation of the Sub-divisional Officer?

4. In cases where counterfoils of completed receipt books have been permitted to be finally recorded in the Sub-division Office, are they carefully filed and where, and are they destroyed when over ten years old?

5. Are the numbers of the temporary and permanent receipts together with the dates of issue thereof entered in the prescribed columns of the cash book? [vide note (1) under paragraph 6.3.5 of the Kerala P.W.A. Code].

6. Are the counterfoils of temporary receipt books carefully filed and are they destroyed when over five years old?

IX. Register of sanctioned estimates

Is a register of sanctioned estimates maintained and posted up-to-date quoting authority for sanction?

X. Intends for stores

Are stores ordered by the Sub-divisional Officer direct or obtained through the Executive Engineer? If ordered direct by the Sub-divisional Officer, how is the regulation of grant watched in Division Office?

XI. Work-charged establishment

1. Is a register of unpaid wages of work establishment maintained (paragraph 10.2.38., Kerala P.W.A. Code)? Are the entries attested by the Sub-divisional Officer and are notes of payments subsequently made recorded against the original entries and attested by the Sub-divisional Officer?

2. Note longstanding arrears and action taken by the Sub-divisional Officer for their clearance.

XII. Revenue

1. What rents or revenue recoverable directly by the Sub-divisional Officer are more than one month overdue and what steps have been taken for their recovery?

2. Are the monthly statements of revenue collected and remitted by section officers prescribed in Note 2 to paragraph 6.3.5 of the Kerala P.W.A. Code promptly received and verified by the Sub-divisional Officer?

3. Whether in case of recovery of rents and revenue after the dates interest as stipulated in the agreements have been collected?

XIII. Monthly accounts and returns

1. Are the cash and store accounts of the Sub-division closed on the date fixed and copies of each extract with vouchers despatched to the Divisional Office within a day of the date of closing?
2. Are the store and other monthly accounts of the Sub-division despatched to Division Office as required in paragraph 21.1.5 of the Kerala P.W.A. Code? If not, why not and what steps have been taken by the Sub-divisional Officer to avoid such delays?

XIV. General

State defects in procedure if any noticed during inspection. Were they personally explained and necessary instructions imparted to Sub-divisional Officer and his staff? (Paragraph 4.2.5 of the Kerala P. W. A. Code).

PART II**(SECOND PART)**

Note.—Before taking up an inspection, the Divisional Accountant will obtain the orders in writing from the Executive Engineer whether he or the Executive Engineer will go into the matter included in this part.

In either case the report will be available for the inspection of the Accountant General.

I. Cash book

1. Are the cheques paid directly by the Sub-divisional Officers or through subordinates on the responsibility of Sub-divisional Officers; if latter, is any record maintained of the transactions and acknowledgments of piece workers obtained for cheque delivered? (Paragraph 6.4.4 of the Kerala P.W.A. Code).
2. How is the cash remitted to Section Officers when imprests are recouped and what is the amount of cash usually sent?
3. Are the entries in cash book examined frequently by the Sub-divisional Officer and is the cash book examined frequently by the Sub-divisional Officer when at the Head-quarters? Check the cash book with reference to some of the vouchers on hand (current month) and see whether the instructions in paragraph 6.6.6 of the Kerala P.W.A. Code are followed by the Sub-divisional Officer.

II. Imprest accounts

State whether the amounts of imprests given to subordinates are equal to or in excess of requirements.

III. Accounts of works

1. Are there any works on which there has been no delay for more than six months and what is the delay in execution due to?
2. Are there any works the estimates for which were sanctioned more than one year ago and not yet started? What is the delay due to?
3. See whether reports of works proposed to be started without sanction to estimates or adequate provision of funds (Kerala P.W.A. Code, paragraph 172) are promptly sent to the Executive Engineer for report to the audit officer.

IV. Surplus stores

1. What is the total value of surplus stores on the date of inspection (or at the end of previous year)? If there is any increase in the number of items or value what is it mainly due to?
2. Are there orders of the Executive Engineer or higher authority for all new additions to the list during the year? It should be specially seen during inspection that materials are not obtained unnecessarily or in excess of the requirements for minor and repair works (the material accounts of which are filed in Sub-division Office) and subsequently transferred to the surplus list.
3. Check the issues from surplus lists with reference to the transfer entry orders.
4. Are any articles which are likely to deteriorate included in the surplus list ?
5. Are the articles as per lists verified at any time during the year end, if so, with what result?

V. Materials at site

1. Are the balance of materials at site efficient and certain to be required on works?
2. Are there any materials at site of completed works including those transferred to surplus lists from completed works? If so, what are the circumstances under which they became surplus? Note instances where they were obtained in excess of requirements or in advance of requirements and became surplus owing to any change in design, etc.

3. Are there any cases where surplus materials brought to site by contractors were taken over by Government (Paragraph 10.3.10. Kerala P.W.A. Code) for use on the same or other work and are any of those outstanding in the materials account on the date of inspection, and if so how long? State the circumstances under which they were not used on works and how they are proposed to be disposed of

4. Prepare a list of materials on which there have been no transactions for over six months and give reasons, if any, for obtaining them in advance of requirements.

5. See whether the annual physical verification of unused materials at site conducted as required in paragraph 10.3.18 of Kerala P.W.A. Code.

VI. Indents for stores

1. By whom are indents for stores prepared and are they carefully checked by the Sub-divisional Officer before they are passed on to the Executive Engineer or sent for compliances?

2. Are lists of surplus stores consulted by the Sub-divisional Officer before articles are indented for? Scrutinise the corrections of indents in a few selected instances with reference to the estimates etc., and note any cases where materials in excess of estimated requirements are available in the Sub-division or other Sub-divisions in the Division have been indented for on other Divisions, Departments, etc.

VII. Travelling allowance bills

Check a few monthly travelling allowance bills with measurement books to see whether the officers were on the works spots on the noted in the bills and more any irregularities.

VIII. Expenditure on works on account of petty supervision and contingencies

Examine those works on which the expenditure on account of works establishment and contingencies together exceed 5 per cent of works outlay and obtain as explanation as to the reasonableness of the extra expenditure, vide paragraph 90, Kerala P.W.D. Code.

IX. Transfer of charge

Have the rules in paragraph 327 to 336 of the Kerala P.W.D. Code regarding transfer of charge been observed correctly?

X. Register of library books

Have all the Sub-division registers which are not required to be sent periodically to the Division Officer for scrutiny such as register of library books, etc., been verified and found to be correctly maintained and kept up-to-date?

APPENDIX VIII

[See Paragraph 17.2.1. (b)]

Detailed procedure to be followed by the P.W. Divisional Officers for the settlement of Inter divisional transactions by cheques/bank drafts

N.B.—(1) Though this procedure is primarily intended for transactions between P.W. Divisions rendering accounts to the same Accountant General it can be applied *mutatis mutandis* to the transactions between Divisions in different Accounts Circles.

(2) The forms mentioned below are those appended to these rules.

ORIGINATING DEBITS

(1) Action in the Division in which the transaction takes place

All transactions relating to services rendered or supplies made by the Division should be classified under the head “Section T—Deposits and Advances—Part IV—Suspense—Cash Settlement Suspense Account—Transactions between Divisions rendering accounts to the same Accountant General”. These transactions, as and when they take place (at the end of the month in the case of stock transactions), should be posted in a “Division-wise Register of transactions adjusted under the head Cash Settlement Suspense Account” in Form I. On closing the monthly accounts of the Division, a copy of Part I of Form I, which will have interleaved perforated copies to be posted by carbon process, should be sent to the Division concerned supported by all relevant vouchers [except those for work done—See paragraph 17.2.7. (b)] and the receipt of the Cheque/Bank 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 head “Cash Settlement Suspense Account”, thus clearing the original debit under this head and sent to the Treasury for encashment or for making the necessary adjustment of the cheque by debiting “P.W. Remittances—II—Public Works Cheques” and crediting “P.W. Remittances—I—Remittances into Treasuries”. In the Divisional Cash Book, the remittance of Cheque/Bank Draft into the Treasury will be charged off as a debit under “P.W. Remittances—I—Remittances into Treasuries”.

(2) Action in the responding division

Immediately on receipt of the copy of Form 1 from the originating Division, the responding Division should check that the connected vouchers (except those for work done) have been duly received. The same should then be entered in the "Register of Claims Received" in Form 3 and urgent arrangements made to obtain and send the Cheque or Bank Draft with a distinct marking "Payment by book adjustment only" along with a forwarding letter in Form 4. On the cheque being issued, the entry will appear on the payment side of the Cash Book as debit to the Suspense Account "Purchases" under Stock/Work as the case may be (in the case of stores received) thus clearing the original credit afforded to this head on receipt of the stores by debit to "Stock" or work concerned, as the case may be.

It should be ensured that the despatch of the Cheque/Bank Draft is not delayed beyond ten days of the receipt of the account. For this purpose, the Divisional Officer should arrange to have the detailed verification of the claim completed well within this period. In order to ensure smooth working all round, the Cheque/Bank Draft should always be for the full amount claimed by the Division. In cases where some mistake in calculation etc. is detected in the course of check of the account or an item clearly pertaining to another Division has been wrongly included in the account, the Cheque/Bank Draft should be sent for the full amount and the discrepancies should be simultaneously pointed out to the originating Division. Such items should be re-debited to the Division concerned by including them in the next monthly account to be sent to the latter along with the supporting vouchers, if any.

***Notes**—(1) A time limit of 30 days is, however, allowed for the settlement of store invoices by Cheque/Demand Drafts towards cost of materials issued from the District or other stores. The Store Officer shall not have power to issue materials to Indenting Officers in whose account a claim older than 30 days is pending.

Note—(2) In cases where payments are to be made at a treasury with which the Division is not in account, the settlement should be made by Bank Drafts.

Note—(3) Since the facility of cash settlement will be available to both the parties to a transaction, the Divisional Officer to whom the supplies are made or on whose behalf the services are rendered, will make payments only on receipt of a claim from the other Division. In other words, the Divisional Officers will not be responsible for the settlement of both outward and inward claims (i.e. net amount of credit and debit transactions).

* Insertion G.O.(P) 745/87/Fin. dated 18/9/1987

(3) Clearance of the balance under ‘Cash Settlement Suspense Account’

The transactions under this ‘Suspense’ head should be abstracted in Part II of the Division-wise Register (Form 1) and the figures of monthly debits and credits agreed with those shown in the Monthly Account. At the close of the year, there should normally be no balance under this ‘Suspense’ head. With this object in view, a vigilant watch should be kept over the outstanding towards the close of the year and steps taken to have such transactions settled by the 31st March. The Register should be reviewed by the Divisional Officer monthly with a view to see that the settlements are not unduly delayed.

In order to ensure that the outstandings at the close of the year are reduced to the minimum, the transactions occurring in March may be settled in stages, as indicated below:—

| | | |
|-----|---|--|
| (a) | Transactions taking place during the period from 1st to 15th March | Claim to be preferred before 20th March |
| (b) | Transactions taking place during the period from 16th to 23rd March | Claim to be preferred before 25th March |

Note.—Though the stock accounts are normally closed at the end of the month, the Summaries of Stock Receipts and Indents may be prepared and closed in stages, so as to ensure that the Stock transactions pertaining to March are also settled in stages, as indicated above.

(4) Review of registers

The division-wise register of transactions adjusted under the head “Cash Settlement Suspense Account” and the register of claims received should be submitted to the Divisional Officer monthly to enable him to see that—

- (a) the Registers are properly maintained ;
- (b) there are no inward claims outstanding for more than 10 days, without sufficient reasons ; and
- (c) prompt action is taken by the office to send the outward claims.

II. ORIGINATING CREDITS

(1) Action in the originating division

All transactions involving payments on account of cash recoveries etc. made by one Division on behalf of another Division, will be accounted for initially under the head “P.W. Deposits—Miscellaneous Deposits”, pending settlement in cash. The details of such transactions will be simultaneously posted in a register (Form 2). At the end of the month, a Cheque/Bank Draft will be drawn for the amount due and sent to the Division concerned along with a copy of Form 2 which will have interleaved perforated copies to be posted by carbon process. On the cheque being issued, the entry will appear on the payment side of the Cash Book as debit to “P.W. Deposits”, thus clearing the original credit, to this head.

(2) Action in the responding division

The Cheque/Bank Draft when received in the Division will be credited to the appropriate head/work in the Cash book and sent to the Treasury for making necessary adjustments on the lines indicated in paragraph I (1) above.

FORM No. 1 [Referred to in Rule I (1)]

Division-wise register of transactions adjusted under the head “Cash Settlement Suspense Account”

PART I—DETAILS

Name of Division.....Month.....

| Serial Number | Ref. to Stock Account Voucher or Transfer Entry Order | Particulars of transaction | Value of stores issued or Services rendered | | Remarks (including indication of the vouchers sent in support of the debits) |
|---------------|---|----------------------------|---|----|--|
| | | | ₹ | P. | |
| 1 | 2 | 3 | 4 | 5 | |
| | | Balance B. F. | | | |
| | | Total | | | |
| | *Less credits during the month | | | | |
| | | Closing balance | | | |

No.....Date.....

Copy along with.....vouchers forwarded to the Executive Engineer,.....Division. A sum of ₹.....(as detailed above) is due from him on account of stores issued or services rendered to his division during and to end of20.....He is requested to send *within ten days* of the receipt of this claim, a cheque/bank draft for the total amount, drawn in favour of the under signed.

*Executive Engineer,
.....Division.*

Encl:—

*Here give reference to the No. and date of Cheque/Bank draft received.

FORM No. 1 (PART II)

Division-wise register of transactions adjusted under the head “Cash Settlement Suspense Account”

PART II—ABSTRACT ACCOUNT OF DEBITS, CREDITS AND BALANCES UNDER THE HEAD “CASH SETTLEMENT SUSPENSE ACCOUNT”

| Serial number | Name of Division | Opening balance ₹. P. | April 20..... | | | And so on for the remaining months of the year | Remarks |
|---------------|------------------|--------------------------|-----------------|------------------|--------------------------|--|---------|
| | | | Debits ₹. P. | Credits ₹. P. | Closing Balance ₹. P. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

FORM No. 2
[Referred to in Rule II (1)]

**Division-wise register of cash recoveries etc. made on
 behalf of other divisions**

Name of Division.....

| Sl. No. | Particulars of transaction | Amount ₹ P. | Authority | Remarks |
|---------|----------------------------|----------------|-----------|---------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |

Copy forwarded to the Executive Engineer.....Division with the remarks that a sum of ₹.....as per details given above, is due to him on account of cash recoveries etc. made in this Division on his behalf. A cheque/bank draft No.....dated.....for ₹.....(in figures) (Rupees.....) (in words) is sent herewith in settlement of the account.

The receipt of the cheque/bank draft may please be acknowledged.

*Executive Engineer,
Division.*

Encl:—

1. Cheque/Bank Draft.

FORM No. 3**[Referred to in Rule I (2)]****Register of claims received**

Division..... Month.....

| Number and date of letter with which the claim was received | Amount of claim Rs. | Number and date of cheque/ Bank draft issued | Initials of Divisional Accountant | Remarks |
|---|------------------------|--|-----------------------------------|---------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |

FORM No. 4**[Referred to in Rule I (2)]**Office of the Executive Engineer,
.....Division.

Dated the.....20.....

As requested in his letter No.....dated.....a cheque/bank draft No.....dated.....for ₹.....(Rupees.....) is sent herewith in settlement of his account for the month of.....

2. The receipt of this letter may please be acknowledged.

Executive Engineer,
.....Division.

Enclosure:

To

The Executive Engineer,
.....Division,
.....

APPENDIX IX

[See Note 3 under Paragraph 10.1.3.]

Rules for the accounting and distribution of Establishment and tools and plant charges

1. The accounts of Establishment and Tools and Plant charges are kept on the following principles:—

(i) Charges of a division or special office are, as a rule, met out of the single major head “50-Public Works” in the first instance.

(ii) Before closing the accounts of the year, the Accountant General apportions the charges of the whole State amongst the major heads to which the cost of the work was charged.

(iii) In certain cases where this annual adjustment is unsuitable as for example in the case of non-Government works or for works done only occasionally for other departments, the recovery of cost is effected in the accounts of the divisions concerned, from time to time by the levy of a percentage charge.

(iv) Otherwise, the shares pertaining to individual works, are not determined except for the purposes of certain *pro forma* accounts as in the case of Irrigation, Navigation, Embankment and Drainage Works (Commercial).

2. Subject to the exceptions mentioned in Article 39 of the Kerala Account Code, Volume III and in Rule 3 below, the establishment charges of a division or of a special office should, in the first instance, be classified under the minor head “Establishment” of the major head “50-Public Works”. The same major head should bear in the first place, the charges for the ordinary tools and plant of the division, under the minor head “Tools and Plant”.

3. The special establishment employed for the execution of irrigation projects should be debited to the head “100 Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (non-Commercial)” or “99-Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial)” as the case may be.

4. Cost of special Tools and Plant should be classified in accordance with Articles 38 and 41 of the Kerala Account Code, Volume III.

5. Recovery of the cost of establishment and tools and plant should be made in the following cases:—

- (a) work done for the Central Government,
- (b) work done for other State Government,
- (c) work done for other departments when the cost is chargeable to those departments,

*(d) non Government works other than the following which are specifically exempted by Government from the levy of percentage charges viz:—

- (i) Works executed on behalf of Panchayats.
- (ii) Construction works under the poor Housing Scheme and subsidised Rental Housing Scheme for the weaker sections of the community.
- (iii) Schemes for Housing and Colonisation of Fishermen.
- (iv) Investigation and preparation of schemes on behalf of the Kerala Land Development Corporation.
- (v) Non-Project items of works included in the typical maintenance estimate of Irrigation projects and executed maintained by the Public Works Department on behalf of other Departments.
- (vi) Construction works of building for Schools, Hospitals etc. done by the popular committees.

Such as school building construction committees, hospital building construction committees etc., utilising funds collected by way of public contribution subject to the following conditions:—

- (a) the entire cost of construction of such buildings will be met by public contributions.
- (b) the work of constructing the buildings will be executed under the supervision of the engineers of Public Works Department; and
- (c) immediately after completion, the building will be surrendered to Government unconditionally.

**(e) Defence works entrusted to the State Public Works Department for execution on behalf of Ministry of Defence.

6. (a) In the cases referred in rule 5 (b), (c), (d) and (e) above recoveries will be made at the following percentage* rates:—

*Substitution. G.O. (P)863/79/Fin. dated 14-9-1979.

**Addition G.O. (P) 115/83/Fin., dated 28-2-1983.

Establishment 20%

Tools and Plant 2%

Pensionary charges 2%

(b) The pensionary charges of * 2 per cent will not however be recoverable in respect of works done for other departments of the State Government except Government Commercial concerns and the Forest Department.

(c) An additional charge of 1 per cent will be recovered in respect of all non-Government works executed by the Public Works Department to cover the cost of audit and accounts establishment.

(d) The only class of Central Works executed by the State Government is that pertaining to the National Highways Government of India have fixed in consultation with the State Government that a rate of 7½% for establishment and tools and plant charges in respect of these works (original as well as maintenance) as being quite reasonable in view of the following:—

- (i) Property in the National Highways vests in the State Governments, who are also allowed to appropriate the revenues arising from roadside land, rest house fees, betterment fees, etc.
- (ii) The National Highways primarily serve local interest, and the State Governments have been relieved of the cost of their construction, improvement and maintenance.
- (iii) Besides execution of works, the State Public Works Department is also employed on custodian duties, in respect of scattered buildings, bridges and the maintenance of boundaries. As the property in the National Highways rests in the State Governments, the Centre is not liable to pay for these services.
- (iv) As a result of the great increase in the volume of public works in the State which is likely to be maintained in the future, the percentage rate of establishment charges has generally come down.
- (v) The resultant saving in agency charges will be ploughed back for allotment, thus enabling more work being done.

7. The percentages will be levied on the expenditure actually recorded in the accounts in respect of such works. These percentages will be classified in the accounts as indicated in Article 69 of the Kerala Account Code, Volume III and also in Statement E of Appendix 3 to this Code.

*Substitution. G.O. (P) 115/83/Fin., dated 28-2-1983.

Note.—(1) When lump sum contributions are received towards Government works from local bodies or private person or bodies they should invariably be distributed, for account purposes, in two parts, the one representing a share of works expenditure and the other the amount chargeable on that share as Establishment and Tools and Plant and pensionary charges calculated according to the percentage fixed in rule (6) above. No charge for audit and accounts should be levied in such cases.

Note.—(2) Water Works maintained on behalf of Municipalities are subject to a levy of *15% towards establishment charge or the actual expenditure on establishment including travelling allowance and contingencies whichever is less.

Note.—(3) If the Public Works Department prepares the plans and estimates for any work to be executed by the Central Government, Local Bodies including Municipalities and private persons, a charge of 2 $\frac{1}{2}$ % (1 $\frac{1}{2}$ % for the preparation of plans and 1% for the preparation of estimates) on the estimated cost exclusive of cost of land will be levied subject to a minimum of ₹ 100. In case where the Public Works Department merely scrutinises the estimates and plans, the charge should be 1% of the estimated cost subject to a minimum of ₹ 10.

When the Architectural section of the Public Works Department designs and prepares the complete plans for private institutions a charge of 2 $\frac{1}{2}$ % of the estimated cost of the building will be levied. For the preparation of estimates and specifications 1% of the estimated cost will be levied, the minimum rate being ₹ 20. If it scrutinises merely the plans and estimates the charges will be 1% of the estimated cost. When the plans and elevations require modifications from the structural and aesthetic points of view for such changes and alternations in plans and estimates 1 $\frac{1}{2}$ % of the estimated cost will be levied as scrutiny charges. The minimum rate for the scrutiny will be ₹ 10.

**But the Panchayats will be exempted from payment of centage and all other charges/fees for any assistance given to it by the Officers of the State Public Works Department in connection with the execution of Public Works.

8. The prescribed percentages can be remitted, with the sanction of the Government in the case of non-Government works costing less than ₹ 1,000. The remission of charges is not permissible in other cases, as such aid as it may be

*Substitution. G.O. (P) 152/76/Fin. dated 31-5-1976.

**Addition. G.O. (P) 59/82/Fin., dated 5-2-1982.

desired to give to a local body in the construction of a work in which it is interested, is usually given separately in the form of a cash grant-in-aid.

9. The percentages referred to in the above Rules and leviable on the actual outlay booked in the accounts, ie., on the net outlay in case there are any refunds or writeback except in the cases mentioned in Note 1 under Rule 7. No item of expenditure should be excluded from the levy on the plea that it involved 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 Revenue Department is not exempt when it is adjusted in the divisional accounts as part of the cost of a non-Government works; but if the estimate for the work does not include the cost of acquisition of land and this cost is not passed through the Public Works Accounts, no percentage charge is leviable on account of it.

10. Recoveries made in accordance with Rules 5 to 9 should be classified as indicated in Articles 65 to 72 of the Kerala Account Code, Volume III, the adjustments being made in the accounts of the Divisional Officer, whenever the cost of work done is adjusted by charge to the deposit, remittance or other account concerned.

11. Recoveries on account of services rendered by Special Officers other than Chief and Superintending Engineers do not appear in the accounts of the Divisional Officer in cases in which there is no works expenditure, e.g., fees for advisory work. Such fees should be paid direct into the treasury to be credited to the head of account which bears the cost of the establishment of the Special Officer concerned when the fees have been recovered from outside bodies or departments of the same Government, and to the corresponding receipt or Capital head of expenditure in other cases, *vide* Article 67 of the Kerala Account Code, Volume III.

12. Thus when the accounts of the year are about to be closed the charges detailed below will represent the residual charges to be apportioned to the several classes of works executed in the year, other than those for which either percentage charges were levied under Rules or special establishment was employed (Rules 2 and 3). This apportionment will then be made by the Accountant General as indicated in Rules.

| | | |
|---|---|---------------------------|
| <ul style="list-style-type: none"> (i) Net charges booked under the minor head “Establishment” (ii) Net charges booked under the minor head “Tools and Plant” (iii) Minus the recoveries on account of establishment and tools and plant charges referred to in Rule 9, whether credited to “Recoveries of Expenditure” or “Receipts and Recoveries on Capital Account.” | } | Under several major heads |
|---|---|---------------------------|

Note.—The expenditure on the cost of special tools and plant charged direct to works does not come under the above rules.

13. The *pro rata* distribution of the Establishment or Tools and Plant charges determined in Rule 6 above should be made thus. The divisible Establishment and Tools and Plant charges should be divided among the several major heads operated on in proportion to the works expenditure under each head.

Note.—No item of works expenditure recorded finally under the major head concerned should be excluded.

14. The apportionment should not be carried further in the regular accounts, but in the *pro forma* (Administrative) Accounts of individual productive or unproductive projects of Irrigation, Navigation, Embankment and Drainage Works, prepared annually by the Accountant General outlay on the projects should be made to cover the cost of establishment and ordinary tools and plant. On the basis of the figure of the establishment (or tools and plant) charges as finally booked under the major head concerned, should be determined the percentage (to 4 places of decimals) which that figure bears to the total works outlay finally booked under that head in the unit concerned. The establishment (or tools and plant) charges on account of each project under that head should then be calculated by multiplying the works outlay on the project by this percentage.

The pensionary charges including the leave charges in respect of Irrigation Schemes (Commercial) where there is no separate establishment exclusively for the execution of the Schemes, will, however be debited in the accounts, scheme-wise under heads of account “43 or 99” as the case may be, with a *per contra* credit under “XLVIII—Contributions and Recoveries towards pensions and other retirement benefits—Miscellaneous—Recovery of pensionary charges from Commercial Departments and undertakings” at the percentage rate arrived at for each financial year on the basis of the following formula:—

Rate fixed by Government for the year based on the effective borrowing rate for the year.

Average cost of pay of officers and establishment under Public Works Department for the preceding seven years.

Average cost of the total of the Public Works establishment charges for those years.

But when once fraction for a particular year is fixed it will be constant and effective for the succeeding three years. However the total cost of the ‘pensionary charges’ every year will vary as the total cost of the establishment of the project and the effective borrowing rate of Government are variables. As soon as the effective borrowing rate of State Government is fixed the rate of ‘pensionary charges’ will be reviewed on the basis of the above formula.

In the case of Irrigation Schemes (Commercial) where separate establishment is employed for the execution of the schemes, pensionary and leave charges will be calculated at the percentage rate fixed by Government, for the year based on the effective borrowing rate for the year and this percentage is to be applied on the total pay and leave salary of the establishment. In respect of establishment charges allocated to such schemes towards “Direction”, “Superintendence”, the pensionary charges have to be worked out adopting the ratio applicable for the schemes for which no separate establishment is created.

The *pro forma* adjustment of these charges at 2 $\frac{1}{2}$ per cent of establishment charges will not be made in these cases.

Note.—In administrative accounts of Irrigation, Navigation, Embankment and Drainage Works, an indirect charge of 1 per cent on account of audit and accounts establishment should be levied on the works expenditure of the year.

15. For purposes of audit, or of 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 are leviable, under the rules, on actual works expenditure and are adjusted monthly. For administrative purposes, such provision is, however, made in the project estimates of irrigation works for which Capital and Revenue Accounts are kept and of any others of which it is desirable to forecast the ultimate financial results.

MEMORANDUM

Explanatory of the paragraphs in the present edition with those in
Second Edition, 1966

| <i>Paragraph No. of the second edition, 1966</i> | <i>Paragraph No. in the present edition</i> | <i>Remarks (Important changes from the original paragraphs is indicated)</i> |
|--|---|--|
| (1) | (2) | (3) |
| 1 | 1.1.1 | |
| 2 | 1.1.2 | |
| 3 | 2.1.1 | |
| 4 to 6 | 2.1.1(1 to 3) | |
| .. | 2.1.1(4) | New clause |
| .. | 2.1.1(5) | do. |
| 7 to 26 | 2.1.1(6-25) | |
| 27 | 2.1.1(26) | Revised |
| 28 | 2.1.1(27) | |
| 29 | 2.1.1(28) | |
| 30 | 2.1.1(29) | Note revised |
| 31 | 2.1.1(30) | |
| 32 | 2.1.1(31) | Revised |
| 33 | 2.1.1(32) | Note revised |
| 34 to 47 | 2.1.1 (33 to 46) | |
| 48 | 2.1.1(47) | Replaced |
| 49 to 55 | 2.1.1(48 to 54) | |
| 56 | .. | Deleted |
| 57 to 59 | 2.1.1 (55 to 57) | |
| 60 | 3.1.1. | |
| 61 | 3.1.2. | Modified |
| 62 to 67 | 3.1.3. to 3.1.8 | |

| (1) | (2) | (3) |
|------------|-----------------|---|
| 68 | 3.1.9 | Item (i) of Note corrected and new note under item (iii) incorporated. |
| 69 | .. | Deleted |
| 70 | 3.2.1 | |
| 71 | 3.2.2 | |
| 72 | 4.1.1 | |
| 73 | 4.1.2 | |
| 74 to 79 | 4.2.1 to 4.2.6 | |
| 80 | 4.2.7 | Modified |
| 81 to 88 | 4.2.8 to 4.2.15 | |
| 89 | 4.3.1 | |
| 90 | 4.4.1 | |
| 91 | 4.4.2 | Modified |
| 92 | 4.4.3 | Substituted |
| 93 | 4.4.4 | |
| 94 | 4.5.1 | |
| 95 | 4.5.2 | |
| 96 | 4.5.3 | Note inserted |
| 97 to 100 | 4.5.4 to 4.5.7 | |
| 101 | 5.1.1 | Note 1 under sub paragraph (a) (ii) deleted and Note 2 below sub paragraph (b) modified |
| 102 | 5.2.1 | |
| .. | 5.2.2 | New paragraph |
| 103 | 5.2.3. | |
| 104 to 107 | .. | Deleted |
| 108 to 110 | 5.3.1 to 5.3.3 | |
| 111 | .. | Deleted |
| 112 | 5.3.4 | |
| 113 | 5.3.5 | |

| (1) | (2) | (3) |
|-------------|------------------|---|
| 114 to 116 | .. | Deleted |
| 117 to 119 | 6.1.1 to 6.1.3 | |
| ... | 6.1.4 | New paragraph |
| 120 to 127 | 6.2.1 to 6.2.8 | |
| 128 | 6.2.9 | Revised—Note (ii) deleted |
| 129 to 135 | 6.2.10 to 6.2.16 | |
| 136 | 6.2.17 | Modified incorporating a new sub paragraph |
| 137 to 139 | 6.2.18 to 6.2.20 | |
| 140 | 6.3.1 | Note 6 newly inserted |
| .. | 6.3.2 | New Paragraph |
| 141 and 142 | 6.3.3 and 6.3.4 | |
| 143 to 145 | 6.3.5 to 6.3.7 | Replaced |
| 146 to 164 | 6.4.1 to 6.4.19 | |
| 165 | 6.5.1 | |
| 166 to 179 | 6.6.1 to 6.6.14 | |
| 180 | 6.7.1 | Substituted |
| 181 to 188 | 6.7.2 to 6.7.9 | |
| 189 | .. | Deleted |
| .. | 6.7.10 | New paragraph |
| 190 | 7.1.1 | Substituted |
| 191 to 194 | 7.1.2 to 7.1.5 | |
| 195 | 7.1.6 | Revised |
| 196 | 7.2.1 | New paragraph |
| 197 | 7.2.2 | Substituted |
| .. | 7.2.3 | New paragraph |
| 198 | 7.2.4 | Revised |
| 199 | 7.2.5 | Substituted |
| .. | 7.2.6 | New paragraph |

| (1) | (2) | (3) |
|------------|----------|---------------|
| .. | 7.2.7 | New paragraph |
| .. | 7.2.8 | do. |
| 200 | 7.2.9 | Revised |
| 201 | 7.2.10 | Modified |
| 202 | 7.2.11 | Substituted |
| 203 Note 1 | (7.2.11) | |
| 204 | .. | Deleted |
| .. | 7.2.12 | New paragraph |
| .. | 7.2.13 | do. |
| .. | 7.2.14 | do. |
| .. | 7.2.15 | do. |
| 205 to 209 | .. | Deleted |
| 210 | 7.2.16 | Revised |
| .. | 7.2.17 | New paragraph |
| 211 | 7.2.18 | Revised |
| 212 | 7.2.19 | do. |
| 213 | 7.2.20 | Modified |
| 214 | 7.2.21 | |
| 215 | 7.2.22 | Modified |
| .. | 7.2.23 | New paragraph |
| 216 | 7.2.24 | |
| 217 | .. | Deleted |
| Do. Note 1 | .. | do. |
| Do. Note 2 | 7.2.25 | Modified |
| Do. Note 3 | 7.2.26 | do. |
| Do. Note 4 | .. | Deleted |
| 218 | 7.2.27 | |
| 219 | 7.2.28 | |
| 220 to 226 | .. | Deleted |
| .. | 7.2.29 | New paragraph |
| .. | 7.2.30 | do. |

| (1) | (2) | (3) |
|------------|------------------|--|
| 227 | 7.2.31 to 7.2.33 | Substituted |
| .. | 7.2.34 | |
| 228 | 7.2.35 | |
| 229 | 7.2.36 | |
| 230 | .. | Deleted |
| 231 | .. | do. |
| 232 | 7.2.37 | Revised |
| 233 | 7.2.38 | |
| 234 | 7.2.39 | |
| 235(a) | 7.2.40 | |
| 235(b) | .. | Deleted |
| 236 | 7.2.41 | |
| 237 | 7.3.1 | |
| 238 | 7.3.2 | Revised |
| 239 | 7.3.3 | |
| 240 | 7.3.4 | Revised—A new Note 2 Incorporated |
| 241 | 7.3.5 | |
| .. | 7.3.6 | New paragraph |
| 242 | 7.3.7 | Revised |
| 243 | 7.3.8 | do. |
| 244 | .. | Deleted |
| 245 | 7.3.9 | Revised |
| 246 | 7.3.10 | |
| 247 to 261 | 7.3.11 to 7.5.1 | Revised |
| 262 to 268 | 8.1.1 to 8.1.7 | Item 8.1.1 (c) (vi) is Newly inserted |
| 269 to 277 | 9.1.1. to 9.1.9 | |
| 278 | 9.2.1 | Revised—9.2.1 (c) inserted |
| 279(a) | 9.3.1 | |

| (1) | (2) | (3) |
|------------|-------------------|---|
| 279(b) | 9.3.2 | |
| 280 | 9.3.2 (Note 2) | |
| 281 | 9.3.2 (Note 1) | |
| 282 to 289 | 9.3.3 to 9.3.10 | |
| .. | 9.3.11 | New paragraph |
| 290 to 292 | 9.3.12 to 9.3.14 | |
| 293 | 9.4.1 | |
| 294 | 9.4.2 | |
| 295 to 299 | 9.5.1 to 9.5.5 | |
| 300 | 9.5.6 | Note 2 incorporated |
| 301 | 10.1.1 | |
| 302 | 10.1.2 | |
| 303 | 10.1.3 | New Note 4 incorporated |
| 304 | 10.1.4 | Revised |
| 305 | 10.1.5 | |
| 306 to 310 | 10.2.1 to 10.2.5 | |
| 311 | 10.2.6 | Sub paragraphs (d) & (e) modified |
| 312 | 10.2.7 | |
| 313 to 315 | 10.2.8 to 10.2.10 | |
| 316 | 10.2.11 | Note 3 modified-Sub Paragraph (e) revised |
| 317 | 10.2.12 | |
| 318 | 10.2.13 | |
| 319 | 10.2.14 | |
| 320 | 10.2.15 | Sub paragraph 4 inserted |
| 321 | 10.2.16 | |
| 322 | 10.2.17 | |
| 323 | 10.2.18 | |
| 324 | 10.2.19 | |
| 325 | 10.2.20 | |
| 326 | 10.2.21 | |

| (1) | (2) | (3) |
|--------|------------|--|
| 327 | 10.2.22 | Notes 4 and 5 Corrected |
| 328 | 10.2.23 | New Note 8 inserted |
| 329(a) | 10.2.24 | |
| 329(b) | 10.2.25 | |
| 330 | 10.2.25(a) | |
| 331 | 10.2.25(b) | |
| 332 | 10.2.26 | |
| 333 | 10.2.27 | |
| 334 | 10.2.28 | |
| 335 | 10.2.29 | |
| 336 | 10.2.30 | |
| 337 | 10.2.31 | |
| 338 | 10.2.32 | |
| 339 | 10.2.33 | New sub paragraph (a) Inserted and existing (a) |
| | | renumbered as (b) |
| 340 | 10.2.34 | |
| 341 | 10.2.35 | |
| 342 | 10.2.36 | |
| 343 | 10.2.37 | |
| 344 | 10.2.38 | |
| 345 | 10.2.39 | |
| 346 | 10.2.40 | Note inserted |
| 347 | 10.2.41 | |
| 348 | 10.3.1 | |
| 349 | .. | Deleted |
| 350 | .. | do |
| 351 | .. | do. |
| 352 | .. | Deleted |
| 353 | 10.3.2 | Revised and Notes |
| | | 4 and 5 inserted |

| (1) | (2) | (3) |
|-----|------------|--|
| 354 | 10.3.3 | |
| 355 | .. | Deleted |
| 356 | .. | do. |
| 357 | .. | do. |
| 358 | 10.3.4 | |
| 359 | 10.3.5 | |
| 360 | 10.3.6 | |
| 361 | 10.3.7 | Revised |
| 362 | .. | Deleted |
| 363 | 10.3.8 | |
| 364 | 10.3.9 | Revised |
| 365 | 10.3.10 | |
| 366 | 10.3.11 | |
| 367 | 10.3.12 | Modified |
| .. | 10.3.13 | New paragraph |
| 368 | 10.3.14 | |
| 369 | 10.3.15 | Modified |
| 370 | 10.3.16(a) | |
| 371 | 10.3.16(b) | |
| 372 | 10.3.17 | |
| 373 | 10.3.18 | Modified |
| .. | 10.3.19 | New paragraph |
| 374 | .. | Deleted |
| 375 | 10.4.1 | |
| 376 | 10.5.1 | Revised |
| 377 | 10.5.2 | Revised-Note 2 replaced and Note 3 inserted |
| 378 | 10.5.3 | |
| 379 | 10.5.4 | |
| 380 | 10.5.5 | |
| 381 | 10.5.6 | |

| (1) | (2) | (3) |
|-----|---------|-----------------|
| 382 | 10.5.7 | |
| .. | 10.5.8 | New paragraph |
| .. | 10.5.9 | do. |
| 383 | 10.5.10 | |
| 384 | 10.5.11 | Modified |
| 385 | 10.5.12 | |
| 386 | 10.5.13 | Revised |
| 387 | 10.5.14 | Modified |
| 388 | 10.5.15 | Modified |
| .. | 10.5.16 | New paragraph |
| 389 | 10.5.17 | |
| 390 | 10.5.18 | |
| 391 | 10.5.19 | |
| 392 | 10.5.20 | |
| 393 | 10.5.21 | Note 2 inserted |
| .. | 10.5.22 | New paragraph |
| 394 | 10.5.23 | Revised |
| 395 | 10.5.24 | |
| 396 | 10.5.25 | |
| 397 | 10.5.26 | |
| 398 | 10.5.27 | |
| 399 | 10.5.28 | Revised |
| 400 | 10.5.29 | |
| 401 | 10.6.1 | |
| 402 | 10.6.2 | |
| 403 | 10.6.3 | |
| 404 | 10.6.4 | |
| 405 | 10.6.5 | |
| 406 | 10.6.6 | |
| 407 | 10.6.7 | |
| 408 | 10.6.8 | |

| (1) | (2) | (3) |
|-----|------------------|----------------------------|
| 409 | 10.6.9 | |
| 410 | 10.6.10 | |
| 411 | 10.6.11 | |
| 412 | 10.6.12 | |
| .. | 10.6.13 | New paragraph |
| 413 | 10.7.1 | |
| 414 | 10.7.2 | |
| 415 | 10.7.3 | |
| 416 | 10.7.4 | |
| 417 | 10.7.5 | |
| 418 | 10.7.6 | |
| 419 | 10.7.7 | |
| 420 | 10.7.8 | Sub paragraph (c) inserted |
| 421 | 10.7.9 | |
| 422 | 10.8.1 | Revised |
| 423 | 10.8.2 | |
| 424 | 10.8.3 | |
| 425 | 10.8.4 | |
| 426 | 10.8.5 | |
| 427 | 10.8.6 | |
| 428 | 10.8.7 | |
| 429 | 10.8.8 | |
| .. | 11.1.1 to 11.7.2 | New paragraphs |
| 430 | 12.1.1 | |
| 431 | 12.1.2 | |
| 432 | 12.1.3 | |
| 433 | 12.1.4 | |
| 434 | 12.2.1 | |
| 435 | 12.2.2 | Note 1 modified |
| 436 | 12.2.3 | |
| 437 | 12.3.1 | |

| (1) | (2) | (3) |
|------------|--------|----------------------------|
| 438 | 12.3.2 | |
| 439 | 12.3.3 | |
| 440 | 12.4.1 | |
| 441 | 12.4.2 | Note 2 modified |
| 442 | 12.4.3 | |
| 443 | 13.1.1 | Revised-Notes 1 and |
| | .. | 2 inserted |
| 444 to 448 | .. | Deleted |
| 449 | 13.2.1 | |
| 450 | 13.2.2 | |
| 451 | 13.2.3 | Modified |
| 452 | 13.2.4 | |
| 453 | 13.2.5 | Sub paragraph 'C' inserted |
| 454 | .. | Deleted |
| 455 | 13.3.1 | Note 2 inserted |
| 456 | 13.3.2 | |
| 457 | 13.3.3 | |
| 458 | 13.3.4 | |
| 459 | 13.3.5 | |
| 460 | 13.3.6 | |
| 461 | 13.3.7 | |
| 462 | 13.3.8 | |
| 463 to 473 | .. | Deleted |
| 474 | 13.4.1 | |
| 475 | 13.4.2 | |
| 476 | 13.4.3 | |
| 477 | 13.4.4 | |
| 478 | 14.1.1 | |
| 479 | 14.1.2 | |
| 480 | 14.1.3 | |
| 481 | 14.4.1 | |

| (1) | (2) | (3) |
|---------|--------|-------------------------------|
| 482 | 14.2.1 | |
| 483 | 14.2.2 | |
| 484 | 14.2.3 | |
| 485 | 14.2.4 | |
| 486 | 14.2.5 | |
| 487 | 14.2.6 | |
| 488 | 14.3.1 | |
| 489 | 14.3.2 | |
| 490 | 15.1.1 | |
| 491 | 15.2.1 | |
| 492 | 15.2.2 | Sub paragraph (a) substituted |
| 493 | 15.2.3 | |
| 494 | 15.2.4 | |
| 495 | 15.2.5 | |
| 496 | 15.2.6 | |
| 497 | 15.2.7 | |
| 498 | 15.2.8 | |
| 499 | 15.2.9 | |
| 500 | 15.3.1 | |
| 501 | 15.3.2 | |
| .. | 15.3.3 | New paragraph |
| 502 | 15.3.4 | |
| 503 | 15.4.1 | |
| 504 | 15.4.2 | |
| 505 | 15.5.1 | |
| 506-507 | 15.5.2 | Revised |
| 508 | 15.6.1 | |
| 509 | 15.6.2 | |
| 510 | 16.1.1 | |
| 511 | 16.1.2 | |
| 512 | 16.1.3 | |

| (1) | (2) | (3) |
|-----|-----------|---------------------------|
| 513 | 16.1.4 | |
| 514 | 16.1.5 | |
| 515 | 16.2.1 | |
| 516 | 16.2.2 | |
| 517 | 16.2.3 | |
| 518 | 16.2.4 | |
| 519 | 16.2.5 | |
| 520 | 16.2.6 | 'Exception' inserted |
| 521 | 16.3.1 | |
| 522 | 16.3.2 | |
| 523 | 16.3.3 | |
| 524 | 16.3.4 | |
| 525 | 17.1.1 | |
| 526 | 17.1.2 | |
| 527 | 17.1.3 | |
| 528 | 17.1.4 | |
| 529 | 17.1.5 | |
| 530 | 17.1.6 | |
| 531 | 17.1.7 | |
| .. | 17.1.8 | New paragraph |
| 532 | 17.1.9 | Revised |
| 533 | 17.2.1(a) | |
| .. | 17.2.1(b) | New paragraph |
| .. | 17.2.1(c) | do. |
| 534 | 17.2.2 | |
| 535 | 17.2.3 | Sub paragraph '2' deleted |
| 536 | 17.2.4 | |
| 537 | 17.2.5(a) | |
| .. | 17.2.5(b) | New paragraph |
| .. | 17.2.5(c) | do. |
| 538 | 17.2.6 | |

| (1) | (2) | (3) |
|-----|-----------|---------------|
| 539 | 17.2.7(a) | |
| .. | 17.2.7(b) | New paragraph |
| 540 | .. | Deleted |
| 541 | .. | Deleted |
| 542 | 17.2.8 | Modified |
| 543 | .. | Deleted |
| 544 | 17.2.9 | Revised |
| 545 | 18.1.1 | |
| 546 | 18.2.1 | |
| 547 | 18.2.2 | |
| 548 | 18.3.1 | |
| 549 | 18.4.1 | |
| 550 | 18.4.2 | |
| 551 | 18.4.3 | |
| 552 | 18.5.1 | |
| 553 | 18.6.1 | |
| 554 | 18.6.2 | |
| 555 | 18.6.3 | |
| 556 | 19.1.1 | |
| 557 | 19.2.1 | |
| 558 | 19.2.2 | |
| 559 | 19.3.1 | |
| 560 | 19.3.2 | |
| 561 | 20.1.1 | |
| 562 | 20.1.2 | |
| 563 | 20.2.1 | Corrected |
| 564 | 20.3.1 | |
| 565 | 20.3.2 | |
| 566 | 20.3.3 | |
| 567 | 20.3.4 | |
| 568 | 20.3.5 | |
| 569 | 20.3.6 | |
| 570 | 21.1.1 | |
| 571 | 21.1.2 | |

| (1) | (2) | (3) |
|---------|------------|--------------------------------------|
| 572—573 | 21.1.3 | Revised |
| 574 | 21.1.4 | |
| 575 | 21.1.5 | Modified |
| 576 | 22.1.6 | Modified |
| 577 | 22.1.1 | |
| 578 | 22.1.2 | |
| 579 | 22.1.3 | |
| 580 | 22.2.1 | |
| 581 | 22.2.2 | |
| 582 | 22.2.3 | |
| 583 | 22.2.4 | |
| 584 | 22.2.5 | |
| 585 | 22.2.6 | |
| 586 | 22.2.7 | |
| 587 | 22.2.8 | |
| 588 | 22.2.9 | |
| 589 | 22.2.10 | |
| 590 | 22.2.11 | |
| 591 | 22.2.12 | Note 1 deleted |
| 592 | 22.2.13 | |
| 593 | 22.3.1 | |
| 594 | 22.3.2 | |
| 595 | 22.3.3 | |
| 596 | 22.3.4 | |
| 597 | 22.3.5 | Modified |
| 598 | 22.4.1 | |
| 599 | 22.4.2 | Revised |
| 600 | 22.4.3 | |
| 601 | 22.4.4 | Modified |
| 602 | 22.4.5 | Modified |
| 603(a) | 22.4.6 (a) | |
| (b) | 22.4.6 (b) | |
| .. | 22.4.6 (c) | New sub-paragraph. Note1-Revised. |

| (1) | (2) | (3) |
|-----|------------|---------------------------------------|
| 604 | 22.4.7 | |
| 605 | 22.4.8 | Revised |
| 606 | 22.4.9 | Revised |
| .. | 22.4.10 | New paragraph |
| 607 | 22.4.11 | |
| 608 | 22.4.12 | Revised-Note inserted. |
| 609 | 22.4.13 | |
| 610 | 22.4.14 | Revised |
| 611 | 22.4.15 | do. |
| 612 | 22.4.16 | do. |
| 613 | 22.4.17 | do. A new sub paragraph 'c' inserted. |
| 614 | .. | Deleted |
| 615 | 22.4.18 | Corrected |
| 616 | 22.4.19 | |
| 617 | 22.4.20 | |
| 618 | 22.4.21 | |
| 619 | 22.4.22 | |
| 620 | 22.4.23 | |
| 621 | 22.4.24(a) | New paragraph |
| | 22.4.24(b) | Revised. |
| 622 | 22.4.25 | |
| 623 | 22.4.26 | |
| 624 | 22.4.27 | |
| 625 | 22.4.28 | |
| 626 | 22.4.29 | |
| 627 | 22.4.30 | |
| 628 | 22.4.31 | |
| 629 | 22.4.32 | New paragraph |
| | 23.1.1 | |
| 630 | 23.1.2 | |
| 631 | 23.1.3 | Modified |
| 632 | 23.2.1 | do. |
| | 23.2.2 | New paragraph |
| 633 | 23.3.1 | |

INDEX

This index deals with the rules in the several chapters and does not cover the appendices. It has been compiled solely for the purpose of references and no expression used in it should be considered as in any way interpreting the rules.

PARAGRAPH

A**Abstract book**

| | | |
|--------------|----|--------|
| Form and use | .. | 22.4.1 |
|--------------|----|--------|

Accountant General—

| | | |
|--|----|----------|
| Expression defined. (<i>See also</i> relations with Accountant General) | .. | 2.1.1(1) |
| Accountant General's inspections. (<i>See also</i> Results of Audit) | .. | 4.3.1 |

Accounts

| | | |
|--|----|-------------------|
| Accounts of Divisional Offices— <i>See</i> monthly Accounts | .. | .. |
| Accounts returns of Sub-divisional Officers— <i>See</i> Sub-divisional Accounts | .. | .. |
| All transactions relating to cash, stores, property or concessions, etc., having money values to be brought to Account | .. | 3.2.2 |
| Amalgamation of—of two or more Divisional Offices | .. | 23.2.1, 23.2.2 |
| Arrears in | .. | 4.1.2 |
| Cash Accounts— <i>See</i> Cash Book and Imprest Cash Account | .. | 21.1.3 |
| Closing of—for a month | .. | 22.1.1, 22.1.3 |
| Closing of—of the year | .. | 22.4.22 |
| Fictitious adjustments in—Prohibited | .. | 7.1.3 |
| Forms— <i>See</i> the name of the register, account or | | |

| | PARAGRAPH |
|---|-----------|
| schedule concerned | |
| Of Deposit Works .. 16.2.2, 16.2.5 | |
| Of interest-bearing securities .. 15.6.1, 16.2.2 | |
| Of materials manufactured departmentally— <i>See</i> Manufacture Accounts | |
| Of recoveries of expenditure .. 9.5.2 | |
| Of refunds of revenue .. 9.4.1, 9.5.1 | |
| Of rents .. 9.5.4 | |
| Of revenue and receipts .. 9.5.1, 9.5.6 | |
| Pro forma— <i>See</i> Pro forma Accounts | |
| Responsibilities of Disbursing Officers in regard to .. 3.2.2 | |
| Responsibilities of Divisional Officers in regard to— <i>See</i> Divisional Officer | |
| Responsibilities of Divisional Accountant in regard to— <i>See</i> Divisional Accountant | |
| Scrutiny of— <i>See</i> Divisional Accountant, Divisional Officer | |
| Should be kept in accordance with the rules of this Code—Exceptions .. 3.1.4 | |
| Should be so kept as to satisfy the Audit Department and a Court of Law .. 3.2.2 | |
| Stores Accounts— <i>See</i> Stock Accounts, Tools and Plant, Road—Metal, Materials-at-site Account | |
| Submission of—to Accountant General .. 4.1.1, 22.4.15, 22.4.24, | |

| | PARAGRAPH |
|---|---------------------|
| Supplementary .. | 22.4.27, 22.4.31 |
| Suspense Accounts of Purchases, Stock, Miscellaneous P.W. Advances, Workshop suspense— <i>See</i> Suspense Accounts. .. | 22.4.23, 22.4.22 |
| System of .. | 3.2.1 |
| Transactions to be recorded at once .. | 3.2.2 |
| Workshop—Accounts— <i>See</i> Workshop Accounts | |
| Accounts of Divisional Officers | |
| <i>See</i> Monthly Accounts .. | |
| Accounts of interest bearing securities— | |
| Form, preparation and submission to Accountant .. | 15.6.1, |
| General .. | 22.4.19(d) |
| Account of materials issued to contractors .. | 10.3.4, 10.3.9 |
| Acquittance roll .. | 18.4.1 |
| Administrative accounts— | |
| Expression—Defined .. | 2.1.1(2) |
| Not to be communicated to Audit .. | 4.4.3 |
| Advances— | |
| To contractors .. | 10.2.33, 10.2.34 |
| Advice of transfer debit (or credit)— | |
| Form and procedure .. | 17.2.8, 17.2.9 |
| Responsibility for adjustment .. | 17.2.8 |
| Responsibility of Divisional Accountant .. | 17.2.9 |

| | PARAGRAPH |
|--|-------------------------------|
| Submission to the Accountant General .. | 22.4.17(b) |
| Civil Works of the Central Government .. | 3.1.1 |
| executed by P.W.D. of a State | |
| Amalgamation of Divisional Offices— | |
| Accounts procedure .. | 23.2.1, 23.2.2 |
| Annual certificates of balances— | |
| Form, preparation and submission to the .. | 22.4.20 |
| Accountant General | |
| Appropriation— | |
| Expression—defined .. | 2.1.1(3) App.4, Rule 22 |
| Check against specific-made by Divisional .. | 4.2.11 |
| Officer, left to Divisional Accountant | |
| Distribution of— .. | App.4, Rule 22 |
| For works chargeable to other divisions, Departments, etc. .. | 5.1.1 (b) |
| Intended to cover charges of the year .. | App. 4, Rule 24 |
| Lump sum—at the disposal of the Divisional Officer .. | App.4, Rule 23 |
| Objects requiring a specific appropriation by the Legislative Assembly .. | App.4, Rule 26 |
| Orders of—not permissible after close of the year .. | App.4, Rule 29 |
| Primary units of .. | 5.2.1 |
| Procedure for watching actual expenditure against— .. | 5.3.1, 5.3.5 |

| | PARAGRAPH |
|--|------------------------|
| Procedure—etc., of funds is laid down by Government | .. 5.2.3 |
| Restrictions on incurring of expenditure | .. 5.1.1, 5.2.1 |
| Secondary units of | .. App.4, Rule 22 |
| Unspent balances laps after the close of the financial year | .. App.4, Rule 24 |
| Arrears in accounts | |
| Accountant General may render assistance in clearing | .. 4.1.2 |
| Responsibility of Divisional Officer in regard to | .. 4.1.2 |
| Should be mentioned in transfer report of Divisional Accountants | .. 23.1.2 |
| Assets | |
| Expression defined | .. 2.1.1(4) |
| Effect of—on appropriations, and watching of actuals | .. 5.3.3(d) and (e) |
| Incorporation of liabilities in accounts of works not permissible—Exceptions | .. 10.5.24, 10.5.25 |
| Incurring of liabilities on behalf of contractors | .. 10.2.32, 10.5.25 |
| Registers of Transfers awaited | .. 5.3.4 |
| Registration of—Adjustable by transfer and watching of their adjustment | .. 5.3.4 |
| Responsibilities of Divisional Accountant for settlement of— | .. 22.4.21 |
| Responsibility of disbursing officers | .. 10.5.25 |
| Settlement of—On completion of works | .. 10.6.4, 10.6.8 |
| Special steps to be taken in March for settlement of— | .. 22.4.21 |

Accountant General's Inspection

| | |
|---------------------------------------|-----------------|
| Discussion with Head of the Office .. | 4.3.1 |
| Disposal of—reports .. | 4.5.1, 4.5.3 |

| | |
|---|--------|
| Records of Divisional Accountants scrutiny of accounts to be available for .. | 22.2.3 |
|---|--------|

| | |
|--------------------------------|-------|
| Records to be available for .. | 4.3.1 |
|--------------------------------|-------|

Audit notes

| | |
|---|-------|
| Maximum limit of time allowed for the return of— .. | 4.5.2 |
| <i>See also</i> Results of Audit | |

Auditor General's Rules

| | |
|--|-------|
| Canons of financial propriety are given in— .. | 5.1.1 |
| Prescribed checks to be applied to accounts .. | 4.1.1 |

B**Bank**

| | |
|-----------------------|-------------------------------|
| Expression—defined .. | 2.1.1(5) |
| Bank Drafts .. | 6.4.2, 17.2.1(b) 18.3.1 |

Bills

| | |
|--|--|
| <i>See</i> Vouchers, Pay and allowances, Pay Bills | |
|--|--|

Bin cards

| | |
|-------------------------|--------------------|
| Form and maintenance .. | 7.2.12., 7.2.15 |
| Register of— .. | 7.2.13 |

Book transfer

| | |
|--|----------|
| Expression—defined .. | 2.1.1(6) |
| <i>See also</i> Remittance Transactions .. | .. |
| Budget Estimates .. | App.4 |

C

| | | |
|---|----|-----------------------------|
| Canons of financial propriety | .. | 5.1.1 |
| Carriage and incidental charges | | |
| <i>See Classification of Transactions</i> | .. | .. |
| Cash | | |
| Expression—defined | .. | 6.1.1 |
| Accounts— <i>See “Cash Book” and “Imprest Cash Account”</i> | .. | .. |
| Appropriation of departmental receipts to expenditure prohibited | .. | 6.2.3 |
| Cash Book— <i>See Cash Book</i> | .. | .. |
| Delegation of functions of payment to subordinates | .. | 6.1.2 |
| Disposal of surplus—in hand | .. | 6.2.10 |
| Imprest— <i>See Imprest Cash Account</i> | .. | .. |
| Limit on Sub-divisional Officer’s drawings | .. | 6.2.9, 6.2.14 |
| Modes of obtaining—from treasuries | .. | 6.2.1, 6.2.8 |
| Money obtained on bills drawn at treasuries should not be mixed with general cash | .. | 6.2.5, 18.4.2, 19.3.2 |
| Obtaining of—from sub-treasuries | .. | 6.2.2 |
| Obtaining of—from treasuries of other States | .. | 6.2.6, 6.2.7 |
| Payments—Manner of payment | .. | 6.4.1, 6.4.4 |
| Petty payments should be made in— | .. | 6.2.10 |
| Prompt record in Cash Book | .. | 6.1.3 |

| | PARAGRAPH |
|---|-----------------|
| Remittances of Treasuries .. | 6.5.1 |
| Bank Drafts .. | 6.4.2 |
| Vouchers— <i>See</i> Vouchers Private—Should not be mixed up with public .. | 6.1.3 |
| Prompt record of transactions .. | 6.1.3 |
| Receipts of money—Account procedure .. | 6.3.4, 6.3.6 |
| Appropriation of receipts realized to expenditure .. | 6.2.3 |
| in the Department is prohibited—Exceptions .. | |
| Disposal of receipts .. | 6.3.7 |
| Officers authorised to receive money .. | 6.3.4 |
| Posting in Cash Book .. | 6.1.3, 6.3.1 |
| Procedure when receiving officer is not in charge of a Cash Book .. | 6.3.5 |
| Receipt Books .. | 6.7.1, 6.7.3 |
| Receipt to be granted to payer .. | 6.3.1 |
| Temporary Advance .. | 6.6.14 |
| Verification of—In chest with Cash Book balances .. | 6.6.7, 6.6.8 |
| Cash balance report | |
| Form and preparation .. | 6.6.7 |
| Submission of—For March to Accountant General .. | 22.4.19 |
| Submission of—To divisional office .. | 21.1.3 |
| Cash book | |
| A most important record .. | 6.6.2 |
| Balancing, daily or weekly, recommended .. | 6.6.3 |
| Balancing, monthly, essential .. | 6.3.3 |

| | PARAGRAPH |
|---|--------------------------------|
| Balancing and noting of result | .. 6.6.3 |
| Checking of “Bank or Treasury” column | .. 6.6.6 |
| Checking of deductions made from vouchers | .. 6.6.6 |
| Checking of totals | .. 6.6.6 |
| Checking with vouchers | .. 6.6.6 |
| Date of closing of— | .. 6.6.7, 21.1.3, 22.1.1 |
| Detailed instructions for writing up—are given of the form | .. 6.6.2 |
| Disbursing officer’s responsibility for verification | .. 6.6.5 |
| Form of—Posting of cash realised | .. 6.3.1 |
| Prompt record of transactions | .. 6.1.3 |
| Rectification of errors | .. 6.6.4 |
| Verification—Certificate of count of cash | .. 6.6.7 |
| Differences found on actual count | .. 6.6.8 |
| Instructions for verification | .. 6.6.5 |
| Monthly verification | .. 6.6.7 |
| Of totals of Cash Book | .. 6.6.6 |
| Casual labour roll | .. 10.2.6(h) |
| Cheques | |
| Accounts classification of—Drawn on treasuries | .. 17.1.9 |
| Cancellation of | .. 6.2.19 |
| Cheque Book | .. 6.7.1, 6.7.3 |
| Currency expires after three months | .. 6.2.16 |
| Delivery through subordinates | .. 6.4.4 |
| Drawn on sub-treasuries | .. 6.2.2, 6.2.13 |

| | PARAGRAPH |
|---|-------------------|
| Drawn on treasuries of other States .. | 6.2.6 |
| Lapsing of— .. | 6.2.16 |
| Limit on divisional and sub-divisional officers .. | 6.2.9, |
| drawings .. | 6.2.14 |
| Payments should generally be made by .. | 6.2.8, 6.4.1 |
| Petty sums payable in cash .. | 6.2.10 |
| Renewal of .. | 6.2.16 |
| Rules for guidance in drawing .. | 6.2.11, 6.2.19 |
| Settlement of account (of cheques drawn) with .. | 22.3.1, |
| treasuries .. | 22.3.5 |
| Should not be drawn until intended to be paid away .. | 6.4.4 |
| Statement of—Drawn during March .. | 22.4.19 |
| Verification of Cash Book postings in “Bank or .. | 6.6.6 |
| Treasury” column .. | |
| From private individuals—Accounting of .. | 6.3.2 |
| Cheque books and receipt books | |
| Count on receipt .. | 6.7.2 |
| Form of— .. | 6.7.1 |
| How obtained .. | 6.7.1 |
| Intimation of number of cheque book to treasury .. | 6.2.13 |
| before bringing it into use .. | |
| Maintenance of a register and its review .. | 6.7.3, 6.7.7 |
| Register of—Form and maintenance of .. | 6.7.3, 6.7.7 |
| Return of counterfoils of used books to .. | 6.7.7 |
| divisional office and watching the same .. | |

| | PARAGRAPH |
|--|-------------------|
| Scrutiny of counterfoils of used books .. | 6.7.8(b) |
| Receipt books of closed divisions/sub-division— .. | 6.7.10 |
| How dealt with | |
| Classification of transactions | |
| Additional charges for materials issued to .. | 10.3.7 |
| contractors/direct to works | |
| Camp equipage, drawing materials, motor cars, .. | 20.3.5 |
| office furniture, scientific instruments of— | |
| Direction and Special offices | |
| Carriage and incidental charges .. | 10.8.1, 22.4.8 |
| Cash recoveries and payments on behalf of other .. | 17.1.9 |
| divisions, departments, etc. | |
| Charges for examination of soil .. | 10.8.2 |
| Charges for land and quarries for road metal .. | 7.4.5, |
| Digging .. | 12.2.3 |
| Charges for land for manufacture operations .. | 12.2.2 |
| Charges for land for works .. | 17.1.2 |
| Charges for prison labour .. | 17.1.5 |
| Charges of which the allocation is not known .. | 13.3.3 |
| Cheques drawn on treasuries .. | 17.1.9 |
| Classes of transactions adjusted finally in .. | 3.1.3 |
| divisional accounts | |
| Classification of transactions passed on to other .. | 3.1.3 |
| offices for adjustment | |
| Classification of heads prescribed for works .. | 3.1.8, |
| undertaken as a standing arrangement of other | |
| departments are intimated by audit office | Note (ii) |
| Construction, repairs and renewals of kilns and .. | |

| | PARAGRAPH |
|---|---------------------------------|
| special plant | .. 12.2.2 |
| Contributions and grants-in-aid | .. 16.1.2, 16.1.3 |
| Cost of land acquired and establishment charges, etc., in connection therewith | .. 10.1.3, Note 2, 17.1.2 |
| Deposits | .. 15.1.1, 15.5.2 |
| Deposit works | .. 13.3.3, 16.2.1, 16.2.2 |
| Detailed classification, rules for— <i>See App.3</i> | .. 16.3.1, |
| Local Loan Works | .. 16.3.4 |
| Loss or gain on manufactures | .. 12.4.3 |
| Losses, retrenchment and errors, etc. | .. 13.3.4 |
| Manufacture Account | .. 12.4.1 |
| Municipal rates and taxes on residential buildings | .. 10.8.4 |
| Non-Government works | .. 16.2.1, 16.3.2 |
| Ordinary tools and plant | .. 7.3.1 |
| Payments into treasuries | .. 17.1.9 |
| Payments to work charged establishments | .. 10.2.40, 10.2.41 |
| Receipts and charges on account of stock materials | .. 13.2.3 |
| Receipts and expenditure of workshops | .. 14.2.1, 14.2.3 |
| Recoveries for audit and accounts establishment | .. 22.4.4(e) |

| | | |
|---|----|---------------------------|
| Recoveries of expenditure— <i>See also Statement E of Appendix 3</i> | .. | 9.1.8 |
| Recoveries of income-tax | .. | 22.4.4(e) |
| Rent of hired buildings and lands | .. | 17.1.4 |
| Revenue receipts and their refunds and their Remissions | .. | 9.1.1, 9.1.8, 9.4.1 |
| Sales on credit | .. | 13.3.2 |
| Services rendered on articles supplied to other divisions, departments, etc. | .. | 17.1.7 |
| Special incidental charges on manufactures | .. | 12.2.2 |
| Special tools and plant | .. | 7.3.1 |
| Stores purchased for general use or stock | .. | 7.1.4 |
| Stores purchased for works | .. | 7.1.4, 10.3.7 |
| Suspense Accounts (Purchases, Stock, Miscellaneous P.W. Advances and Workshop suspense) | .. | 13.1.1 |
| Supervision charges on stock sold | .. | 7.2.24(c) |
| Tools and plant of direction and special offices | .. | 20.3.5 |
| Tools and Plant of divisions | .. | 7.3.1 |
| Transactions are grouped under certain heads of account | .. | 3.1.6, 3.1.9 |
| Transfer of lands and buildings | .. | 17.1.6 |
| Workshop jobs | .. | 13.4.1, 13.4.4 |

Classified abstract of expenditure

| | | |
|--------------------------------------|----|---------|
| Form and preparation | .. | 22.4.11 |
| Submission to the Accountant General | .. | 22.4.15 |

Closing of accounts

See Accounts

Commercial department

| | | PARAGRAPH |
|--|----|---|
| Expression—defined | .. | 2.1.1(8) |
| Property transferred to a—should be charged for | .. | 17.1.6 |
| Commercial undertakings | | |
| System of accounts is prescribed locally | .. | 14.1.3 |
| Communications of sanctions | | |
| <i>See Sanctions and orders</i> | | |
| Completion report | .. | 10.6.11 |
| Completion statement of works and repairs | .. | 10.6.11 |
| Consolidated treasury receipt | | |
| Form and submission to treasury | .. | 22.3.2 |
| Submission to Accountant General | .. | 22.4.15 |
| Contingencies | | |
| <i>See Contingent Charges—</i> | | |
| Contingencies (Works) | | |
| Expression—defined | .. | 2.1.1(11) |
| Charge to—on account of expenditure on parts of work rebuilt | .. | 10.5.10 |
| Contingent charges | | |
| Expression—defined | .. | 19.2.2. |
| Bills should be signed by Divisional Officer | .. | 22.4.18 |
| Cash drawn on bills not to be mixed up with general cash .. | .. | 6.2.5, 19.3.2 |
| Form of bill—Special and Direction offices | .. | 20.3.4 |
| When cashed at treasuries | .. | 19.3.1(a) |
| General Rules | .. | 19.2.1, 22.2.6, 20.3.4, 20.3.6 |
| Mode of obtaining cash | .. | 19.1.1 |

| | PARAGRAPH |
|--|--|
| Procedure for obtaining cash on bills .. | 19.3.1 |
| Special and Direction offices .. | 20.3.4, 20.3.6 |
| Stock and adjustments .. | 19.3.1(b) |
| When bills are cashed at treasuries .. | |
| Contract and contractor | |
| Expressions—defined .. | 2.1.1(12) |
| <i>See also</i> contractors .. | |
| Contractors | |
| Additional charges for materials issued to— .. | 10.3.7, 10.5.11, 10.6.7 |
| Adjustment of closed accounts .. | 10.5.21, 15.3.2 |
| Advances to—how posted in Works Abstracts .. | 10.5.14, 10.5.15 |
| Aid to— .. | 10.2.32 |
| Attachment on money due to .. | 6.4.6 |
| Bills of Form, preparation, examination and Payment .. | 10.2.16, 10.2.31 |
| Bills of—Scrutiny of measurements and rates .. | 10.2.22, 10.2.24 |
| Closing of—Account .. | 10.5.21, 10.6.5, 10.2.32, 10.5.26 |
| Financial aid to—Forms of bills and vouchers .. | 10.2.16, 10.2.21 |
| Issue of materials, Accounts procedure .. | 10.3.6, 10.3.9 |
| Issue of materials, general conditions .. | 10.3.4, |

| | PARAGRAPH |
|---|------------------------------|
| Labour supplied by .. | 10.3.5 |
| Ledger— <i>See</i> Contractor's Ledger .. | 10.2.8 |
| Liabilities incurred on behalf of .. | 10.2.32, 10.5.26 |
| Rounding of payments to .. | 10.2.23, Notes 2 and 3 |
| Payment of running bills .. | 10.2.30, 10.2.31 |
| Payments should generally be made by cheques .. | 6.2.7, 6.4.1 |
| Precautions against double payments .. | 10.2.26 |
| Preparations of bills by .. | 10.2.29 |
| Rates to be charged to—For materials issued .. | 10.3.4, 10.3.5 |
| Return of surplus materials .. | 10.3.10 |
| Tools and Plant lent for use .. | 7.3.3, 10.3.11 |
| <i>See also</i> Tools and Plant .. | |
| Watch over balances of—Accounts .. | 10.5.23 |
| Contractors' ledger | |
| Form and use .. | 10.7.1, 10.7.3 |
| Posting of .. | 10.7.1, 10.7.5 |
| Balancing and reconciliation .. | 10.7.6, 10.7.8 |
| Debits based on transactions recorded in accounts .. | 10.7.4 |
| Liabilities not liquidated, to be excluded .. | 10.7.4 |
| Maintenance of—In Sub-divisional office is not necessary .. | 10.7.1 |
| Responsibilities of Divisional Accountant .. | 10.7.7 |

| | PARAGRAPH |
|---|--|
| Review of unsettled accounts | .. 22.4.20 |
| Scrutiny by contractors | .. 10.7.9 |
| Submission of extract to Superintending Engineer | .. 10.7.8(c) |
| Value of works done to be credited on payments of bills | .. 10.7.4 |
| For lump sum contracts | .. 11.7.1, 11.7.2 |
| Corrections in accounts | |
| Cash accounts | .. 6.6.4, 6.6.8 |
| Corrections advised by Audit Office | .. 22.4.25 |
| Divisional accounts | .. 22.4.25, 22.4.26 |
| Stores accounts | .. 7.2.38, 7.2.41, 7.3.18, 7.3.19, 7.4.3 |
| Works accounts | .. 10.6.12 |
| <i>See also Transfer Entries</i> | |
| D | |
| Date of closing of accounts | |
| Cash and Stock accounts of Divisional Office | .. 22.1.1 |
| Cash and Stock accounts of Sub-divisional office | .. 21.1.3 |
| Transfer Entry Book | .. 22.1.2 |
| Department | |
| Expression—defined | .. 2.1.1(13) |
| Departmental head | .. |
| Expression—defined | .. 3.1.7, Note1 |

Departmental labour

| | |
|---|-----------|
| Payments made on muster rolls or casual labour rolls .. | 10.2.6 |
| Record of unpaid items .. | 10.2.6(d) |
| .. | and (e) |

Deposits

| | |
|---|-----------------------|
| Classes of .. | 15.1.1 |
| Classification of .. | 15.1.1, 15.3.1 |
| Contractor's closed accounts .. | 15.3.2 |
| Conversion of cash deposits into interest-bearing securities .. | 15.2.5 |
| For works .. | 15.3.1 |
| <i>See also</i> deposit works | |
| Interest bearing securities accounts .. | 15.6.1, 22.4.19(d) |
| Examination of accounts of—during sub-divisional inspection .. | 4.2.13, Note 2 |
| Recognised forms .. | 15.2.2, 15.2.4 |
| Lapsed and confiscated deposits—Repayment of .. | 15.4.2 |
| Time-limit for lapsing .. | 15.4.1 |
| Miscellaneous deposits—defined .. | 15.3.4 |
| Schedule of deposits .. | 15.5.2, 22.4.15 |
| Security Deposits—Accounts of interest-bearing securities .. | 15.6.1 |
| Conversion of cash deposits .. | 15.2.5 |
| Interest-bearing securities .. | 15.2.2 |
| Repayment .. | 15.2.8 |

| | | |
|---|----|--|
| Deposit register | .. | 15.5.1, 15.5.2, 22.4.4. |
| Deposit works | | |
| Expression—defined | .. | 2.1.1(14) |
| Accounts— Classification of deposits and expenditure | .. | 3.1.3, 15.3.1, 16.2.1 |
| Accounts classification of expenditure in excess of deposits | .. | 13.3.3, 16.2.1 |
| Accounts procedure | .. | 16.2.2 16.2.5 |
| Adjustment of percentage charges | .. | 16.2.3, 16.2.4, 22.4.3 22.4.6(b), Note 2 |
| Posting in Deposit Register | .. | 16.2.1, |
| Posting in Schedule of Deposit Works | .. | 15.5.1, 16.2.2, 16.2.4 |
| Procedure for recovery of deposit | .. | 16.2.1 |
| Progress report of expenditure on—submission to the Accountant General | .. | 22.4.15, Note 1 |
| Refund of unexpended balance | .. | 10.6.9(b), 16.2.2, Note |
| Schedule of— | .. | 15.5.1, 16.2.2, 16.2.5, 22.4.4, 22.4.7 |

| | PARAGRAPH |
|---|----------------------------|
| Destruction of records | 23.3.1 |
| Detailed completion report | 10.6.11 |
| Detailed head(s) | |
| Expression—defined | .. 2.1.1(15), 3.1.7 |
| Changes in the Standard list are made by Accountant General | .. 3.1.8 |
| Standard list of— <i>See</i> App. 4. | |
| Subdivided into service heads and departmental heads | .. 3.1.7 |
| Devolution rules | |
| Direct charges and direct outlay | |
| Expression—defined | .. 2.1.1(16) |
| Pertaining to manufacture accounts | .. 12.2.1 |
| Pertaining to workshop accounts | .. 14.2.1 |
| District Fund works | |
| <i>See</i> Local Fund Works | |
| Direction and special office(s) | |
| Expression “Direction office”— defined | .. 2.1.1(17), 2.1.1(18) |
| Classification of office furniture etc., | .. 20.3.5 |
| Contingencies and supplies and services | .. 20.3.3, 20.3.6 |
| Head of—not concerned with execution of works or disbursements | .. 20.1.2 |
| Mode of obtaining cash from treasuries | .. 20.3.1, 20.3.2 |
| Pay and allowances | .. 20.3.3 |
| Receipts realised by—should be remitted into treasury | .. 20.2.1 |
| Rules for accounts of tools and plant | .. 20.3.6 |

Direct receipts

Expression—defined .. 2.1.1(19)

Divisional Accountant

Attestation of corrections in accounts .. 22.4.26

Check of works abstract .. 10.5.28

Control over cheque books and receipt books .. 6.7.8

Control over Sub-divisional officers drawings .. 6.2.9,
6.2.14,
22.2.5

Duties as an Internal checker .. 4.2.4(ii),
4.2.7,
4.2.13,
22.2.1,
22.2.13,
22.4.8,
Note

Employment of Clerks as Accountants in a .. 4.2.3
Divisional Office

Enfacing of vouchers checked .. 22.2.12

Functions of .. 4.2.1

Inspections of sub-divisions .. 4.2.13,
4.2.14

Position analogous to that of a Sub-divisional Officer .. 4.2.6

Posted to each Divisional Office .. 4.2.1

Precautions against second claim .. 22.2.4

Preparation of bills by—Prohibited .. 10.2.28

Prompt settlement of remittance transactions .. 22.4.21

Responsibility for accuracy of Schedule Dockets .. 22.4.2

Bringing corrections advised by Accountant .. 22.4.26

General to Divisional Officer's notice .. Note

Bringing irregular transactions to notice of the .. 4.5.7,

| | PARAGRAPH |
|---|--|
| Divisional Officer | 22.2.8 |
| Checking of expenditure against specific appropriations made by Divisional Officer | .. 4.2.11 |
| Recording orders and sanctions in suitable registers | .. 22.2.4, 22.2.10 |
| Remittance transactions | .. 17.2.9 |
| Watching recoveries ordered | .. 22.2.10 |
| Unvouched and stock charges | .. 22.4.2, Note 1 |
| Contractor's Ledger | .. 10.7.9 |
| Responsibility regarding unauthorised expenditure against savings and recoveries | .. 22.2.11 |
| Review of Measurement Books | .. 10.2.14 |
| Rules regarding the establishment of | .. 4.2.2 |
| Scrutiny of bills drawn at treasuries and of accounts of the disposal of money obtained | .. 22.1.3, Note 1 |
| Counterfoils of used cheque books and receipt books | .. 6.7.8(b) |
| Divisional office transactions | .. 22.2.3 |
| Personal claims | .. 22.1.3 Note 2 |
| Sanctions, orders and transactions | .. 4.2.7, 4.2.11, 4.2.12 |
| Service books, leave accounts, etc. | .. 22.1.3, Note 2 |
| Sub-divisional accounts | .. 4.2.11, 4.2.12, 22.2.1, 22.2.8 |
| Subordinates' accounts on behalf of Divisional Officer | .. 4.2.11, 4.2.12 |

PARAGRAPH

| | |
|---|---|
| Vouchers and accounts .. | 4.2.4, 4.2.13, 22.1.3, 22.2.13, 22.4.31 |
| Senior member of the office establishment of a division .. | 4.2.6 |
| Settlement of remittance transactions .. | 22.4.21 |
| Should be conversant with all sanctions, orders and proceedings affecting estimates and accounts .. | 4.2.5 |
| Signing of monthly accounts .. | 22.4.18 |
| Three fold functions of—as Accountant, Internal Checker and Financial Assistant .. | 4.2.4 |
| Transfer of charge of .. | 23.1.2 |
| Verification of applications for leave .. | 22.1.3, Note 2 |

Divisional Officer

| | |
|--|-----------------------------|
| Expression—Defined .. | 2.1.1(21) |
| Closing the accounts of works, Responsibility of .. | 10.6.3, Note 2 10.6.4 |
| Disbursing Officer of the division .. | 3.2.1, 6.1.2, 10.1.4 |
| Examinations and adjustments of transfers advised by the Accountant General .. | 17.2.8 |
| Examination of registers of works .. | 10.6.3 |
| Examination of works abstract .. | 10.5.29 |
| Investigation of charges under “Additional charges for materials issued to contractor/ direct to works” .. | 10.6.7 |
| May seek advice of the Accountant General .. | 4.2.15 |

| | PARAGRAPH |
|---|------------------------------|
| Passing of excess expenditure on works | .. 4.5.6, 10.6.10 |
| Relations with Divisional Accountant | .. 4.2.1, 4.2.15 |
| Responsible for financial regularity of transactions | .. 4.1.1 |
| Maintenance of accounts of the division | .. 3.2.1, 4.1.1, 4.1.2 |
| Submission of accounts to the Accountant General | .. 4.1.1 |
| Making accounts available for audit inspections | .. 4.3.1 |
| Acquisition, custody and disposal of stores | .. 7.1.1 |
| Responsibility for disposal and clearance of audit objections | .. 4.5.1, 4.5.3, 4.5.4 |
| Recovery of debts due to Government | .. 9.1.9(a) |
| Verification of cash and Cash Book | .. 6.6.5, 6.6.8 |
| Watching progress of expenditure | .. 5.3.1 |
| Responsibility in regard to arrears in accounts | .. 4.1.2 |
| Communication of sanctions and orders to Accountant General | .. 4.4.1, 4.4.2, 4.5.6 |
| Responsibility in respect of transfer entries | .. 8.1.4 |
| Responsibilities regarding irrigation revenue | .. 9.2.1 |
| Scrutiny of accounts—Report of | .. 22.4.18 |
| Signing of monthly account | .. 22.4.18 |
| Vouchers—Review by | .. 22.4.18 |
| Watching of suspense accounts—Purchases, “Contractors” and “Labourers” | .. 10.5.23 |

| | PARAGRAPH |
|--|-----------------------|
| Divisional Officer's report of Scrutiny of accounts | .. 22.4.18 |
| Division and Divisional Office | |
| Expression—defined | .. 2.1.1(20) |
| A Divisional Accountant is posted to each | .. 4.2.1 |
| E | |
| Earnest Money | .. 6.3.2 |
| Errors, corrections | |
| <i>See Corrections in Accounts</i> | |
| Examination of soil | |
| Charges for | .. 10.8.2 |
| Execution of Government works by local bodies Expenditure | .. 15.2.7 |
| General conditions for incurring expenditure | .. 3.1.9, 5.1.1 |
| Scrutiny by Divisional Accountant | .. 22.2.1, 22.2.13 |
| Watching of—Against grants and appropriations | .. 5.3.1, 5.3.5 |
| Extent of audit | |
| Against contract agreements | .. 4.4.4 |
| Against Divisional Officer's sanctions | .. 4.4.2 |
| Prescribed by Auditor General | .. 4.1.1 |
| Extract from Contractor's ledger | |
| Form and submission to Superintending Engineer | .. 10.7.8(c) |
| F | |
| Final payment | |
| Expression—defined | .. 2.1.1(22) |
| Form of bill printed on yellow paper | .. 10.2.30(b) |

| | PARAGRAPH |
|---|-----------------------|
| Procedure for obtaining acknowledgment | .. 10.2.30 |
| Financial year | |
| Appropriations and reappropriations not permissible on expiry of | .. App.4, Rule 29 |
| Balances of appropriations—Lapse at end of | .. App.4, Rule 24 |
| Cash and accounts, close on 31 st March, transfer entries permissible for some months | .. 22.4.22 |
| Closes on 31 st March | .. 22.4.22 |
| Forms | |
| Of accounts, registers and schedules | |
| <i>See the heading for the name of the form concerned</i> | |
| Of Bills and Vouchers— <i>See Vouchers</i> | |
| G | |
| Goods received sheet | |
| Form and maintenance | .. 7.2.5, 7.2.7 |
| Payments to be made on the basis of | .. 7.2.8 |
| Register of— | .. 7.2.8 |
| Valuation of— | .. 7.2.26 |
| Grant | |
| Expression—Defined | .. 2.1.1(24) 5.2.1 |
| Distribution of—By Chief and Superintending Engineer | .. App.4 Rule 22 |
| Modes of distribution of | .. 5.2.3 |
| Procedure laid down by the Government concerned | .. 5.2.3 |
| Sub divided into units of appropriation | .. 5.2.1 |

| | PARAGRAPH |
|---|---------------------------------|
| Watching of actuals against .. | 5.3.1, 5.3.5 |
| Grants-in-aid | |
| Classification in Public Works Accounts .. | 10.8.6, Note, 16.1.3 |
| Government | |
| Expression—Defined .. | 2.1.1(23) |
| Government securities | |
| <i>See also Deposits</i> .. | 15.2.2 |
| H | |
| Handling charges | |
| Included in the issue rate .. | 2.1.1(26) 7.2.23 |
| Hand receipt | |
| Form and use of .. | 10.2.16, 10.2.21, 10.2.28 |
| I | |
| Imprest cash accounts | |
| Expression “imprest”—Defined .. | 6.6.9 |
| Account prepared by carbon process .. | 6.6.11 |
| Date for rendering the account .. | 6.6.11 |
| Form of account .. | 6.6.11 |
| Maximum amount of an imprest .. | 6.6.9 |
| Posting in cash book .. | 6.6.12 |
| Responsibility of imprest holder for safe custody of imprest .. | 6.6.13 |
| Scrutiny by recouping officer .. | 6.6.12 |

| | | |
|---|----|---------------------------------|
| Inclusive rate of cost | | |
| Expression—Defined | .. | 2.1.1(40) |
| Indent for stores | | |
| Form and preparation | .. | 7.2.10 |
| Indirect charges and indirect outlay | | |
| Expression—Defined | .. | 2.1.1(16) |
| Pertaining to manufacture accounts | .. | 12.2.2(c) and (d) |
| Pertaining to Workshop Accounts | .. | 14.2.1, 14.2.5, 14.3.1 |
| Indirect receipts | | |
| Expression—Defined | .. | 2.1.1(19) |
| Inevitable payments | | |
| | .. | 5.1.1(b), Note 2, 10.5.24 |
| Inspection report | | |
| Draft to be discussed with—Head of the office | .. | 4.3.1 |
| Disposal | .. | 4.5.1, 4.5.3, 4.5.4 |
| Interest bearing securities | .. | 15.2.2 |
| <i>See</i> Deposits | | |
| Intermediate payment | | |
| Expression—Defined | .. | 2.1.1(25) |
| Forms of bills | .. | 10.2.18, 10.2.19 |
| Interdivisional transactions | | |
| Settlement of | .. | 18.1.8, App.8 |

Issue of materials to works

| | | |
|--------------------------------------|----|---------|
| Issue to contractors | .. | 10.3.4 |
| Direct to works | .. | 10.3.12 |
| <i>See Materials-at-site account</i> | .. | 10.3.2 |

Issue rates

| | | |
|--|----|-------------------|
| Expression—Defined | .. | 2.1.1(26) |
| Fixing and revision of | .. | 7.2.19, 7.2.20 |
| Precautions when the issue rates are less than the market rates | .. | 7.2.21 |
| Review of | .. | 7.2.20 |

J**Jobs**

| | | |
|------------------------------|--|--|
| <i>See Workshop Accounts</i> | | |
|------------------------------|--|--|

L**Labour**

| | | |
|--|----|-------------------|
| Expression—Defined | .. | 2.1.1(27) |
| Departmental—Accounted for on muster rolls or casual labour rolls | .. | 10.2.4, 10.2.6 |
| Labourers employed through contractors | .. | 10.2.8 |

Land

| | | |
|---|----|------------------------------|
| Adjustment of cost | .. | 17.1.2 |
| Adjustment of charges for establishment and contingencies connected with acquisition | .. | 10.1.1, Note 2, 17.1.2 |
| Charges for—For kilns, etc. | .. | 12.2.2, 7.4.5, 12.2.3 |

| | PARAGRAPH |
|---|--|
| Rent of—Payable by department occupying it | .. 17.1.4 |
| Land, kilns, etc | .. 74.5, 12.2.2, 12.2.3 |
| Liabilities | |
| Expression—Defined | .. 2.1.1(28) |
| Description of liabilities | .. Note 1, 5.3.3 |
| List of accounts submitted to the Accountant General | |
| Form and submission to the Accountant General | .. 22.4.15, 22.4.18 |
| Local fund works | |
| Accounts procedure when deposits are received by Divisional Officer | .. 16.2.1, 16.2.6 |
| Adjustment of percentage charges | .. 16.2.1, 22.4.3, 22.4.6, Note 2 |
| Local loan works | |
| Accounts classification and procedure | .. 16.3.2, 16.3.3 |
| Adjustment of percentage charges | .. 16.3.3 Note, 22.4.3, 22.4.6, Note 2 |
| General rules | .. 16.3.1 |
| Limit of expenditure | .. 16.3.1, 16.3.4 |

Lump sum contracts

| | | |
|--|----|---------------------|
| General | .. | 11.1.1 |
| Characteristics of | .. | 11.1.2 |
| Execution of | .. | 11.2.1 to 11.2.7 |
| Form of contract | .. | 11.3.1 |
| Payments for | .. | 11.4.1 to 11.4.4 |
| Form of bills | .. | 11.5.1 |
| Subsidiary accounts of | .. | 11.6.1 to 11.6.3 |
| Maintenance of contractor's ledger for | .. | 11.7.1, 11.7.2 |

M**Major estimates**

| | | |
|--------------------------------|----|--------------------------------|
| Expression—Defined | .. | 2.1.1(29) |
| Form of register of works | .. | 10.6.1 |
| Form of works abstract | .. | 10.5.1 |
| Materials-at-site—Account for | .. | 10.3.2 |
| Sub-heads of—In works abstract | .. | 10.5.4, 10.5.12, 10.5.14 |

Major head

| | | |
|--------------------|----|---------------------|
| Expression—Defined | .. | 2.1.1(30), 3.1.7 |
|--------------------|----|---------------------|

Manufacture accounts

| | | |
|--|----|-------------------|
| Accounts classification | .. | 12.4.1 |
| Accounts of expenditure maintained as for works, exceptions | .. | 12.1.2, 12.1.3 |

| | PARAGRAPH |
|---|------------------------------|
| Accounts of road metal digging not treated as .. | 12.2.3 |
| Closing of accounts .. | 12.4.3 |
| Each manufacture requires a separate account .. | 12.1.1 |
| Expenditure chargeable to the account of the operation .. | 12.2.1, 12.2.2 |
| For jobs executed in small shops .. | 14.1.2 |
| Procedure for adjustment of loss or gain .. | 12.4.3 |
| Procedure for recording manufacture .. | 12.4.2 |
| transactions in stock accounts .. | |
| Rules for special incidental charges on land, .. | 12.2.2 |
| kilns and special plants, etc. | |
| Valuation of out-turn .. | 12.3.1, 12.3.3 |
| Market rate | |
| Expression—Defined .. | 2.1.1(31) |
| Issue rates should be within— .. | 7.2.20 |
| When should stock be issued to contractors at— .. | 7.2.21, 10.3.4, 10.3.5 |
| Materials-at-site account | |
| Term—Defined .. | 10.3.2 |
| Cases in which—may be opened minor Estimates .. | 10.3.13, 10.5.13 |
| Closing of—On completion of work .. | 10.6.6 |
| Detailed accounts of materials issued direct to works .. | 10.3.12 |
| Disposal of surplus materials—Forms .. | 10.3.14 |
| Opening of—In works abstract .. | 10.5.19 |
| Review of— .. | 22.4.20 |
| Sources of receipt of materials .. | 10.3.7, 10.3.12 |

| | PARAGRAPH |
|--|---------------------|
| Verification and reports thereto of unused balances .. | 10.3.18 |
| Measurement book | |
| Endorsement in—On making payments .. | 10.2.26 |
| Form and use .. | 10.2.9 |
| Procedure for recording measurements .. | 10.2.11 |
| Measurements of material received .. | 10.2.11 |
| Measurements of road metal received .. | 7.4.1, 10.2.11 |
| Measurement of works done—By departmental labour .. | 10.2.6(g) |
| Measurements for works done .. | 10.2.9, 10.2.11 |
| Check-measurement of works—Rules regarding .. | 10.2.15 |
| Review of measurements .. | 10.2.14 |
| Scrutiny of entries in—On preparing bills .. | 10.2.22 |
| Standard— .. | 10.2.13 |
| Submission of—To divisional office with bills .. | 10.2.24 |
| Minor estimate | |
| Expression—Defined .. | 2.1.1(32) |
| Form of register of works for— .. | 10.6.1 |
| Form of works abstract for— .. | 10.5.1 |
| Materials-at-site account for— .. | 10.5.13 |
| Minor head | |
| Expression—Defined .. | 2.1.1(33), 3.1.7 |
| Miscellaneous P.W. advances | |
| (Suspense)— <i>See</i> Suspense Accounts .. | 22.4.24 |
| Miscellaneous returns | |

Monthly accounts

| | | |
|---|----|---------------------|
| Abstract book, Form and use of | .. | 22.4.1 |
| Compilation of classified abstract of Expenditure | .. | 22.4.1 |
| Compilation of registers and schedules | .. | 22.4.4, 22.4.9 |
| Compilation of schedule docket | .. | 22.4.2, 22.4.3 |
| Date of submission to the Accountant General | .. | 22.4.15 |
| Incorporation of sub-divisional accounts in | .. | 22.1.3 |
| Preparation of monthly account | .. | 22.4.12, 22.4.14 |
| List of documents in support of | .. | 22.4.15 |
| Signing of— | .. | 22.4.18 |
| Special points for March accounts | .. | 22.4.19 |
| Vouchers sent with— | .. | 22.4.17 |
| Municipal rates and taxes | .. | 10.8.4 |

Muster rolls

| | | |
|---------------------------------|----|----------------------|
| Form and preparation | .. | 10.2.4, 10.2.6 |
| Record of progress of work done | .. | 10.2.6(g) |
| Record of unpaid item | .. | 10.2.6(d) and (e) |

N**Non-Government works**

| | | |
|---|----|---------|
| Accounts classification of contributions from | .. | 16.1.2, |
| Central or States Revenue to Local Funds | .. | 16.1.3 |
| Deposit works—See Deposit works | | |

| | PARAGRAPH |
|---|---|
| Estimate of cost is necessary .. | 16.1.5 |
| Include deposit works, Local loan works .. | 16.1.1 |
| Local loan works— <i>See</i> local loan works | |
| Percentage charges for establishment, Tools and Plant, etc. .. | 10.1.3, App.9, 10.5.2 Note 1, 16.2.3, 16.2.4, 16.3.3, 22.4.3, 22.4.6, Note 2 |
| Transfer of works free of charge to local bodies does not necessitate adjustment in accounts .. | 16.1.4 |



Objection statement

See Results of audit

On account payment

| | |
|-----------------------|---------------------------------|
| Expression—Defined .. | 2.1.1(34) |
| Forms of bills .. | 10.2.16, 10.2.18, 10.2.19 |

Operation

| | |
|---|---|
| Expression—Defined .. | 2.1.1(35) |
| Accounts of expenditure kept as for a work .. | 12.1.2 |
| Operation charges .. | 12.2.1, 12.2.2, 14.2.3, 14.2.4 |

Out-turn

| | | |
|-----------------------------|----|------------------------------|
| Account of—From manufacture | .. | 12.1.2, 12.3.1, 12.3.3 |
| Expression—Defined | .. | 2.1.1(36) |
| Valuation of | .. | 12.3.1, 12.3.3 |

Out-turn statement of manufacture

| | | |
|--------------|----|--------|
| Form and use | .. | 12.3.2 |
|--------------|----|--------|

P**Pass books for cheques**

| | | |
|-----------------|----|-----------|
| Form and upkeep | .. | 2.1.1(57) |
|-----------------|----|-----------|

Pass book savings bank

| | | |
|--|----|----------------------|
| Custody of | .. | 15.2.4 |
| Examination of—On inspection of Sub-divisional Offices | .. | 4.2.13, Note (ii) |

Pay and allowances

| | | |
|--|----|--------------------|
| Arrangement to prevent delays in payment | .. | 18.5.1 |
| Bills of direction and special offices | .. | 20.3.2, 20.3.3 |
| Cash drawn on bills not to be mixed up with general cash | .. | 6.2.5, 18.4.2 |
| Classification of bills | .. | 18.2.1, 18.2.2 |
| Communication of sanctions to Accountant General | .. | 18.6.2, 18.6.3 |
| Distribution of— | .. | 18.4.1, 18.4.2 |
| Encashment of bills | .. | 18.3.11, 20.3.1 |
| Form of bills | .. | 18.1.1 |

| | PARAGRAPH |
|--|------------------------------|
| Preparation and classification of bills .. | 18.2.2, 20.3.3 |
| Recoveries from establishment .. | 18.4.3 |
| Scrutiny of bills and claims by Divisional Accountant .. | 22.1.3 |
| Watch over undisbursed amounts .. | 18.4.2 |
| Work-charged establishments .. | 10.2.34 10.2.40 |
| Pay bills | |
| Classification of .. | 18.2.1 18.2.2 |
| Encashment of .. | 18.3.11, 20.3.1 |
| Form of— .. | 20.3.3. |
| Preparation .. | 18.2.1, 18.2.2, 20.3.3 |
| Work-charged establishment— | |
| Form of .. | 10.2.35 |
| Payments | |
| Bills and vouchers— | |
| <i>See</i> vouchers, pay and allowances | |
| Delivery of cheques through subordinates .. | 6.4.4 |
| Examination and payments of contractors' bills .. | 10.2.22, 10.2.31 |
| Forms of contractors' bills and vouchers .. | 10.2.16- 10.2.21 |
| Inevitable—should not be delayed .. | 10.2.2 |
| Into treasuries— <i>See</i> payments into treasuries .. | |
| Manner of .. | 6.4.1, 6.4.4 |

PARAGRAPH

| | | |
|--|----|---------------------|
| Made on authority of pay order | .. | 6.4.9 |
| Omission of rupee in | | 10.2.23 |
| | | Notes 2, and 3 |
| Petty sums should be in cash | .. | 6.2.10 |
| Precautions against double | .. | 10.2.26, 22.2.4 |
| Prompt record in cash book | .. | 6.1.3 |
| To contractors and suppliers | .. | 10.2.9, 10.2.32 |
| To contractors should generally be made by cheques | .. | 6.2.8, 6.4.1 |
| To labourers | .. | 10.2.4, 10.2.8 |
| To work-charged establishment | .. | 10.2.34- 10.2.41 |

Payment on account

| | | |
|--------------------|----|---------------------------------|
| Expression—Defined | .. | 2.1.1(34) |
| Forms of bills | .. | 10.2.16, 10.2.18, 10.2.19 |

Payment into treasuries

| | | |
|---|----|------------------|
| Accounts classification | .. | 17.1.9 |
| Account submitted to Accountant General | .. | 22.4.15 |
| Consolidated treasury receipt | .. | 22.3.2 |
| Entry in the remittance book | .. | 6.5.1 |
| Procedure for payment into a bank | .. | 6.5.1, Note 1 |

| | | |
|--|----|--|
| Settlement of account with treasuries | .. | 23.3.11, 22.3.5 |
| Petty works—Requisition and account | | |
| Form and use | .. | 10.2.6(h) 10.5.2 |
| Priced vocabulary of stores | | |
| Priced stores ledger | .. | 7.2.3 |
| Form and maintenance | .. | 7.2.31 |
| Closing of | .. | 7.2.33 |
| Primary units of appropriation | | |
| Expression—Defined | .. | 5.2.1 |
| Prison labour | | |
| Pro forma accounts | | |
| Authorities competent to prescribe forms | .. | 22.4.27, Note1 |
| Cases in which necessary | .. | 3.2.1(d), 12.2.2, 14.3.1, 22.4.27 |
| Irrigation works, etc. | .. | 3.2.1(d), 22.4.29 |
| Receipts and charges are obtained from general accounts | .. | 3.2.1(d), 22.4.28 |
| Residences | .. | 3.2.1(d), 22.4.25 |
| Responsibility for compilation | .. | 22.4.27, Note 2, 22.4.29- 22.4.31 |
| Workshops, manufactures and similar quasi | .. | 3.2.1(d), |

PARAGRAPH

| | |
|-------------------------|-------------------------------|
| commercial undertakings | 12.2.2, 14.3.1, 22.4.30 |
|-------------------------|-------------------------------|

Progress

| | |
|----------------------------------|-----------------------|
| Expression—Defined | .. 2.1.1(37) |
| Exhibition of—In works abstracts | .. 10.5.7, 10.5.27 |
| Posting of—In registers of works | .. 10.6.2 |

Prohibitory orders or injunctions**Public works deposit**

See Deposits

Purchase(Suspense)

See Suspense Accounts

Q**Quantity**

| | |
|-----------------------------------|--------------|
| Expression—Defined | .. 2.1.1(38) |
| Of work done— <i>See Progress</i> | |

R**Rate**

| | |
|--------------------|--------------|
| Expression—Defined | .. 2.1.1(39) |
|--------------------|--------------|

Rate of cost

| | |
|--------------------|--------------|
| Expression—Defined | .. 2.1.1(40) |
|--------------------|--------------|

Re-appropriation

| | |
|---|----------------------|
| Expression—Defined | .. 2.1.1(41) |
| May be authorized before the expiry of the year | .. App.4, Rule 29 |
| Procedure laid down by Government concerned | .. 5.2.3 |

Receipts—

| | |
|---|--------------------|
| Accounts procedure for receipt of money | .. 6.3.1- 6.3.5 |
|---|--------------------|

Appropriation of departmental—To expenditure .. 6.2.3
prohibited

Disposal of cash .. 6.3.7

Payer should be granted a receipt .. 6.3.1

Prompt record in Cash Book .. 6.3.1

Revenue and departmental—*See*

Revenue Receipts

Receipts for payments to Government

Form and use .. 6.3.1,
6.3.4

Records

Destruction of .. 23.3.1

Recoverable payment

Expression—Defined .. 2.1.1(42)

Particulars to be noted on vouchers and accounts .. 7.2.10,
10.1.5,
10.5.2

Recoveries of expenditure

Accounts procedure .. 9.5.2

Rules for classification in accounts are given .. 9.1.8
in Statement E of Appendix 8

Rectification of accounts

See Corrections in accounts

Rectification of errors

See Corrections in accounts

Refunds and Remissions

Accounts classifications .. 9.4.1

Accounts procedure .. 9.4.1,
9.4.2,

| | PARAGRAPH |
|--|---|
| Original orders of court of law to refunds | 9.5.1, |
| should be submitted to the Accountant General | 22.2.4 |
| Precautions in payment | .. 22.4.15 .. Note 2 .. 9.4.2, .. 22.2.4 |
| Register of cheque (and receipt) books | |
| Form and use | .. 6.7.3, .. 6.7.7, .. 6.7.8 |
| Register showing the clearance of the suspense head “materials” | .. 10.3.19 |
| Register of materials-at-site | .. 10.3.2, .. 10.3.12 |
| Register of materials issued to contractors | .. 10.3.2, .. 10.3.6 |
| Register of Divisional Accountant’s objections | |
| Form and use | .. 4.2.7 |
| Review by the Finance Department | .. 4.2.7 |
| Register of interest-bearing securities | |
| Form and use of | .. 15.6.1, .. 22.4.19 |
| Register of manufacture | |
| Form of | .. 12.1.3 |
| Register of miscellaneous sanctions | |
| Form and use of | .. 22.2.6 |
| Register of rents of buildings and lands | |
| Form and upkeep | .. 9.3.5, .. 9.3.6 .. 9.5.4, .. 9.5.7 |

| | | | |
|--|---|----|--------------------------------|
| Register of | Revenue realised Refunds of Revenue Receipts and recoveries on capital account | .. | 9.5.1 9.5.3, 22.1.4 |
| Form and upkeep | | | |
| Register of sanctions to fixed charges | | | |
| Form and use of | | .. | 22.2.6 |
| Register of transfers awaited | | | |
| Form and use of | | .. | 5.3.4 |
| Register of works | | | |
| Additional charges for materials issued to contractors/direct to works | | .. | 10.6.7 |
| Closing entries and review of expenditure | | .. | 10.6.9 |
| Closing of annual maintenance works | | .. | 10.6.8 |
| Closing the account of contractors and labourers | | .. | 10.5.20, 10.5.23, 10.6.5 |
| Closing the accounts on completion of work | | .. | 10.6.4- 10.6.11 |
| Completion reports and statements | | .. | 10.6.11 |
| Excess over estimates | | .. | 10.6.10, 10.6.11 |
| Excess passed by Divisional Officer | | .. | 10.6.10 |
| Examination by Divisional Officer | | .. | 10.6.10 |
| Forms and preparation | | .. | 10.6.1, 10.6.2 |
| Further charges prohibited on completion of works | | .. | 10.6.4 |
| Posting of— | | .. | 10.6.2, 10.6.3 |

| | PARAGRAPH |
|--|---|
| Review of unsettled accounts .. | 22.4.20 |
| Settlement of liabilities on completion of works .. | 10.6.5 |
| | 10.6.8 |
| Works slips .. | 10.6.3 |
| Relations with Accountant General | |
| Arrears in accounts .. | 4.1.2 |
| Accountant General's inspections .. | 4.3.1 |
| Communication of sanctions to Accountant General .. | 4.3.2, 4.5.6 |
| Disposal of documents communicating results of audit .. | 4.5.1, 4.5.3- 4.5.7 |
| Duties and functions of Divisional Accountant and his relations with Divisional Officer— <i>See Divisional Accountant</i> | |
| Maintenance of accounts .. | 4.1.1 |
| Miscellaneous returns, submission to Accountant General .. | 6.2.1 |
| Responsibilities of Divisional Officer in regard to accounts and disposal of Audit objections, etc.— <i>See Divisional Officer</i> | |
| Submission of accounts to Accountant General .. | 22.4.15- 22.4.25, 4.1.1, 22.4.27- 22.4.28 |
| Remissions | |
| <i>See Refunds and Remissions</i> | |
| Remittance transactions | |
| Accounts procedure .. | 17.2.1- 17.2.9 |

| | PARAGRAPH |
|--|------------------------------|
| Adjustment in accounts .. | 17.2.1 |
| Adjustment of establishment and contingent charges connected with acquisition of land .. | 10.1.3, Note 2, 17.1.2 |
| Cash recoveries and payments for other divisions, departments, etc. .. | 17.1.9 |
| Charges for prison labour .. | 17.1.5 |
| Cheques drawn on treasuries, classification .. | 17.1.9 |
| Cheques drawn on treasuries, settlement of account .. | 23.3.1- 22.3.5 |
| Cost of land acquired .. | 17.1.2 |
| Examination and adjustment of transfers advised by Accountant General .. | 17.2.8 |
| General rules .. | 17.1.1- 17.1.9 |
| Payments into treasuries—Accounts, classification .. | 17.1.9 |
| Settlement of account .. | 22.3.1- 22.3.5 |
| Procedure of transfer of charges for works done .. | 17.2.7 |
| Procedure for advices and acceptance of transfer debits or credits .. | 17.2.8, 17.2.9 |
| Prompt settlement of— .. | 22.4.21 |
| Provisional acceptance of transfer .. | 17.2.4, 17.2.9 |
| Railway debits for warrants and credits notes required, prompt acceptance Note .. | 17.2.4, |
| Rents of buildings and lands .. | 17.1.4 |
| Responding transfer adjusted on receipt of intimation of original debits of credits, exceptions .. | 17.2.3 |
| Responsibility of Divisional Accountant .. | 17.2.9 |

| | PARAGRAPH |
|---|-------------------|
| Responsibilities of responding office .. | 17.2.4 |
| Services rendered or articles supplied .. | 17.1.1, 17.1.7 |
| Transfer advised should be accepted in full .. | 17.2.4 |
| Transfers advised should be supported by vouchers or certificate of audit .. | 17.2.5 |
| Transfers of lands and buildings .. | 16.1.4, 12.1.1 |
| Transfer of works free of charge to local bodies does not necessitate adjustment in accounts .. | 10.7.1 |
| Transfers not pertaining to the division may be rejected .. | 17.2.4 |
| Work done for other divisions and departments | |
| Responsibility for excess over estimate and appropriation .. | 17.2.7 |
| Procedure for adjustment of transfer .. | 17.2.7 |
| Schedule of works expenditure for .. | 22.4.6 |
| Submission of accounts to Accountant General .. | 17.2.7 |
| Remittance transfer receipts .. | 6.4.21, 18.3.1 |

Remittances to treasuries

See Payments Treasuries

Rents

| | |
|---|---------------------|
| Amount of—Specified by Divisional Officer should be recovered in full .. | 9.3.4(4) |
| Bills for .. | 9.3.3, 9.3.4 |
| Changes in emoluments of tenants necessitate revision of rate of—Recoverable .. | 9.3.4(3), 9.3.5 |
| Debits for—Realised, raised in anticipation of credits .. | 17.2.2 |
| Demand of—On vacation of quarters .. | 9.3.7(2), 9.3.13 |
| Duties of Heads of Departments in the matter of recovery of— .. | 9.3.8 |

| | |
|---|-----------|
| Duties of Treasury Officer in the matter of recovery of .. | 9.3.9 |
| Of hired non-residential buildings and lands, .. | 17.1.4 |
| payable by department concerned | |
| Procedure for recovery of—From Government .. | 9.3.1, |
| servants and pensioners | 9.3.14 |
| Recoveries of—By treasuries of the province .. | 9.3.6 |
| adjusted in accounts of the Audit office | |
| Recovery from pensioners .. | 9.3.12 |
| Recovery of—Made in advance from private persons .. | 9.3.1 |
| Registers of—Form and upkeep .. | 9.5.4- |
| | 9.5.6 |
| Representations against assessment .. | 9.3.14 |
| Report of value and verification of unused materials | |
| Form and use of .. | 10.3.15- |
| | 10.3.19 |
| Residences— | |
| All—Should be entered in the Register of .. | 9.5.4 |
| rents of buildings and lands | |
| Procedure for realisation of rents .. | 9.3.1 |
| | 9.3.14- |
| Pro forma, or capital and revenue Accounts of buildings .. | 3.2.1(d), |
| | 22.4.31 |
| Rent due from date of occupation .. | 9.5.4, |
| | Note 6 |
| Rent of hired—Chargeable to P.W.D. .. | 17.1.4 |
| Results of audit | |
| Objections raised by Divisional Accountant .. | 4.2.7 |
| Communicated in the form of audit notes, .. | 4.5.1 |
| objection statements, inspection reports, | |
| letters or memoranda | |
| Disposal of— .. | 4.5.1, |
| | 4.5.3 |

| | PARAGRAPH |
|--|--------------------|
| Replies should be based on Divisional Officer's own knowledge .. | 4.5.1 |
| Responsibility for clearing objections .. | 4.5.4 |
| Results of Divisional Accountant's scrutiny of sub-divisional accounts and vouchers .. | 22.2.13 |
| Suggestions to obviate the issue of unnecessary audit objections .. | 4.5.6 |
| Revenue receipts | |
| Accounts classification .. | 9.1.8, 9.4.1 |
| Accounts classification of refunds and remissions .. | 9.4.1 |
| Cases in which—Should be recorded by works .. | 3.2.1(d), 9.5.1 |
| Credited in accounts on, realisation— .. | 9.1.9 |
| Exceptions .. | |
| Procedure for demands and recoveries of rents of buildings and lands .. | 9.3.1, 9.3.14 |
| Procedure for irrigation revenue collected in Land Revenue Department .. | 9.2.1 |
| Procedure for refunds and remissions .. | 9.4.2 |
| Recovery of debts due should receive special attention .. | 9.1.9(b) |
| Register of rents .. | 9.5.4- 9.5.6 |
| Registers of revenue .. | 9.5.1- 9.5.3 |
| Rules for assessment, realisation and account procedure prescribed locally .. | 9.1.1- 9.1.6 |
| Review | |
| Of contractor's ledger .. | 10.7.8, 22.4.20 |

| | PARAGRAPH |
|--|-----------|
| Of deposit register | 22.4.20 |
| Of expenditure against appropriations | 5.3.3(d) |
| Of measurements | 10.2.14 |
| Of register of cheque receipt book | 7.2.1 |
| Of register of works | 10.6.3 |
| | 10.6.9 |
| | 22.4.20 |
| Of rent registers | 22.4.20 |
| Of suspense accounts | 22.4.20 |
| Of tools and plant accounts | 7.3.3 |
| Of unsettled accounts | 22.4.20 |
| | 22.4.21 |
| Of works abstracts | 10.5.29 |
| | 22.4.20 |
| Of workshop annual accounts | 14.3.2 |
| Of vouchers | 22.4.18 |
| Road metal | |
| Accounts classification | 7.1.4 |
| Accounts classification charges of quarries | 7.4.5 |
| Accounts of | 7.4.1 |
| Corrections in accounts | 7.4.3 |
| Payment for supplies | 7.4.1 |
| Prompt record of transactions | 7.1.3 |
| Schedule of rates for | 7.4.4 |
| Statement of receipts, issues and balances of—Form | 7.4.1 |
| Verification of | 7.4.2 |
| | 7.4.3 |
| Road metal rate book | |
| Form and use of | 7.4.4 |

Running account

| | | |
|--------------------|----|---------------------------------|
| Expression—Defined | .. | 2.1.1(43) |
| Form of Bills | .. | 10.2.16, 10.2.18, 10.2.19 |

Running account Bills

| | | |
|---------------|----|---------------------|
| Forms and use | .. | 10.2.16- 10.2.31 |
|---------------|----|---------------------|

S**Sale account**

| | | |
|--------------------------|----|-----------|
| For stock sold | .. | 7.2.24(a) |
| For Tools and Plant sold | .. | 7.3.13 |

Sanctions and orders

| | | |
|---|----|-----------------|
| Carriage, handling, etc., charges for stock Audit of | .. | 22.4.8, Note |
| Communication to Accountant General— Divisional Officer' sanctions to excess expenditure | .. | 4.5.6 |
| Divisional Officer's sanctions | .. | 4.4.2 |
| Sanctions to contracts | .. | 4.4.4 |
| Compliance with orders in force | .. | 4.2.7 |
| Necessity of sanction before incurring expenditure | .. | 5.1.1 |
| Procedure in respect of money transactions affecting two or more disbursing officers | .. | 22.2.7 |
| Sanctions to creation or abolition of posts | .. | 18.6.2 |
| Scope of sanction | .. | 10.8.9 |
| Scrutiny by Divisional Accountant | .. | 4.2.7 |
| Should be recorded in suitable registers | .. | 22.2.6 |
| Transfers of divisional, sub-divisional or other executive charges | .. | 18.6.3 |

Schedule dockets—

| | | |
|----------------------------------|----|------------------------|
| Audit by Divisional Accountant | .. | 22.4.2, Note 1 |
| For percentage recoveries | .. | 22.4.3 |
| Form | .. | 22.4.2, 22.4.3 |
| Preparation of | .. | 22.4.2, 22.4.3 |
| Submission to Accountant General | .. | 22.4.15 |
| Tacking of vouchers | .. | 22.4.15(5), 22.4.17 |
| Transactions for which necessary | .. | 22.4.2 |

Schedule of debits or credits to miscellaneous heads of account

| | | |
|----------------------------------|----|-------------------|
| Form and use of | .. | 22.4.4, 22.4.5 |
| Submission to Accountant General | .. | 22.4.15 |

Schedule of transactions adjusted under the head cash settlement suspense account

| | | |
|---|----|--------------------------------|
| Form and submission to Accountant General | .. | 22.4.4, 22.4.10, 22.4.15 |
|---|----|--------------------------------|

Schedule of debits or credits remittances

| | | |
|----------------------------------|----|-------------------|
| Form and use of | .. | 22.4.4, 22.4.5 |
| Submission to Accountant General | .. | 22.4.15 |

Schedule of debits to stock

| | | |
|-----------------|----|-------------------|
| Form and use of | .. | 22.4.2, 22.4.8 |
|-----------------|----|-------------------|

| | |
|---|--|
| Submission to Accountant General .. | 22.4.15 |
| Schedule of deposits— | |
| For March should be accompanied by an account of interest-bearing securities .. | 22.4.19 |
| Form and use of .. | 15.5.2 |
| Submission to Accountant General .. | 22.4.15 |
| Schedule of deposit works | |
| Form and use of .. | 16.2.2, 16.2.4, 22.4.4, 22.4.6 |
| Submission to Accountant General .. | 22.4.15 |
| Schedule of miscellaneous P.W. advances | |
| Form and use of .. | 22.4.15 |
| Schedule of monthly settlement with treasuries | |
| Form and use of .. | 22.3.3 |
| Schedule of rates | |
| For road metal .. | 7.4.4 |
| For works .. | 10.6.3 |
| Schedule of | Revenue realised Refunds of Revenue Receipts and recoveries on capital accounts |
| Form and submission to Accountant General .. | 22.4.15 |
| Schedule of works expenditure | |
| Form and use of .. | 22.4.2 |
| | 22.4.6 |

| | PARAGRAPH |
|---|-----------------------|
| Submission to Accountant General | .. 22.4.15 |
| Sectional Officer | |
| Expression—Defined | .. 2.1.1(44) |
| May issue stores without indents | .. 7.2.9 |
| Secured advance | |
| Form of bill | .. 10.2.16 |
| Posting in works abstract | .. 10.5.17 |
| Security deposits | |
| <i>See Deposits</i> | |
| Service head | |
| Expression—Defined | .. 3.1.7, Note (i) |
| Soil | |
| Charges for examination of—treated as works outlay | .. 10.8.2 |
| Special Officers | |
| Expression—Defined | |
| <i>See also Direction and Special offices</i> | .. 2.1.1(46) |
| Standard measurement books | |
| Statement of receipts, issues and balances of road metal | |
| Form and use of | .. 7.4.1, 7.4.2 |
| Submission to Divisional Officer | .. 21.1.6 |
| Statement of rents recovered from pay bills | |
| Form and use of | .. 9.3.4 |
| Stock(Suspense) | |
| <i>See Suspense Accounts</i> | |
| Stock accounts | |
| Accounts kept by objects of expenditure | .. 7.2.28, 22.4.8 |

PARAGRAPH

| | | |
|--|----|--------------------------------------|
| Authority for receipt of stock | .. | 7.2.4 |
| Carriage and incidental charges | .. | 7.2.23, 10.8.1 22.4.8, Note |
| Valuation | .. | 7.2.25, 7.2.26 |
| Cases in which purchases of materials are chargeable to stock | .. | 7.1.4(d), |
| Corrections in accounts | .. | 7.2.38- 7.2.41 |
| Date of closing of— | .. | 22.1.3, 22.1.1 |
| Description of arrangements for keeping stock | .. | 7.2.1 |
| Fictitious adjustments in—Prohibited Issues | .. | 7.1.3 |
| Authority of the Divisional or Sub-divisional Officer required—Exceptions | .. | 7.2.9 |
| Indents—Preparation and examination | .. | 7.2.9- 7.2.11 |
| Issue Rates— | | |
| <i>See</i> Issue Rates | | |
| Mode of recovery | .. | 7.2.24 |
| Monthly summary of stock issues | .. | 7.2.29 |
| Prompt record of transactions—Exceptions | .. | 7.1.3 |
| Purposes explained | .. | 7.2.9 |
| Recovery of supervision charges | .. | 7.2.24 |
| Responsibility for recovery of value and clearance of outstandings | .. | 7.2.24 |

| | |
|--|--------------------------|
| Ledger | |
| Form and maintenance | .. 72.31 |
| Postings in the ledger | .. 72.32 |
| Date of closing | .. 72.33 |
| Receipts— | |
| Sources described | .. 72.4 |
| Procedure on taking delivery | .. 72.5 |
| Should be entered in the goods received sheets | .. 72.5 |
| Should be recorded in bin cards | .. 72.5 |
| Suppliers to be given acknowledgements | .. 72.5 |
| Payments for supplies | .. 72.8, 72.17 |
| Monthly summary of stock receipts | .. 72.29 |
| Responsibility for maintaining correct accounts | .. 71.2, 71.3 |
| Responsibility for Divisional Officer | .. 7.1.1 |
| Sale account | .. 72.24, Note |
| Schedule of debits to stock | .. 22.4.8 |
| Separate account for stock under the charge of Divisional Officer | .. 72.2 |
| Stock account | .. 22.4.9 |
| Storage charges | |
| <i>See</i> Storage charges | |
| Storage rate | .. 22.1.1(47), 7.3.22 |
| Supplier's bill—Examination and preparation | .. 72.16 |
| Valuation, procedure | .. 72.25, 72.26 |

Stock taking

| | | |
|---------------------------|----|---------------------|
| Material charged to works | .. | 10.3.15- 10.3.18 |
| Road metal | .. | 7.4.2 |
| Stock materials | .. | 7.2.35- 7.2.37 |
| Tools and Plant | .. | 7.3.17 |

Storage charges

| | | |
|--------------------|----|-----------|
| Expression—Defined | .. | 2.1.1(47) |
| Recovery of | .. | 7.2.22 |

Sub-divisional accounts

| | | |
|--|----|--------------------|
| Cash balance report | .. | 21.1.3 |
| Closing of cash and stores accounts | .. | 21.1.3 |
| Incorporation of—In monthly accounts of the division | .. | 22.2.1 |
| Miscellaneous accounts returns | .. | 21.1.6 |
| Scrutiny of—By Divisional Accountant | .. | 22.2.1- 22.2.13 |
| Submission of copies of cash book to Divisional Office | .. | 21.1.4 |
| Submission of months accounts to Divisional Office | .. | 21.1.4, 21.1.5 |
| Upkeep of initial accounts | .. | 21.1.2 |

Sub-divisional Officer

| | | |
|--------------------|----|-----------|
| Expression—Defined | .. | 2.1.1(48) |
|--------------------|----|-----------|

Sub-head (s)

| | | |
|---------------------------------------|----|--------------------|
| Determination of—In accounts of works | .. | 10.5.4- 10.5.14 |
| Expression—Defined | .. | 2.1.1 (49) |

Sub-work(s)

| | | |
|---------------------|----|-------------------|
| Expression—Defined | .. | 2.1.1 (50) |
| Works abstracts for | .. | 10.5.3, 10.5.6 |

Supervision charges

| | | |
|--|----|---------------------|
| Expression—Defined | .. | 2.1.1 (51) |
| Recovery of— | .. | 7.2.24 (c) |
| Supplementary accounts | | |
| Date of submission | .. | 22.4.23 |
| Definition and preparation of | .. | 22.4.22 |
| Preparation and submission to Accountant General | .. | 22.4.22, 22.4.23 |

Survey report of stores

| | | |
|-----------------|----|---------------------------------------|
| Form and use of | .. | 7.2.41, 7.3.17, 7.4.1, 7.4.3 |
|-----------------|----|---------------------------------------|

Suspense accounts

| | | |
|---|----|-------------------|
| Accounts classification | .. | 13.1.1 |
| Expression—Defined | .. | 2.1.1 (52) |
| Miscellaneous P.W. Advances—Classes defined | .. | 13.3.1, 13.3.5 |
| Clearance | .. | 13.3.7 |
| Form of account | .. | 13.3.8 |
| Restrictions | .. | 13.3.6 |

Stock

| | | |
|-------------------------|----|--------|
| Account when necessary | .. | 13.2.1 |
| Debits and credits | .. | 13.2.3 |
| Form of general account | .. | 13.2.5 |

| | PARAGRAPH |
|---|---------------------|
| Limit for reserve .. | 13.2.2 |
| Subsidiary accounts .. | 13.2.5 (b) |
| Purchases .. | 13.2.4, |
| | 13.2.5 (c) |
| Credits | |
| Debits | |
| Form of accounts | |
| Unclaimed balances | |
| Valuation | |
| Subordinate to accounts of work | |
| Classes .. | 10.5.14 |
| “Contractors” | |
| Adjustment of balances due to or by contractors .. | 10.5.21 |
| Advances on security of materials .. | 10.5.17 |
| Advance payments | |
| Other transactions .. | 10.5.17, 10.5.18 |
| “Labourers” Account .. | 10.5.18, 10.5.20 |
| Materials Account .. | 10.5.15, 10.5.19 |
| Unpaid balance due to contractors and labourers .. | 9.5.6, 10.5.23 |
| Watch over balances of contractors and labourers .. | 10.5.23 |
| Workshop suspense—Credits .. | 13.4.2, 13.4.3 |
| Debits .. | 13.4.1 |
| Form of account .. | 13.4.4 |

| | | |
|--------------------------|----|------------------------------|
| Suspense register | .. | 13.2.5, 13.3.8, 22.4.4 |
|--------------------------|----|------------------------------|

System of accounts

| | | |
|--------------------------|----|-------|
| Main features explained | .. | 3.2.1 |
| <i>See also</i> Accounts | .. | |

T

Technical sanction

| | | |
|--------------------|----|------------|
| Expression—Defined | .. | 2.1.1 (53) |
| Temporary advance | .. | |
| Expression—Defined | .. | 6.6.14 |

Transactions with other Divisions, Departments and Governments

| | | |
|------------------------------------|----|--|
| <i>See</i> Remittance transactions | .. | |
|------------------------------------|----|--|

Tools and plant

| | | |
|---|----|----------------------------|
| Accounts classification of transactions | .. | 7.1.4, 7.3.1, 10.1.3 |
| Tools and plant indent | .. | 7.3.5 |
| Form and upkeep | .. | 7.3.6 |
| Submission to Accountant General | .. | 23.4.15 |
| Submission to Divisional Office | .. | 21.1.6 |
| Tools and plant received sheets— | | |
| Form and posting | .. | 7.3.4 |
| Submission to Accountant General | .. | 23.4.15 |
| Submission to Divisional Office | .. | 21.1.6 |
| Check of—Returns of subdivisions in Divisional Office | .. | 7.3.9 |
| Corrections in accounts | .. | 7.3.18, 7.3.19 |

PARAGRAPH

Issues—

| | |
|--|-------------------|
| Procedure and posting of—Issues of .. | 7.3.5, 7.3.6 |
| Lent or sent out for repairs—Acknowledgements .. | 7.3.5 |
| Numerical account kept both for ordinary and .. | 7.3.2, |
| special tools and plant .. | 10.1.3, Note 1 |
| Ordinary—Defined .. | 7.3.11 |
| Payment for supplies .. | 7.3.10 |
| Posting in tools and plant ledger .. | 7.3.8 |
| Prompt record of transactions in accounts .. | 7.3.8 |
| Receipts | |
| Acknowledgements to suppliers .. | 7.3.4 |
| Examination and count .. | 7.3.4 |
| Recoveries and adjustments | |
| Hire, etc. .. | 7.3.12 |
| Sales and transfers .. | 7.3.13, 7.3.16 |
| Use on works .. | 7.3.11 |
| Ledger— | |
| Form and posting .. | 7.3.7, 7.3.8 |
| Special tools and plant and kilns for .. | 12.2.2 |
| manufactures—Accounts classification .. | |
| Special—Defined .. | 7.3.1 |
| Special—Sanction to .. | 7.3.1 |
| Stock taking .. | 7.3.17 |
| Verification .. | 7.3.17 |

Transfer entry

| | | |
|---|----|-----------------------------|
| How registered | .. | 8.1.6, 8.1.7 |
| Responsibility of Divisional Officer | .. | 8.1.4 |
| Should be supported by an order of Divisional or Sub-divisional Officer | .. | 8.1.1- 8.1.4, 8.1.7 |
| Should set forth explanation for correction or adjustment | .. | 8.1.5 |
| Submission to Accountant General | .. | 22.4.17 |
| When necessary | .. | 6.6.4, 8.1.1, 22.4.25 |

Transfer entry book

| | | |
|-----------------|----|-----------------|
| Form and upkeep | .. | 8.1.6, 8.1.7 |
| Date of closing | .. | 22.1.2 |

Transfer entry orders

| | | |
|--------------------------------------|----|-----------------|
| Form and use | .. | 8.1.2, 8.1.7 |
| Posting into schedule dockets | .. | 22.4.2 |
| Posting into registers and schedules | .. | 22.4.4 |

Transfer of charge

| | | |
|--|----|-------------------|
| Divisional, sub-divisional or other executive subordinates | .. | 18.6.3, 23.1.1 |
| Divisional Accountant | .. | 23.1.2, 23.1.3 |

Transfer transactions

See Remittance transactions

Travelling allowance bills*See* pay and Allowances

| | | |
|---------------------------------|----|--------|
| Treasury pass book | .. | 22.3.3 |
| Treasury remittance book | .. | 6.5.1 |

U**Unit of appropriation**

| | | |
|--------------------|----|---------------------|
| Expression—Defined | .. | 2.1.1(54), 5.2.1 |
|--------------------|----|---------------------|

V**Voted**

| | | |
|--------------------|----|---------------------|
| Expression—Defined | .. | 2.1.1(56), 3.1.9 |
|--------------------|----|---------------------|

Vouchers

| | | |
|---|----|---|
| Acknowledgements on | .. | 6.4.10, 6.4.15 |
| Check by Divisional Accountant | .. | 22.2.1, 22.2.4, 22.2.12 |
| Comparison with cash book | .. | 6.6.6(1) |
| Examination of bills and precautions | .. | 7.2.16, 10.2.22, 10.2.26, 22.2.4 |
| For liabilities incurred on behalf of contractors | .. | 10.5.26 |
| General rules for preparation and completion | .. | 6.4.8, 6.4.16 |
| Particulars of classification | .. | 6.4.8, 10.1.5 |
| Pay order on | .. | 6.4.9 |
| Payment of firms' bills and procedure | .. | 6.4.19, 10.2.25 |

| | |
|---|--------------------|
| Payments should be supported by .. | 6.4.8 |
| Posting into schedule dockets .. | 22.4.2 |
| Posting into registers and schedules .. | 22.4.4 |
| Review of—By Divisional Officer .. | 6.4.17, 22.4.18 |
| Submission to Accountant General .. | 22.4.17 |
| Works—Form, preparation, examination and payment .. | 10.2.9, 10.2.33 |

XX

Watching of actual

| | |
|--------------|-------|
| Procedure .. | 5.3.1 |
| | 5.3.5 |

Work-charged establishment

| | |
|------------------------------|---------------------|
| Classification of charges .. | 13.2.40, 10.2.41 |
| Conditions of employment .. | 10.2.34 |
| Pay bills .. | 10.2.35 |
| Travelling expenses .. | 10.2.39 |
| Unpaid wages .. | 10.2.38 |

Work done for Departments, etc.

See Remittance transactions

Works—

| | |
|--|------------------------------|
| Expression—Defined .. | 2.1.1(56) |
| Government—Partly contributed for by local bodies and private parties .. | 16.1.2 10.5.1, 10.5.29 |

Work Abstract—

| | |
|---|---------|
| Additional charges for materials issued to contractors/Direct to works .. | 10.5.11 |
|---|---------|

| | | |
|---|----|---------------------|
| Check and completion in Divisional Office | .. | 10.5.28 |
| Classification and record of final charges | | |
| Major Estimates | .. | 10.5.4, 10.5.12 |
| Minor Estimates | .. | 10.5.13 |
| Closing of contractors' accounts | .. | 10.5.21 |
| Examination by Divisional Officer | .. | 10.5.29 |
| Form for major estimates | .. | 10.5.1 |
| Form for minor estimates | .. | 10.5.1 |
| Form for petty works | .. | 10.5.2 |
| Kept for each working estimates and sub-work or portions thereof | .. | 10.5.3, 10.5.6 |
| Liabilities not incorporated, exceptions | .. | 10.5.24, 10.5.26 |
| Materials-at-site account | .. | 10.5.15, 10.5.19 |
| Parts of works pulled down and rebuilt | .. | 10.5.10 |
| Percentage charges for establishments, etc., are not included in | .. | 10.5.2, Note 1 |
| Petty works requisition and account | .. | 10.5.2 |
| Preparation, completion and disposal | .. | 10.5.28, 10.5.29 |
| Receipts and recoveries of expenditure | .. | 10.5.12 |
| Record of progress | .. | 10.5.7, 10.5.27 |
| Sub-heads how determined | .. | 10.5.4, 10.5.13 |
| Sub-heads may be assigned numbers | .. | 10.5.4, |

| | PARAGRAPH |
|--|------------------------------------|
| | Note |
| Suspense accounts | .. 10.5.14, 10.5.23 |
| Unpaid wages of labourers on completion of works | .. 10.5.20 |
| Watch over contractors' and labourers' balances | .. 10.5.22, 10.5.23 |
| Works accounts | |
| Accounts returns of Sub-divisional Officers | .. 21.1.3, 21.1.6 |
| Adjustments | .. 10.4.1 |
| Cash payments | .. 10.2.1, 10.2.15 |
| Classes of works executed by the P. W. D. | .. 3.1.1 |
| Closing the accounts on completion of works | .. 10.6.4, 10.6.11, 10.5.22 |
| Corrections of errors after closing accounts | .. 10.6.12 |
| Contractors' Ledger | |
| <i>See Contractors' Ledger</i> | |
| Disposal of surplus materials | .. 10.3.10, 10.3.14 |
| Forms of bills and vouchers | .. 10.2.16, 10.2.31 |
| General principles regarding | .. 10.1.1, 10.1.5 |
| Include the cost of land | .. 10.1.3, Note 2, .. 17.1.2 |
| Issue of materials | |
| Direct to works | |

| | |
|---|------------------------|
| <i>See</i> Materials-at-site account | |
| To contractors— | |
| <i>See</i> Contractors | |
| Materials-at-site account | |
| <i>See</i> Materials-at-site account | |
| Measurements for work done or supplies received | .. 10.2.9, 10.2.14 |
| <i>See also</i> Measurements Books | |
| Object of keeping account by sub-heads | .. 10.1.2 |
| Payments to contractors and suppliers | .. 10.2.9, 10.2.31 |
| Payment to labourers | .. 10.2.4, 10.2.8 |
| Payments to work-charged establishment | .. 10.2.34, 10.2.41 |
| Register of work | |
| <i>See</i> register of works | |
| Re-opening of accounts | .. 10.6.12 |
| Review of unsettled accounts | .. 22.4.20 |
| Schedule dockets | |
| <i>See</i> Schedule dockets | |
| Schedules of deposit works | .. 22.4.7 |
| Schedule of works | |
| Expenditure— | |
| Forms and preparation | .. 22.4.6 |
| Submission to Accountant General | .. 22.4.15 |
| Special procedure for non-Government works | |
| <i>See</i> Non-Government works | |
| Suspense Accounts | .. 10.5.14, |

| | PARAGRAPH |
|---|-------------------------------|
| Transactions adjusted finally in the accounts of Divisional Officer—Exceptions .. | 10.5.23, 10.6.5, 10.6.7 |
| Transfer of works free of cost to local bodies does not necessitate adjustment in accounts .. | 3.1.3 |
| Works abstract | |
| <i>See</i> Works abstract | |
| Works expenditure and works outlay | |
| Expressions—Defined .. | 2.1.1(57) |
| Workshop accounts | |
| Accounts of commercial undertakings are rescribed locally .. | 14.1.3 |
| Annual <i>pro forma</i> account— | |
| Preparation and review .. | 14.3.1, 14.3.2, 22.4.30 |
| Applicable to larger shops .. | 14.1.3 |
| Classification of transactions .. | 14.2.1, 14.2.3 |
| Direct and indirect charges .. | 14.2.1, 14.2.6 |
| Direct charges on jobs .. | 14.2.3 |
| Estimates for jobs .. | 14.2.3 |
| Form of accounts is prescribed locally .. | 14.1.3 |
| Indirect charges are prescribed .. | 14.2.5 |
| Indirect charges enumerated .. | 14.2.5 |
| Indirect charges on jobs .. | 14.2.5 14.2.6 |

| | | |
|---|----|-------------------|
| Indirect charges, revision of jobs | .. | 14.3.2 |
| Direct charges | .. | 14.2.3 |
| Estimate of cost | .. | 14.1.4 |
| Execution in small shops | .. | 14.1.2 |
| Indirect charges | .. | 14.2.5, 14.2.6 |
| Settlement of account | . | 14.2.4 |
| Jobs executed in small shops, accounted for | | |
| as works or manufactures | .. | 14.1.2 |
| Limit of the cost of a job | | |
| Workshop (suspense) | .. | 14.1.4 |
| <i>See</i> Suspense Accounts | | |
| Work slip | .. | 10.6.3 |

Notes

Notes

Notes

Notes

Notes