

CHAPTER 5

COMPILATION, CONSOLIDATION OF ACCOUNTS, PREPARATION OF 'LEDGER' AND SUMMARY OF BALANCES.

5.1 COMPILATION OF VOUCHERS IN THE ACCOUNTING SECTION

5.1.1 The Cheque Section sends the daily memorandum of pre-checked payments in the form of carbon copies of the relevant page of the Register of Cheques Delivered in Form CAM-11 to the Accounts Section, along with the vouchers.

(i) On receiving them, the Accounts Section should verify that (a) all the vouchers mentioned in the Daily Memorandum have been received and (b) that the amount and totals have been correctly entered. For any cheque issued in place of a time-barred cheque, it should be checked that the time barred cheque has been duly cancelled and treated as voucher, and classified as minus credit to the head 8670-Cheques and Bills.

(ii) After these verifications, one copy of the Daily Memorandum shall be returned to the Cheque Section as acknowledgement for the vouchers received. Similar action will be taken on the copy of list of payments along with paid vouchers received from the Cheque Section, as per the procedure mentioned in para 3.4.

(iii) If any voucher is found missing, the fact should be entered in the relevant memo/list of payments and efforts should be made to trace or obtain it. If it is not traced or obtained before completing of month's posting, the amount of the voucher should be posted against the minor heads 502-Expenditure Awaiting Transfer to Other Heads under the relevant functional major head of the Department.

5.1.2 The grand total of the amount of cheques delivered during the entire month as derived from the Memos or Lists of payments, should be posted on the credit (receipt) side in the Classified Abstract. The posting will be against the inner column 'Original' under the minor heads 'PAO Cheques' and 'Departmental Cheques' respectively, under the major head '8670-Cheques and Bills'.

5.1.3 (i) The vouchers should be compiled by posting in the Compilation Book or Compilation Sheet in Form CAM 33, on the same day on which they are received from the Cheque Section, with separate sheets used for the vouchers passed by the P.A.O. and Cheque Drawing D.D.Os respectively. The gross amount of the vouchers against various units of appropriation including Public Account should be posted against the concerned heads.

(ii) The deductions and recoveries shown in payment vouchers like income-tax, surcharge, education cess, CGHS contributions, service tax, contribution towards defined contribution pension scheme, PLI premium, CGEGIS contributions licence fee, recovery of house building advance, motor car advance, G.P. Fund contribution etc, will be compiled under each of the relevant head concerned. If a credit is adjustable in the books of another accounts authority finally, the 'PAO Suspense' head will be initially operated for accounting.

(iii) The recoveries of overpayments effected in the same accounting year whether in cash or by deduction from a bill shall be taken as reduction of expenditure under the concerned detailed head of

account. If such recoveries pertain to previous year(s), they shall be recorded under a distinct minor head, "911- Deduct Recoveries of Overpayments" below the concerned major/sub-major head.

(iv) The P.A.O. should ensure on each day that the total amount of cheques delivered during the day and that appearing under the head 'PAO Cheques' in the compilation sheet tally. Similarly, PAO should ensure that the total amount of cheques issued by Cheque Drawing DDOs in each week tallies with the amount appearing under the head 'Departmental Cheques' for that week. Correctness of posting of each voucher in the compilation sheet should be checked by tallying the total of the debits under various detailed heads with the total of the credits which represents the deductions/recoveries plus the net amount of the voucher.

5.1.4 At the end of each month, the grand total of the debits for all the vouchers in the compilation sheet(s) separately shown for the PAO and each Cheque Drawing DDO's should be tallied with the grand total of the credits therein.

Note: (Deleted and converted into para 5.1.5 below).

5.1.5 (i) Where payment of salary for the month of March is made by bank drafts (outstation salary bills), the bank accounts for the payment in its daily scroll on the day of issue of the bank drafts in the month of March itself. In these cases, P.A.O. will debit the net amount of such bank drafts issued to the suspense head 'Outstation Pay Bills for March' under the minor head 'Suspense Accounts (civil)' below the major head '8658 Suspense Accounts' and afford credit against it to the minor head 'PAO Cheques' below the major head '8670 Cheques and Bills'.

(ii) In March itself on receiving the payment scroll from the bank, the minor head 'PAO - Cheques' would be cleared by minus credit and against it credit afforded to the minor head P.S.B. Suspense/ Private Bank Suspense below the major head '8658- Suspense Accounts' or to the head '8675 - Deposits with Reserve Bank Central (Civil)', as the case may be. The debit under the suspense head would be cleared by the PAO in April by debiting the salary head for the gross amount and minus debiting the head 'Outstation pay bills for March' and crediting the relevant receipt/recovery heads of accounts by proposing transfer entries in the first week of April, to ensure prompt clearance of the suspense head.

5.2 COMPILATION OF RECEIPTS

5.2.1 When scrolls are received from the bank(s) along with the challans, the entries in the scroll should be tallied with the individual challans and the totals checked. If any challan is missing, the same should be specifically noted in the register in Form CAM-17 (i) for obtaining from the bank and (ii) for exhibiting against the sub head 'Receipts Awaiting Transfer' (RAT) in the accounts, if they are still awaited at the end of the month. On receipt of the challan, the entry under the head Receipt Awaiting Transfer would be cleared by accounting the same under the relevant receipt head of account.

5.2.2 The receipts under the relevant major, minor and sub/detailed heads of accounts should be compiled in Compilation Sheet(s) by using separate sheet or portion for booking credit against each bank account. At the end of each month, it should be checked that the grand total of the credits in the compilation sheet tallies with the grand total of the amount of all the receipt scrolls posted in the register in Form CAM 17.

5.2.3 If any separate procedure for compilation has been prescribed by CBDT/CBEC for compilation of accounts for revenues collected under the provisions of their schemes, they would be followed notwithstanding the above instructions.

5.3 TRANSFER ENTRIES

5.3.1 Transfer Entries are the entries relating to the transfer of an item from one head of account to another, wherever necessary and are prepared in Form CAM-34. While making transfer entry, there shall be only one major head on one side while debit or credit against it may be given to various heads, and vice-versa. All the particulars explaining the nature of the adjustment and the grounds for the correction must be clearly stated in a transfer entry. The Transfer Entries may be required for the following illustrative case -

- (a) Correct an error of classification in the original accounts;
- (b) To adjust any item outstanding under a Debt, Deposit or Remittance head by debit/ credit to the proper head;
- (c) To effect periodical adjustments such as -
 - (i) Annual adjustment of interest payable on the accumulations/accretions of G.P.Fund/C.P.Fund, which is done by debiting the major head '2049 - Interest payments' and crediting the heads '8009-State Provident Fund-G.P.Fund/C.P.Fund etc.
 - (ii) Adjustment by Pr.A.O. to transfer/clear the amount from the minor head Public/Private Sector Bank Suspense below the major head '8658- Suspense Accounts' to major/minor heads '8675-Deposits with Reserve Bank-Central (civil)' etc.
- (d) For arranging payments of grants in aid or loans to State Governments and Union Territory Governments.

5.3.2 In order to ensure that the Transfer Entries of periodic nature are made regularly, a list of such adjustments should be maintained by the PAO.

5.3.3. The error relating to an item of revenue or expenditure head wrongly classified under another revenue or expenditure head in the accounts, may be corrected by proposing a transfer entry at any time before the accounts of the year are closed. However, if the accounts have been closed, such corrections are not admissible and it will be sufficient to make a suitable note of error against the original entry. However, if the error affects the receipt and disbursement of another Government or the transaction of any commercial department, it should be corrected by transfer entry in every case as soon as it is discovered. Corrections or transfers in Capital major heads that do not affect the accounts of other governments should be effected by simply altering the progressive figures on 'proforma' basis for purposes of Statement No.12 of Finance Accounts. That is, debit and credit entries will not be passed in the accounts of the year's financial transactions, to avoid unnecessary inflation of the actual expenditure in the accounts of the year in which the misclassification etc. was detected.

5.3.4 The errors affecting a debt, deposit, suspense or remittance head however old or small, must be corrected by transfer entry. If the accounts of the year in which the error takes place are not closed, the correction should be made by removal of the item from the head it was wrongly taken through minus entry, and taking it to the proper head of account.

For example, a debit of rupees one lakh representing house-building advance may have been wrongly been booked under 'Motor Car Advance' below the major head '7610-Loans to government servants'. If the accounts of the year are still open, the correction may be made by debiting the head 'House Building Advance' and withdrawing the same by minus debit to the head 'Motor Car Advance' below the major head '7610-Loans to government servants', in the accounts of the same year in which the error has occurred.

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

(i) If an item is wrongly taken to a debt, deposit, suspense or remittance head instead of another, the correction should be made by transfer from one to the other head of account;

(ii) If an item is wrongly credited/debited to a debt, deposit, suspense or remittance head instead of revenue/expenditure head respectively, the correction should be made by transfer to the head under which it should originally have appeared;

(iii) If an item is wrongly credited to a revenue head instead of to a debt, deposit, suspense or remittance head, the correction should be carried by debiting refunds and crediting the proper head of account. For example, if transactions relating to 'Central Government Employees Group Insurance Scheme' below the major head '8011-Insurance and Pension Funds' have wrongly been credited to the minor head 'Government Employees Insurance Schemes below the major head '0235-Social Security and Welfare', the corrections after the close of the year would be as under -

(-) Cr

Major Head 0235 - Social Security and Welfare

Sub-major Head 60 - Other Social Security and Welfare Programmes

Minor Head 105- Government Employees Insurance Schemes

Deduct - refunds

To

Major Head 8011 - Insurance and Pension Funds

Minor Head 103 - Central Government Employees Group Insurance Scheme

Cr.

If an item is wrongly debited to expenditure head instead of debt, deposit, suspense or remittance head, correction should be made by debiting the appropriate head and crediting the relevant receipt head. If the concerned department does not have a corresponding receipt head, it will be accounted under minor head 911- Deduct Recoveries for Overpayment.

However, for corrections in the heads having budgetary provisions, the correction/transfer will be done by affording plus or minus credit under the head concerned, without affecting the actual expenditure (debit side of the head) for the year.

(The provisions of para 8.1.2-8.1.5 of CPWA Code govern rectification of 'Errors' in the accounts of works in the Central Public Works Department).

5.3.5 All transfer entries prepared during a month should be entered in the Transfer Entry Number Book in Form CAM 35. After preparing a 'Summary of Transfer Entries' in Form CAM 36 as described in the next para, its effect should be reflected in the monthly accounts of that month.

5.3.6 As and when approved, the transfer entries should be posted individually into columns 1 and 2 of Form CAM-35, against the respective heads of account. After all the transfer entries for the month have been entered, the total effect against each head of account separately for debit and credit columns should be worked out, and posted in columns 5 and 6 of the form respectively. After this, the grand total under columns 5 and 6 should be worked out and reconciled with the grand total under columns 1 and 2 to serve as a cross check. The figures appearing in columns 5 and 6 against each head of account should be posted against appropriate column under the corresponding head of account in the Departmental Classified Abstract. If bound book is not used for entering each year's monthly summary of transfer entries, the monthly sheets of the document should be arranged at the end of the year in the order of the months, and bound into a convenient volume.

Note: The accounting package in COMPACT itself takes care to prevent any error in classification, and largely avoids the necessity of transfer entries caused by misclassification. However, for periodical adjustments and clearance of PSB Suspense while accounting the bank scrolls and put through statements, the transfer entries are still required to be prepared to be accounted for in the computer generated accounts.

5.4 PREPARATION OF DEPARTMENTAL CLASSIFIED ABSTRACT

5.4.1 (i) The Departmental Classified Abstract in Forms CAM 37 and CAM 38 will be maintained separately for each month in two parts. Part I is for receipt (credit) entries while Part II is for booking expenditure (debit) entries pertaining to revenue, capital accounts, debt, deposit, suspense and remittance transactions.

(ii) In the classified abstract, various major heads along with their minor and sub/detailed heads will be typed or printed one below the other, distinctly indicating in it the parts pertaining to the Consolidated Fund, Contingency Fund and Public Account.

(iii) Separate columns will be opened in the abstract, one for recording the transactions of the P.A.O. and one for each Cheque Drawing DDO including Public Works Divisional Offices and Forest Offices, for reflecting the effect of transfer entries. If need be, a separate classified abstract may be maintained for incorporating accounts of Divisional Officers wherever they are large in number.

(iv) Entries against each head of account will be made by posting the total figure of the month, as compiled in the separate compilation sheet(s).

5.4.2 The supporting schedules etc. should be checked before incorporating the Divisional accounts. In the Divisional Accounts, the item of 'Cash Balance diminished/increased' appearing on the receipt/payment side of the account respectively, will be posted on the corresponding side against the head "8671-Departmental Balances (Civil) Public Works Cash Balance", in the classified abstract.

5.4.3 The posting against the minor head "Public/Other Nominated (Private Sector) Bank Suspense" under the major head 8658-Suspense Accounts and major Head 8675-Deposits with Reserve Bank-Central (Civil) Reserve Bank Headquarters should be made for the gross amount on the appropriate side. This means the credit and debit respectively will be posted as per the totals of receipt and payment scrolls worked out in the Register in Form CAM 17, as mentioned in paras 1.9.4 and 1.9.8 of this manual. Any effect of transfer entry should be posted under the relevant column in this abstract.

5.4.4 The procedure laid down in para 5.1.2 should be followed for entering the figures against the inner column of "Original" under the minor heads 'PAO Cheques' and 'Departmental Cheques' under major head 8670-Cheques and Bills, in Part I of the Abstract. Clearance under these minor heads should be indicated through responding minus entry by taking the monthly total of the amount in the payment scrolls extracted from the register in Form CAM-17. This will be done in the manner referred to in paras 1.9.4 and 1.9.8 of Chapter 1.

5.4.5 If the postings are made correctly, the grand total in Part I of the Abstract should tally with the grand total in Part II.

5.4.6 After completing the postings in the compilation sheets and the classified abstract, they should be submitted to the Assistant/Junior Accounts Officer for a careful test check of the postings. The Assistant/ Junior Accounts Officer and Accounts Officer shall personally check the correctness of postings and trace the entry in the classified abstract for items over Rs. 25,000 and Rs. 1,00,000 respectively, under any detailed head of account. However, in respect of posting of challans relating to the Central Board of Excise and Customs, the extent of checking of correctness of postings by

concerned AAO/JAOs will be for all items over Rs. 20,000 and 50% of the items between Rs.10, 000 and Rs.20, 000, while the Sr.AO/AO will check all items above Rs.50, 000.

5.5 CHECKS TO BE EXERCISED BY THE PAOs

Each PAO shall satisfy himself that no voucher/challan has been omitted from posting during compilation.–

(i) This will be done by the scrutiny of Compilation Sheets to see that –

(a) the checks prescribed in para 5.1.4 ante are exercised, and

(b) the total number of vouchers/challans posted each month in compilation sheets is equal to the number of vouchers/challans accompanying the daily memos/lists of payments and receipt scrolls for that month.

(ii) For the figures posted in the classified abstract under the following heads, which are drawn from a source other than the compilation sheets, it has to be seen that -

(a) posting of figures under the major head 8670-Cheques and Bills for both original and responding entries are correct, by counter-checking them with the monthly totals of columns 2 and 3 of the PAO's check register. This has to be maintained by the PAO personally in FORM CAM-15.

(b) posting of figures against the minor head Public/ Other Nominated (Private Sector) Bank Suspense and/or Deposits with Reserve Bank (Central Civil) Headquarters against the major head 8675 Deposits with Reserve Bank are correct, and drawn from the total in the register in Form CAM-17.

(c) posting against the minor head Expenditure Awaiting Transfer and Receipt Awaiting Transfer under the functional major head of the Department/Ministry is correct and supported by necessary details as required to be maintained vide paras 5.1.1. and 5.2.1. (However, no balance under these minor heads should remain outstanding at the end of the year).

(d) For each month, the grand total of Part I of the abstract tallies with the grand total of Part II.

5.6 CONSOLIDATED ABSTRACT

5.6.1 The Consolidated Abstract should also be maintained in two parts in Form CAM-39. Part I shall be used for recording the receipt (credit) transactions while Part II will be used for recording expenditure (debit) transactions for each year. Separate columns for each month's transactions and progressive total up to the end of each month should be opened therein by placing inner sheet(s). Major/Sub-major/minor/ sub/detailed heads should be entered as per the sequence in the classified abstract. The monthly total from the classified abstract will be posted against each head of account, under the appropriate monthly column to arrive at the progressive total up to the end of the month.

Note: When the number of Cheque Drawing DDOs functioning under him is small and the PAO finds it convenient, a combined register representing the classified abstract as well as consolidated abstract may be maintained by him through the opening of necessary inner sheets.

5.7 RENDITION OF MONTHLY ACCOUNTS BY PAY AND ACCOUNTS OFFICES

5.7.1 Each Pay and Accounts Office shall send a monthly account to its Principal Accounts Office, in the format prescribed by the Controller General of Accounts, by the 7th of the following month. The account shall show the monthly as well as progressive figures of receipts and payments up to the final level of classification. The expenditure has to be exhibited grant-wise and separately against each primary unit of appropriation showing Plan and Non Plan, Voted and Charged expenditures. At the end of the account, a proof sheet shall be attached showing Grant-wise/Major head-wise totals, separately for Plan and Non-Plan, Voted and Charged Expenditures along with the grand totals, to ensure that the total of receipts match with the total of payments and the account is balanced.

5.7.2 On receiving the monthly accounts of Pay & Accounts Office, the Principal Accounts Office will check it, mainly to detect prima-facie errors in classification. After this, the Principal Accounts Office will consolidate the accounts of Pay and Accounts Offices through the computerized software package provided, e.g. 'Contact' package that is currently in use. For the purposes of appropriation control, they will then print an abstract of group minor head-wise totals. Certain other checks as listed in Annexure 'A'-Part I, will be exercised to ensure that all the transactions in each P.A.O. are compiled on the Computer and the amount of each transaction has been properly classified and taken on the computerized package.

After the proof sheet has been reconciled as detailed in Annexure 'A'-Part I, a floppy/CD containing the Consolidated accounts for the Controller is to be generated (by using the "clear files" option in 'Contact' presently) and sent to the office of Controller General of Accounts by the 15th of the following month. The format of the forwarding letter should be as given in the Annexure 'A'-Part III.

5.7.3 The Chief Accounting Authority of the Ministry/ Department may also require the Principal Accounts Office/Pay and Accounts Offices functioning under him, to periodically render the accounts showing expenditure against grants/units of appropriations, in such form as may be required.

5.8 SUBMISSION OF MONTHLY ACCOUNTS BY THE PRINCIPAL ACCOUNTS OFFICE OF THE MINISTRIES/ DEPARTMENTS TO THE CONTROLLER GENERAL OF ACCOUNTS.

(i) For Civil Ministries

The Consolidated Monthly accounts from each Principal Accounts Office to the office of Controller General of Accounts should be furnished by the 15th of the following month.

(ii) For Non-Civil Ministries and U.T. Administrations :

The Consolidated Accounts of the concerned Non-Civil Ministry should reach the office of Controller General of Accounts by the 17th of the following month.

5.9 STATEMENT OF CENTRAL TRANSACTIONS AND JOURNAL ENTRIES

5.9.1 Each Principal Accounts Office will prepare a 'Statement of Central Transactions' at the end of every financial year, representing the progressive effect of all the transactions during the year including that of March supplementary transactions. The statement of central transactions will be prepared only for minor head-wise details under different major heads concerned, showing charged, voted, plan and non-plan expenditures distinctly. Alterations are not permitted in the classified or consolidated abstract of any month after they have been closed.

However cases of errors may be discovered after the Statement of Central Transactions is prepared and submitted. If an error is discovered in the same year and involves a correction by transfer of amount from one minor head to another under the same major head, or from one major head to another, necessary corrections in the form of Journal Entries (in short Journal Entries) should be proposed. For carrying out Journal Entries, the same form will be used that is used for transfer entry, and will be supported by a "Statement of Effect of the Corrections". This statement will indicate the amount involved in correction, and the figure of amount arrived at after carrying out the correction against the concerned heads. The corrections between detailed heads under the same minor head will not require Journal Entries, and will be carried out by the P.A.O by simply making plus and minus entries against the affected heads and keeping a note of such error in the relevant ledger.

5.9.2 All Journal Entries shall be signed by the head of the Accounting Organization viz. Pr.CCA/CCA/CA as the case may be, and serially numbered for easy identification. Approval of the Controller General of Accounts has to be obtained for incorporating it in the accounts. When the Journal Entries are accepted by the C.G.A. for incorporation in the accounts, the Principal Accounts Office should also appraise the details of it to the concerned P.A.O. in so far as they affect the figures held in the books of that P.A.O. This is required to enable the PAO to prepare his ledger etc. on the basis of updated accounts.

5.10 LEDGER OF BALANCES UNDER DEBT, DEPOSIT, SUSPENSE & REMITTANCE HEADS.

5.10.1 (a) The monthly figures posted in the various broadsheets pertaining to debt, deposit, suspense and remittance heads shall be compared with the figures of that month's transactions under relevant heads in the monthly account, to verify that the two sets of figures tally. Discrepancy if any between the two sets of figures should be analyzed forthwith to set right errors, like un-posted item or misclassification.

(b) The two heads of account viz. '7810-Inter-State Settlement' (Sector G) and '7999-Appropriation to Contingency Fund' (Sector H) are not in the nature of debt, deposit, suspense or remittance heads and will be closed to 'Government Account' annually, as indicated vide para 5.11. On the other hand, the balances under debt, deposit, suspense and remittance heads are to be individually closed to 'Balance'. However, the balances under the head '8680-Miscellaneous Govt. Account' will be closed annually to Govt. Account. Similarly, balances under '8675-Deposits with Reserve Bank' held in the books of Principal Accounts Offices will be closed annually to Government account, but those held in the books of the Controller General of Accounts will be transferred to the head '8999-Cash Balance', every month.

5.10.2 The Ledger for Debt Deposit Suspense and Remittance heads closing to balance viz. those under Sectors E, F, I, J, K, and L, may be prepared half-yearly for the first six months of April to September after the accounts of September are closed. Thereafter, it will be prepared quarterly for October to December and for January to March including March Supplementary, by using the Form CAM-40. (This will however exclude major heads '8675 -Deposits with Reserve Bank and "8680-Miscellaneous Government Account and "M" of the List of Major and Minor Heads of Account). The ledger will be prepared by the P.A.O. up to sub/detailed heads, as may be necessary, based on the figures of first six months and subsequently for the two quarters as mentioned above, and sent to the Principal Accounts Office by the 5th November, 5th February and 5th July of each year respectively. The amounts of balances adopted or transferred, on "Proforma" basis in terms of provisions of para 16.4 of Chapter 16 will be clearly indicated in the relevant columns of Forms CAM-40 and 41. The amounts adopted by transfer consequent to the Departmentalization of Accounts from Accountants General will similarly be exhibited in the Ledger of the year in which the 'Proforma' transfer was carried out.

The Principal Accounts Office will put together and prepare a Ledger incorporating the transactions of all P.A.Os under his jurisdiction. This will be done with minor head-wise details based entirely on the figures furnished periodically by the PAOs. The Ledger will then be submitted to the respective Pr.CCA/CCA/CA for review by the 10th November, 10th February and 10th July of each year. For the purposes of regular monitoring, a copy of the Periodical Statement along with the comments of the respective Pr.CCA/CCA/CA should be sent to the Finance Accounts Section of the Controller General of Accounts by 15th November, 15th February and 15th July respectively every year. The Pr.CCAs/CCAs/CAs comments will specifically be regarding the action initiated for liquidating the outstanding balances and settling adverse balances under various Debt, Deposit Suspense and Remittance Heads. It may be checked to ensure that the progressive figures for the year tally with those appearing in the Statement of Central Transactions, including the effect of all Journal Entries incorporated therein. Balances under Public Sector Bank Suspense head maintained by P.A.Os is not required to be included in the 'Ledger', since clearance against this head for adjustment against Reserve Bank Deposits head of account is carried out at the level of Principal Accounts Office itself. After this, the Principal Accounts Office will prepare a sector wise abstract of balances as per the 'Ledger', in form CAM-40.

5.11 COMPUTATION OF GOVERNMENT ACCOUNT

5.11.1 At the end of each year, the progressive figures of the heads of account falling in the following categories will be closed to Government account and not carried over to the following year. This includes the heads of account under sectors A, B, C, D, G & H in the Consolidated Fund, those under the major heads 8675-R.B.D. and 8680-Miscellaneous Government Account and heads of account falling under Sector 'L' in the Public Account. The total of the progressive figures under them at the end of each year will be worked out to arrive at the balance under "Government Account", in the manner shown in Annexure "C". The closing balance under "Government Account" will be carried over to the "Summary of Balances" statement, as described and shown through illustrative example in the subsequent paras.

5.12 SUMMARY OF BALANCES

5.12.1 The statement of "Summary of Balances" is to be prepared comprising of sector-wise balances, in the format indicated in Annexure "B". The statement will be used to enter the closing balance under "Government Account" and the closing balances under various debt, deposit, suspense and remittance heads which close to balance. The totals under the Debit and Credit sides of the statement should be equal.

5.12.2 The statement for the consolidated transaction of Government of India as a whole, prepared by the office of Controller General of Accounts will form Statement Number- 5 of the Finance Accounts.

5.13 ILLUSTRATIVE EXAMPLE

5.13.1 An illustration for preparing Sector-wise 'Ledger', "Government Account" and "Summary of Balances" is appended at Annexure B.

5.14 SUBMISSION OF MATERIAL FOR STATEMENT No.5 OF FINANCE ACCOUNTS TO C.G.A.

5.14.1 The PAOs should submit a copy of the 'Ledger' with only minor head-wise figures to the Principal Accounts Office by the prescribed date every year. The Principal Accounts Office will tally the figures in the 'Ledger', (after excluding those under P.S.B. Suspense) with that prepared by it from the statement of central transactions. After this verification it will consolidate/total the figures for all its PAOs, and prepare a statement of " Summary of Balances". Each Principal Accounts Office will finally send one copy each of the Sector-wise 'Ledger', 'Government Account' and 'Summary of Balances' to the CGA office every year, by the prescribed date.

5.15 PROFORMA CORRECTIONS

5.15.1 "Proforma" corrections to balances of earlier years in cases where provisions of Rule 38 of Government Accounting Rules, 1990 are not attracted, are to be effected by affording relevant contra effect to "Government Account" referred to above. Approval of the C.G.A. is required to be obtained in each case for the incorporation of any such 'Proforma' correction of any other type, indicating full background and justification. This includes cases wherein either-

(a) a head closing to balance vis-a-vis a head closing to Government Account are involved; or

(b) correction of a balance under a head closing to balance purely as an accounting device is involved.

5.15.2. Expenditure incurred under the Consolidated Fund of India and booked under concerned heads is accounted for in the Appropriation and Finance Accounts. However, the balances under the heads of loan, debt etc will also be included in the Finance Accounts.

Certain types of decisions taken by Government occasionally affect such balances representing progressive effect of bookings during earlier years, and necessitate alteration in the figures of balances exhibited in the "Ledger of Balances", Finance Accounts, etc. For this purpose, the device of "Proforma Correction" will be adopted to avoid passing the old transactions of expenditure etc through the monthly accounts/S.C.T. of the year in which the relevant Government decision is taken.

The following are some of the main types of situations in which "Proforma corrections" are required to be made:

(i) **Change of Classification:** Decision may be taken by Government in consultation with the Budget Division and Controller General of Accounts on the advice of the C. & A.G. for change in classification of any specific type of transaction of a head closing to "Government Account" or for transfer of balance from one to another head under Loan or Debt etc. which closes to balance. The decision would imply that the aggregate effect of transactions booked during earlier years under the relevant affected head will have to be transferred to the new head selected for the purpose. An example of this type is the consolidation of loans given to State Governments as a result of the recommendations of the Finance Commission that involves transfer of aggregate balances from Minor Heads under relevant sub-Major heads to various Minor Heads under the new Sub-Major Head. Specific example for this is the "Loans consolidated on the recommendations of the Twelfth Finance Commission" below the Major Head "7601-Loans and Advances to State Governments."

(ii) **Increase or Decrease in the Opening Balances:** Based on decisions of Government, the Controller of Aid Accounts and Audit as well as Railway Board effect certain increases or decreases in the opening balances of heads of accounts exclusively operated by them. This is done without routing the adjustments through the monthly accounts or the Statement of Central Transactions of the year for which the Finance Accounts are under preparation.

(iii) **Aided Institutions and Departmental Commercial Undertakings:** When under any special orders of the Government, a Government aided institution is taken over without any cash outgo for being run as a Departmental Undertaking. In such cases, the balances pertaining to its liabilities like loans and advances and assets and investments owned by it, are taken under the relevant head of account with a contra entry against "Government Account" including the loan head under which loans were granted earlier. Similarly, where a Departmental Undertaking is converted into a Company or Corporation, the balance pertaining to progressive capital expenditure under various heads for the Undertaking, is required to be re-classified under appropriate heads, on account of the change in the status of the Undertaking.

(iv) **Conversion of Grants in aid to Loans and vice-versa:** It includes cases where any decision is taken by Central Government for conversion of a Grant-in-aid given during any earlier financial year to a State Govt. or U.T. Govt. into a loan or conversion of a loan given earlier into Grant-in-aid with retrospective effect. This is done after issue of necessary sanction for it including necessary explanation in the notes on Demands for Grant concerned. In the cases whereby the earlier grants are converted to loan, the progressive figure under the Major Head "7601" (see Para 10.8.7 also) -Loans and Advances to State Governments" will be increased through "Proforma correction" after affording contra credit for a corresponding amount under "Government Account". This will also be reflected in the ledger of balances in "Form CAM-41", "Government Account" in Form CAM-42, and indicated in the material for Finance Accounts submitted to Controller General of Accounts. A note will also be kept in the loan register, indicating briefly the terms and conditions of the repayment of loan. In the case of retrospective conversion of a loan given earlier into Grant-in-aid, the relevant sanction order should indicate the treatment to be given to the portion of loan and interest paid to the Govt. by the recipient of the loan. "Proforma Correction" would similarly be required to decrease the progressive figure under the relevant Minor Head under the Major Head "7601-Loans and Advances to State Governments" by affording contra debit to "Government Account" in the documents referred to above.

(v) **Raising or Lowering of Balances:** Paras 10.8.5 and 10.8.6 envisage the raising or lowering down of balances under the two Minor Heads "Advances for purchase of other conveyances" and "Other advances", by the Principal Accounts Offices, wherever necessary, with the approval of the Controller General of Accounts. To give effect to this, they will have to effect 'Proforma Correction' in the closing balances against the affected head in their ledger of balances in form CAM-41, and reflect contra effect in their "Government Account" in form CAM-42 along with the material for Finance Accounts submitted to Controller General of Accounts.

5.15.3 Prior Period Adjustments: Adjustments relating to "Proforma Correction" in respect of the type of transactions referred to in para 5.15.2 will not be passed through the regular monthly accounts, will not be shown in the Statement of Central Transactions, and even the opening balances in such cases will not be corrected with a foot note. However, a full account of such adjustments in an account named "Prior Period Adjustment Account" will be submitted with the material for the Union Government Finance Accounts.

Note: Annexure C to this Chapter provides illustration of such types of transactions. Part I contains three different examples falling under this category while Part II indicates the manner in which it is to be reflected in the material for the affected statements of Finance Accounts. The part III indicates the entries generated in the computation of closing balance of "Government Account" and entering of material for the Summary of Balances, in Statement No. 5 of the Finance Accounts.

The effects of these adjustments shall be incorporated in the material for relevant statements of Finance Accounts. It will be shown distinctly in a separate line, under the opening balance of the concerned minor head below the relevant major head, with the nomenclature "Prior Period Adjustment Account". The net effect of these adjustments on "Government Account" will also be worked out for arriving at the balance as on 31st March of the year under it, for the purpose of inserting against the concerned head in the material for Statement No. 5 of Finance Accounts.

Appendix – 'A'
(Refer Para 5.7.2)

Procedure for consolidation of Controllers' Accounts on Computer.

PART-I : Checks to be exercised to ensure reconciliation between the figures of the Pr. AO and PAOs.

1. The proof sheet (summary of Grant-wise, Category-wise, Major-Headwise totals) appearing at the end of the PAO accounts is to be compared with the proof sheet (Control Totals) as printed through the computer.

This check is exercised to ensure that the grant-wise, category-wise, major head-wise figures are exactly the same as indicated by the PAO in the proof sheet- besides the totals tallying there should not be an interchange between Plan and Non-Plan, voted and charged between figures appearing in the PAOs proof sheet and the computer generated control totals.

Two copies of this verified control totals should be prepared. One copy is to be retained in the Pr. AO for record and the other duly signed by the Pr.A.O. should be sent to the CGA's office alongwith the floppy containing the consolidated accounts.

(2) To ensure accurate classification below major head level - every quarter a progressive PAO-wise account should be generated through the computer and despatched to the PAOs for confirmation. Corrections, if any, will be incorporated as per procedure indicated in Annexure-A-Part II.

At the close of the March accounts, only the last quarter's reconciliation remain. Corrections, if any, for this quarter can be incorporated in one of the supplementary accounts and communicated to the office of the CGA on floppies as in the case of normal monthly accounts.

A certificate signed by the Pr. AO indicating that the figures for the quarter have been tallied with the PAOs, is to be sent to the CGA's office along with the accounts for the month following the end of the quarter. (The certificate for the quarter ending June will be sent in August along with the July accounts).

PART-II : Procedure for carrying out corrections in the Controller's Monthly accounts.

Corrections to the transactions of the previous months will be incorporated in the current monthly accounts by the PAOs concerned. These corrections will be entered through 'CONTACT' like normal transactions at the end of PAO's accounts. A list of these PAO-wise/ month-wise corrections carried out will be forwarded along with the accounts. No manually prepared correction cards will be sent to the office of the CGA.

PAOs accounts that have been excluded from the preceding month's accounts will be entered in the following month. Details of such accounts should be forwarded along with the floppy.

PART-III : Contents of the forwarding letter of the Monthly accounts.

The forwarding letter accompanying the floppy containing the monthly accounts should invariably contain: -

1. A certificate to the effect that the grant-wise, category-wise and major head-wise figures of each PAO have been compared with the proof sheet attached by the PAOs at the end of the booklet;
2. A list of PAOs which have been excluded from the monthly accounts; otherwise a 'NIL' statement;
3. PAO-wise, month-wise details of accounts pertaining to previous months included in the present month or a 'NIL' statement.
4. PAO-wise, month-wise details of corrections to the accounts of preceding months which have been carried out in the present month.

**ANNEXURE `B`
(Para 5.12.1)**

ILLUSTRATIVE EXAMPLE LEADING TO PREPARATION OF "SUMMARY OF BALANCES"

1. DATA FOR THE ILLUSTRATION

Supposing transactions arising during 2004-05 are as at (a) to (f) below, receipt of balances on 'proforma' basis as per Para 17.3 of Chapter 17 of this Manual as at (g), and opening balances as on 1.4.2004 as at (h) below:

(a) Receipts (Revenue) received during the year :	
April, 2004	3460
May, 2004	3461
February, 2005	3459
March, 2005 (including supplementary)	3463
Progressive Total (including JEs)	13843

Total of Sectors A+B in the S.C.T. to be carried to Government Account[Form CAM-42]

(b) Expenditure (Revenue) incurred during the year	
April, 2004	3353
May, 2004	3352
February,2005	3354
March, 2005 (including Supplementary & JEs)	3355
(Progressive Total (including JEs)	13414

Total of sectors A+B+C+D in the S.C.T. carried to a Government Account [Form CAM-42]

(c) Expenditure (Capital) incurred during the year	
April, 2004	560
May, 2004	561
February, 2005	559
March, 2005 (including Supplementary)	563
Progressive Total (including JEs)	2243

Total of Sectors A+B+C+D in the S.C.T. carried to Government Account [Form CAM-42]

(d) DDR Transactions (Receipts) during the year :					
Sector	April,04	May,04	February, 05	March,05 (including JEs etc.)	Progressive total (including JEs) as per SCT under respective sector carried to Sector-wise Ledger Form CAM -41
E	4602	4601	4603	4602	18408
F	572	573	571	572	2288
I	1816	817	816	818	3267
J	151	151	153	151	606
K	583	584	585	583	2335
L	105	106	105	107	423
M	16	16	16	16	64
TOTAL	6845	6848	6849	6849	27391

(e) DDR Transactions (Payments) during the year :					
Sector	April,04	May,04	February, 05	March, 05 (including JEs etc.)	Progressive total (including JEs) as per SCT under respective sector carried to Sector-wise Ledger Form CAM -41
E	3374	3373	3375	3374	13496
F	1038	1040	1038	1039	4155
I	459	458	459	461	1837
J	126	127	126	126	505
K	555	556	555	556	2222
L	173	172	175	174	694
M	40	40	41	41	162
TOTAL	5765	5766	5769	5771	23071

(f) DDR heads closed to Government (RBD in this case) appearing on debt side :				
April,04	May,04	February,05	March,05	Progressive total (including JEs) figure appearing in SCT against the head 8675-RBD carried to Government Account [Form CAM-42]
627	630	626	623	2503

(g) During the year balances were received by the Pr.A.O. on 'proforma' basis from another such office as follows :-

Debit balance of Rs.80 crores under Sector F(Loans & Advances), and of Rs.5 crores under Sector L (Suspense & Misc., other than Major Heads 8675 and 8680) and Credit balance of Rs.21 crores under Sector I(Small Savings, P.F. etc). and of Rs.7 crores under Sector K (Deposits & Advances).

(h) Closing balances under various DDR heads of the preceding year (i.e. as on 31.3.2004) which would be opening balances as on 1.4.2005 are as follows :-

In Pr.A.O. books			In CGA's books		
	Dr.	Cr.		Dr.	Cr.
Govt. Account	15184	--			
E. Public Debt	--	23068	E. Public Debt	--	23068
F. Loans & Advances	17920	--	F. Loans & Advances	17920	--
			Contingency Fund	--	50
I. Small Savings & P.F. etc.	--	7699	I. Small Savings & P.F. etc.	--	7699
J. Reserve Funds	--	1027	J. Reserve Funds	--	1027
K. Deposits & Advances	--	1743	K. Deposits & Advances	--	1743
L. Suspense & Misc. (except 8675 & 8680)	405	--	L. Suspense & Misc. (except 8675 & 8680)	405	--
M. Remittances	28	--	M. Remittances	28	--
			N. Cash Balance	15234	--
	33537	33537		33587	33587

Notes : (1) For purposes of simplicity of the illustration, break up of figures has not been indicated under the sectors F,J,K & L into categories as follows as normally required in the summary of balances (Statement No.5 of Finance Accounts).

Sector	Categories
---------------	-------------------

F. Loans & Advances	(i) Loans & Advances to State & U.T. Governments
	(ii) Other Loans
J. Reserve Funds	(a) Reserve Funds bearing interest Gross balance Investment
	(b) Reserve Funds not bearing Interest
K. Deposits & Advances	(a) Deposits bearing interest Gross balance Investment
	(b) Deposits not bearing interest
	(c) Advances
L. Suspense & Miscellaneous	(a) Coinage Accounts
	(b) Suspense Gross balance Investment
	(c) Other Accounts Gross balance Investment Accounts with Govts. of Foreign countries

Note : (2) In the illustration, for the sake of simplicity, all figures are shown in crores of rupees only, though these documents are to be prepared up to unit of rupee and transactions under (a) to (f) of the data are shown as though they occurred during 4 months only.

Note : (3) For the sake of simplicity in the illustration, the transactions/balances in only one Pr.A.O. and its effect reflected in the CGA's office are indicated though the portion of the data showing receipt of balances on 'proforma' basis during the year from a different Pr. Accounts Office presupposes the existence of another Pr. Accounts Office whose balances should have also formed part of the balances held in the books of the CGA but not specifically indicated in the illustration.

Note : (4) For the sake of simplicity, it has been assumed that the entire balance under 'PSB Suspense' has been cleared and transferred to the head '8675-Deposits with Reserve Bank' by the Pr.A.O., before close of the accounts.

II. SECTORWISE ABSTRACT (LEDGER) OF DDR HEADS CLOSING TO BALANCE COMPUTATION OF "GOVERNMENT ACCOUNT" AND STATEMENT OF "SUMMARY OF BALANCES".

The above documents as in the books of Pr.A.O. and the last one as in the books of CGA adopting the assumed data are as shown in CAM-41, 42 & 43 and Summary of Balances. The figures adopted by the Pr.A.O. on 'proforma' basis are shown distinctly in italics in these forms for early tracing.

**ANNEXURE `C`
(Referred to in para 5.15.3)
Illustrative Example**

PART I. Prior Period Adjustment Account

Sl. No.			
1.	Dr. 0.10 crore	<p>7601-Loans and Advances to State Government -Loans for Central Plan Schemes -Fisheries-Inland Fisheries</p> <p>To Government Account Reasons for the `P.P.A.A.`:- Decision of Govt. vide sanction No.dated to treat a grant-in-aid of Rs.0.10 Crore (booked to head `3601' which is closed to Govt. Account) given to State `A' during 1981-82, as a loan with retrospective effect. (This will affect material for Statements No.13, 15 &5).</p>	Cr. 0.10 Crore
2.	Dr. 33 Crores	<p>7053-Loans for Civil Aviation -Aerodromes and Air Route Services</p> <p>To Government Account Reason for the `P.P.A.A.' :- Decision of Government to book expenditure on debentures to a loan head instead of to the investment head (viz. Major Head 5053 which is closed to Govt. Account) as was the earlier practice. (This will affect material for Statements No.10, 13 & 5).</p>	Cr. 33 Crores
3.	Dr. 12 Crores	<p>4858-Capital outlay on Engineering Industries and Ship building Industries. 04-Ship building Industries</p> <p>To 4858-Capital outlay on Engineering Industries 05-Aircraft Industries</p> <p>Reasons for `P.P.A.A.' :- Decision of Govt. to book outlay on investment in Garden Reach Ship builders and Engineers Ltd. to the former head instead of to the latter head as was the earlier practice. Both the heads affected close to Govt. Account. (This will affect material for Statement No.10 only but will not affect `Government Account').</p>	Cr. 12 Crores (minus debit)

Part II - Entries relating to Serial No.1 of Part I

	Amount On 1-4-04	Receipts	Disbursements	Account as on 31-3-05
(a) Entries under material for Statement No.15 of Finance Accounts, 2004-05				
7601-Loans and Advances to State Governments Prior Period Adjustment Account	Dr. O ₁	R ₁	D ₁	O ₁ +P ₁ +D ₁ -R ₁ =0.10 crore
	Dr. P ₁			
	0.10 crore			
(b) Entries under material for Statement No.17 of the Finance Accounts				
7601-Loans and Advances to State Governments -State of 'A'				
(C) Loans for Central Plan Schemes				
-Fisheries-Inland Fisheries	O ₂ P ₂	R ₂	D ₂	O ₂ +P ₂ +D ₂ +R ₂ +Rs .0.10 crores
Prior Period Adjustment Account	0.10 crore			

Part III - Entries for Computation of closing balance of GOVERNMENT ACCOUNT as on 31.3.05 on account of Serial No.1 of Part I.

FORM CAM 42

Sector		Dr.	Cr.
	Opening balance as on 1.4.04 (excluding the Prior Period Adjustment Account)	0	
	Net effect of Prior Period Adjustment Account		33.10
	Adjusted Opening balance as on 1.4.04	0-33.10	
A + B	Receipts(Revenue)		

A+B+C+D	Expenditure(Revenue)		
A+B+C	Expenditure(Capital)		
G(M.H.7999) L(M.H.8675 & 8680)	D.D.R. Heads(closed to Govt. Account).		
	Net effect of balances adopted/ transferred proforma reversing its side		
	Total	O+T ₁	T ₂ +3 3.10
	Closing balance transferred to Summary of balances	O+P+T ₁ +T ₂ -33.10	

O = Opening Balance

P = Prior Period Adjustment Account

T1 = Total under Col. Dr. excluding (a) Opening balance and (b) Prior Period Adjustment Account.

T2 = Total under Col. Cr. excluding figures relating to net effect of balances adopted/transferred proforma and also excluding Prior Period Adjustment Account.

[Authority : 1(14)/83/TA and 1(14)/86/TA]