

CHAPTER 3

PROCEDURE TO BE FOLLOWED BY DRAWING AND DISBURSING OFFICERS AUTHORISED TO DRAW CHEQUES (CHEQUE DRAWING DDOs)

3.1 DELEGATION OF CHEQUE DRAWING POWERS TO DRAWING AND DISBURSING OFFICERS.

3.1.1 As a general rule, all payments in the departmentalized system of accounting are to be made only by the Pay and Accounts Offices of the Ministry/Department after proper pre-check. However, as a partial exception to this rule the Controller General of Accounts may delegate powers to draw funds to the drawing and disbursing officers of offices, which are not located at the same station as that of their Pay and Accounts Office. The funds for arranging payments in such cases may be drawn directly from the local branches of the Bank accredited to the Ministry/ Department through cheques for the categories of bills specified in para 3.1.3.

The proposals for delegation of cheque drawing powers to Drawing and Disbursing Officers should be submitted to the Controller General of Accounts. Such proposals should be submitted only after due scrutiny with the required details and against the laid down parameters as indicated below. The need to restrict the number of cheque drawing DDOs should be kept in view before forwarding the proposal with the recommendation of concerned Pr. Chief Controller/ Chief Controller/ Controller of Accounts. While submitting the proposal for delegating cheque drawing powers to the DDOs to Controller General of Accounts, the following information which include information against the laid down parameters should invariably be furnished:

1. The complete designation and address of the Drawing and Disbursing Officer;
2. The name of the Pay and Accounts Office under whose payment control the DDO is placed with;
3. Total number of staff under the payment control of the DDO;
4. The Budget Grant for the relevant year other than salary;
5. The distance from the nearest cheque drawing D.D.O.;
6. Distance from the Pay and Accounts Office;
7. The average number of bills submitted to the PAO for pre-check during the preceding one year; and
8. Whether the payment/accounting function is proposed to be handled by an accounts officer from one of the organized accounts services.

On obtaining the approval of the Controller General of Accounts for delegation of cheque drawing powers to a DDO, the head of the accounts organisation may directly approach the Reserve Bank of India, Department of Government Account, Central Office, Mumbai for opening the bank account in respect of the new cheque drawing DDO. For opening assignment accounts in respect of cheque drawing powers given to the divisional officers in terms of the C.P.W.A. Code in the Public Works Department, such approval is not necessary. In such cases a copy of the request made to the R.B.I. should, however, be endorsed to the Controller General of Accounts.

3.1.2 Every Government Officer who is authorised to draw cheques on a bank shall send his specimen signature to the Bank/branch concerned, as per the instructions prescribed in this regard for the Pay and Accounts Officers vide para 1.4.2.

3.1.3 Cheque Drawing DDOs are permitted to make payments for the following categories of bills:

- a. Pay and allowances including wages and advances and final bills relating to medical claims, except bills for salary and Government contribution for employees under the Defined Pension Contribution Scheme which will be submitted to PAO;
- b. Travel expenses ;
- c. Office contingencies;
- d. All categories of Advances from the provident funds ;
- e. Withdrawals from G.P. Fund and final withdrawal of accumulations in the fund for group 'D' government servants;
- f. Payments arising under the Deposit Linked Insurance Scheme to group 'D' government servants; and
- g. All short- term loans and advances to government servants, that are recoverable in less than 60 instalments.

Payments of advances can be made by CDDOs only after obtaining the sanction of the competent authority. A copy of the sanction should also be endorsed to the Pay and Accounts Officer.

Bills for all other kinds of payments to Government servants will be presented to the Pay and Accounts Office concerned for pre-check and payment by bank drafts. This includes payments like long-term loans and advances and withdrawals from provident fund (other than Group 'D' staff) under the relevant rules of General Provident Fund (Central Services) Rules, 1960 or corresponding provisions of other Provident Fund Rules. Issue of cheques against their assignment by the D.D.Os to make such payments is not permitted.

The purposes detailed in the Central Public Works Account Code may be deemed to be those approved by the Controller General of Accounts, for the Executive Engineers functioning as cheque drawing D.D.Os under Central Public Works Department and other departments for which the provisions of Central Public Works Account Code are authorised to be followed. However, prior approval of the Controller General of Accounts will be required for the delegation of cheque drawing powers to the said division or divisional office, if an officer other than the Executive Engineer is declared as a drawing and disbursing officer, for drawing bills for works and ancillary payments in addition to pay and allowances etc.

(Authority: Note under rule 11(2) of C.G.A. (R&P) Rules 1983).

Note: 1 For certain departments, with the prior approval of the Controller General of Accounts, the drawing and disbursing officer may be delegated powers for drawal of cheque for the limited purposes of making payments of certain specified nature.

Note: 2 The term 'office contingencies' referred to above shall be interpreted in a restricted manner to cover only those items that would fall within the sanctioning powers of the D.D.O and certain periodical payments like rent, rates and taxes, electricity, water and telephone charges and other day-to-day office expenses.

Note: 3 Cheque drawing D.D.Os are not authorised to issue cheques for drawal of advances sanctioned after the details of final payment has been moved to PAO, in terms of Rule 34(3) (v) of G.P.F. (CS) Rules, 1960. Bills for the purpose duly supported by formal sanction of the competent authority, shall be forwarded to the PAO for payment after pre-check.

Note: 4 The details of the provident fund advances paid by the drawing and disbursing officer have to be forwarded to the P.A.O every month, through a statement of the amounts paid and including the particulars of the sanction, names of the subscribers, their account numbers, etc.. This is to enable the PAOs to ensure that the debit vouchers are received and posted by them in the

accounts of the subscribers and that the debits adjustable by Accounts Officers of other Departments/Governments are passed on to them without fail.

3.1.4 In some cases the cheque drawing D.D.O. can be permitted by the head of department in consultation with the Principal Accounts Office, to make payments on account of pay and allowances and office contingencies etc. of one or more offices situated at the same or nearby stations, in addition to that of his own office. The heads of these offices will present such bills to the designated cheque drawing D.D.O for payment. Any such arrangement made to attach any DDO with a CDDO for payment functions should be intimated to the CGA and appropriate code under the given category obtained for the concerned DDOs.

3.2 QUARTERLY ASSIGNMENT.

3.2.1 Expenditure cannot be incurred out of the Consolidated Fund in anticipation of the passing of Appropriation (Vote on Account) or the Appropriation Act relating to the budget of a financial year. The Letter of Credit in favour of a cheque drawing DDO at the beginning of the financial year will therefore cover only the amount for which Vote on Account has been obtained.

After the Appropriation Act has been passed by the Parliament and assented to by the President, the Finance Wing communicates the budget allotment. On the basis of the budget allotment communicated by the Finance Division, the Head of the Department will make distribution of the allotment among the drawing and disbursing officers under his control, through the Pay and Accounts Office at the headquarters. On the basis of the allotments and the net cash requirements for disbursement of pay and allowances, traveling allowances, contingencies etc. intimated by the cheque drawing D.D.Os, the Pay and Accounts Office will determine the amount of assignment for every quarter of the financial year. For determining the assignment of each quarter, the PAO will take into account the anticipated drawals on account of advances and withdrawals from GPF for which DDOs are authorised to issue cheques. The Pay and Accounts Officer will authorise the paying branch of the bank by means of a Letter of Credit, to make payment of cheques drawn from time to time by the concerned Drawing and Disbursing Officer during the said quarter, not exceeding the limit specified in the Letter of Credit. While issuing the Letter of Credit for the first quarter of the financial year after the Appropriation Act is passed, the PAO will take into account the Letter of Credit issued earlier on the basis of the "Vote on Account".

The paying branch is responsible to ensure that at no time the amount assigned in the Letter of Credit is exceeded on account of the payment of any cheque issued by the CDDO. Except in respect of the first quarter as stated above, the fresh Letter of Credit issued after expiry of the period prescribed in the earlier letter of credit shall be treated as an addition to the unspent balance of the earlier letter of credit. The Pay and Accounts Officers while communicating the assignment for the second and subsequent quarters should indicate not only the amount assigned for that quarter, but also the progressive total of assignments upto the end of the quarter. This will enable the bank to ensure that the total cumulative drawals from the beginning of the year do not exceed the total progressive assignments. The unspent assignment of the last quarter of the financial year is not to be carried forward to the next year.

The cheques actually issued during the last quarter but presented for payment during the next quarter in the subsequent financial year, will be taken by the banks against the assignment of the year in which they were drawn, and not the year in which they are paid.

The C.D.D.Os are required to keep a close watch over the drawings made by them and should take prompt action for assignment of additional funds by Pay and Accounts Office, through the renewal of the Letter of Credit. The system of quarterly allotment will apply to disbursing officers functioning on Public Works Division pattern also.

3.2.2 The cheque drawing officer in whose favour an assignment account has been opened in the accredited bank, is not permitted to draw the whole amount for placing in a separate account in the bank or in a private account.[Rule 50(2) of Central Government Account(Receipts and Payments) Rules,1983). It is also not permissible to draw cheques and deposit the amount in the department's cash chest at the end of the year for the purpose of showing the full amount of the assignment as utilized. (Below Rule 50(2) of CGA(R&P) Rules ,1983.

3.2.3 The procedure prescribed in paragraphs 1.4 to 1.6 of Chapter 1 regarding the sending of specimen signature, provision for different categories of cheques and the procedure for obtaining bank drafts will apply to cheque drawing DDOs also.

3.3 PROCEDURE FOR PAYMENT

3.3.1 The bills relating to the classes of payments referred to in para 3.1.3 above will be prepared in accordance with the rules and procedures prescribed in Central Government Account, (Receipt and Payments) Rules, 1983/General Financial Rules, 2005. etc. and presented to the officer authorised to issue cheques. For the bills of his own office, the cheque drawing D.D.O. will ensure that to the extent possible, a person other than the one responsible for the preparation of the bills has checked them independently.

3.3.2 The bills received for payment from non- cheque drawing D.D.Os will be verified to ensure that they relate only to the classes of payments for which the D.D.Os are authorised to make payments. The bills which do not fall under these categories if received, will be returned to the D.D.O concerned for sending them to the Pay and Accounts office for pre-check and payment. After this preliminary verification, the bills will be entered in the "Register of Bills Received" (Form CAM 18) and subjected to relevant checks enumerated in Part III and section I of part IV of the Central Government Account, Receipt and Payment Rules, 1983, read with Chapter 4 of this manual. It will also be ensured through the "Register of Cheques Issued" (Form CAM 19) that the quarterly assignments in respect of each office as intimated by the Pay and Accounts Office, are not exceeded. The PAO shall also maintain a suitable register in respect of each DDO to ensure that the drawal is not in excess of the assignments. This register should be posted from the weekly accounts of the D.D.Os as well as reconciled with the bank scrolls.

In the office of the cheque drawing DDOs, the bills shall be arithmetically checked, ensured that the claim is admissible, authority is good, the signature and countersignature where necessary are genuine and in order, and corrections, if any, have been duly attested. After satisfying in all respects, the cheque drawing officer will sign the pay order on the bill showing the amount for which the bill is passed (in words and figures) and cancel the Pay Order. The cheque will then be prepared for the net amount of the bill. The provisions contained in Rule 42 of CGA, R & P Rules, 1983 should be observed while writing the cheques.

The cheque drawing officer will get the number and date of all cheques issued noted in the 'Register of Cheques Issued' (Form CAM 19), and attest the entry at the time of signing of each cheque. Another officer, preferably in the Gazetted rank, will then subject the entries in this register to check with reference to the 'pass order' in the paid voucher. The register should be closed on the same day by striking the totals of Col. 7, and the instructions under para 2.7.1 of this manual will also be complied with.

3.3.3 At the end of the financial year cheque drawing DDOs should intimate details of total number of cheques issued on the last day, amount thereof and the number and amount of last cheque issued under each category, by fax/telegraphically to the Pay and Accounts Officer. It should reach not later than the 1st day of the next financial year so as to enable the PAO to send a consolidated statement to the Pr. Accounts Office.

3.4 LIST OF PAYMENTS AND BANK RECONCILIATION

3.4.1 As per the procedure laid down for reporting and accounting of transactions, the dealing branch of the bank will send a copy of the daily scroll to the cheque drawing DDO.

3.4.2 The scrolls received from the bank shall be checked with reference to the entries in the 'Register of Cheques Issued', to verify the cheque number and the amount of cheques paid. On verification, the date of encashment should be noted in the relevant column of the Register of Cheques Issued. A Bank Reconciliation Statement (Form CAM 20) should be drawn up every month explaining the difference between total payments made as per the bank scroll and the total payments during the month as per the Register of Cheques Issued. The statement will indicate the details of the cheques issued during the month but not reported through scrolls as cleared. Similarly, it will show the details of cheques cleared during the month that was issued in the previous month/s. Discrepancies noticed in the scrolls should be taken up with the bank immediately for rectification.

The DDOs shall prepare a bank reconciliation statement every month and send it to the PAO along with a reconciliation statement in respect of receipts in Form CAM- 22).

3.4.3 The drawing and disbursing officer shall prepare a 'List of Payments' in triplicate, in Form CAM -21 as indicated below. Two copies of the list of payment accompanied by the paid vouchers should be sent to the Pay and Accounts Office, as indicated below-

1st to 7th	by the 9th of the month
8th to 14th	by the 16th of the month
15th to 21st	by the 23rd of the month
22nd to the end of the Month	DAILY
Last day's scroll	by the 3rd of the following month.

Note :- Sub-vouchers upto Rs. 500/- in value shall be retained by the cheque-drawing officers in their offices vide Rule 111 (3) of Central Government Account (Receipt and Payment) Rules, 1983 for the audit of their initial records. A certificate would however be recorded by them on each contingency bill to the effect that sub-vouchers of value upto Rs. 500 numbering from Sub-Voucher.....to Sub-voucher..... have been retained in his office.

3.4.4 The due dates for submission of compiled accounts to the Pay and Accounts Office, for the officers rendering accounts on the Public Works/Forest Accounting System shall be the 7th of the succeeding month.

3.5 CUSTODY OF CHEQUE BOOKS - PRECAUTIONS.

3.5.1 The Pay and Accounts Offices concerned will supply the Chequebooks to their cheque drawing DDOs. The following instructions contained in Central Government Accounts (Receipts and Payments) Rules, 1983 should be carefully observed by the cheque drawing officers in this regard :

- (i) The cheque drawing DDOs will maintain an account of cheque books and cheque forms used on daily basis and in the same form as detailed in paras 7 and 9 of Annexure 3 of chapter 1.
- (ii) The drawing officers on receiving them, will carefully examine the Cheque books, count the number of forms contained in each cheque book and record a certificate of count on the fly leaf.

(iii) Cheque books must be kept under lock and key and in the personal custody of the drawing officer. When relieved, he shall take receipt for the exact number of cheques made over to the relieving officer.

(iv) The cheque drawing DDOs will notify the number of cheque book and the serial numbers of cheque forms it contains that he brings into use from time to time, to the dealing bank on which he draws cheques, as well as the Pay and Accounts Officer. The bank will keep a record of the particulars for verifying the genuineness of the cheques presented for payment under Rule 39 of CGA(R&P) Rules, 1983.

(v) The loss of cheque books or a blank cheque form shall be promptly notified to bank branch with whom the disbursing officer is in account with.

(vi) Cheques drawn in favor of corporate bodies, firms or private persons shall be crossed, unless a specific request to the contrary is received from the payee. Subject to any instructions received from the payee a cheque shall be crossed "& Co." and the words "Not negotiable" inserted between the crossing. Where the payee has a banking account, further precaution shall be adopted if possible by crossing "----- & Co." by quoting the name of the bank through which the payee will receive payment and by adding the words "A/c payee only-not negotiable". This rule shall apply to all cases where the use of crossed cheques is prescribed {Rule 44 of C.G.A.(R&P) Rules, 1983}.

(vii) All cheques should be written and signed in indelible ink only and in case of cheques of category 'A', the account number and the details of bank/branch should be written after the name of the payee.

(viii) Irrespective of the category, all cheques drawn for Rs.10 lakhs and above shall bear two signatures. For this purpose the Head of the accounting organisation shall nominate another gazetted officer /senior most non-gazetted officer, as second signatory (O.M. No. 1(3)/95/TA/Pt.file/578 dated 27.7.98).

(ix) The drawing officer shall attest with his full signature all the corrections and alterations in a cheque [Rule 43 of Central Government Account (Receipts and Payments), Rules, 1983].

(x) Cheques shall be payable at any time within three months after the month of issue, for example, a cheque bearing any date in January is payable up to 30th April.

In case of expiry of the currency of a cheque the same may be inquired into and retrieved by the cheque drawing DDO. However, revalidation of a time barred cheque is not permissible regardless of the date of its drawal. The provisions of Para 2.5.1 may be strictly followed for the cancellation of the time barred cheques and issue of fresh cheque in lieu thereof. In the event of non-return of the time-barred cheque to the drawer, the drawer should require the payee either to return the cheque for cancellation/issue of fresh cheque in lieu thereof. (Rules 45 of C.G.A.(R&P) Rules , 1983.

(xi) When it is necessary to issue a fresh cheque in place of the time barred cheque, in case of non-MICR cheque the cancellation of time barred cheque must be recorded with dated signature on the counterfoil, while in case of MICR cheque it will be recorded on the loose leaf, and then the cheque must be cancelled. In case fresh cheque is not required to be issued, the cheque should be defaced/cancelled as above and forwarded to the P.A.O. The entries in the accounts should simultaneously be suitably reversed (Rule 44 of C.G.A.(R&P) Rules, 1983).

(xii) The cheque drawing DDO may receive request for issue of fresh cheque in place of a cheque issued by him earlier on the grounds that it has been lost. If it is within a period of one year from the date of issue of original cheque, he should send intimation by registered post/fax (acknowledgement due) to the bank on which it has been drawn, regarding the reported loss of the cheque and advise it to stop payment if the cheque is presented for payment thereafter. If the currency of the cheque has

not expired at the time of sending the intimation, the bank shall acknowledge in writing in the form given in para 2.4.1 of chapter 2 of this manual. If the currency of the cheque alleged to have been lost has expired at the time of intimation to the bank, the acknowledgement of the 'stop payment order' may not be insisted upon from the bank. In such cases the postal acknowledgement may be treated as sufficient for the record of the cheque drawing DDO. The cheque drawing DDO on receipt of acknowledgement from the bank will send a copy of the same to the Pay and Account Office, for issue of a non-payment certificate.

The PAO concerned on receiving a copy of this acknowledgement from the said D.D.O., will issue a non-payment certificate to the D.D.O. after verification of his relevant records i.e. Register of Cheques delivered, etc. and after keeping a suitable note against the relevant entry in that register. The non payment certificate will be in the following form :

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

The D.D.O. will then note the particulars of the non-payment certificate against the relevant entry in the office copy of the list of payments, to indicate that the original cheque has not been paid and it has been 'stopped' from payment. He will also make a similar note on the counterfoil of that cheque and office copy of the relevant paid voucher before issuing a fresh cheque in lieu thereof. Provisions of para 2.4.1 (iii) of this manual will be followed for the purpose of issue of fresh cheque and the number and date of the fresh cheque will also be noted on the list of payments, paid voucher and counterfoil of the old and cancelled cheque. Even though paying banks may not be required to issue 'non-payment certificate', there will be no change in their responsibilities towards lost cheques. To ensure that a cheque for which such advice has been received is not subsequently paid, they will exercise all usual precautions. If it is found afterwards that the original cheque has been paid, the DDO will report the matter immediately to the paying branch under telegraphic intimation/fax to the P.A.O [Rule 48 of Central Government Account(Receipt and Payment) Rules, 1983].

3.6 RECEIPT SCROLLS.

Procedure laid down in para 1.10 of this manual should be followed.

3.7 ACTION IN PAY AND ACCOUNTS OFFICE ON PAYMENT SCROLLS

The two copies of list of payments received from the cheque drawing DDOs should be kept in a guard file in the Pay and Accounts Office. One of these will be used as 'Register of Cheques Delivered' in the PAO, while the second copy with paid vouchers will be sent to Compilation Section. After the receipt of the Payment scroll and paid cheques from the bank, the procedure laid down in para 1.9 of Chapter 1 will be followed for reconciliation.
