

## **CHAPTER 6**

### **Rules relating to classification of losses in Government Accounts**

57. The rules in this chapter shall regulate the manner of classification and adjustment of losses in Government accounts.

#### **Classification of loss etc. of receipts**

58.(1) If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side of accounts as a specific loss.

(2) If money due to Government has actually reached a Government servant and is then embezzled, stolen or lost, even though it may not have reached a treasury or bank and entered into the Consolidated Fund or the Public Account, it should be entered in the accounts as a receipt into the Consolidated Fund or the Public Account, as the case may be, and then shown on the expenditure side by record under a separate appropriate head of account as a loss.

**NOTE 1:**—The term "Government Servant" used in sub-rule (2) of this rule includes persons, who, though not technically borne on a regular Government establishment, are duly authorised to receive money on behalf of Government.

**NOTE 2:**—Where losses of Public money are wholly or partially met by non-payment of salary or pension and the Accounts Department authorisedly applies the unpaid amount to meet public claim, the resultant balance of the claim alone shall be treated as a loss, the amount due being debited to the relevant head of account as if it had been drawn and used by the Government servant concerned in paying the Public claim.

#### **Buildings, lands, stores and equipment**

59. Losses or deficiencies of such assets shall not be classified under a separate head, in the accounts, though they should be written off from any value or commercial account that may be maintained. If any transactions under these categories are recorded under a Suspense head in the Government accounts, losses or deficiencies relating thereto shall be written off the Suspense heads also.

#### **Classification of losses or deficiencies of cash in hand, whether in treasury or in departmental charge:**

60. All losses or deficiencies of this type shall be recorded under relevant separate heads in the accounts.

**NOTE 1:-** The acceptance of counterfeit coin or notes shall be regarded as a loss of cash.

**N\* 95 2.:-** Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be as an item of receipts.

#### **Classification of Irregular or unusual payments:**

61. Irregular or unusual payments shall be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example an overpayment of salary shall be debited to the head "Salaries". Similarly, an excess payment for bricks manufactured shall be debited to the work for which the bricks are used. It is only when special heads exist in the accounts for recording such charges as compensations for damages, irrecoverable temporary loans written off and the like, that unusual or extraordinary payments shall be separately classified.

#### **Classification of Inevitable Losses**

62. Where losses are an inevitable feature of the working of a particular department, the major head of account under which the expenditure of that department is classified shall contain separate descriptive heads under which such losses shall be recorded.