

CHAPTER 1

BROAD FEATURES OF THE DEPARTMENTALISED ACCOUNTING SYSTEM AND BANKING ARRANGEMENTS

1.1 GENERAL

1.1.1 Article 150 of the Constitution provides for the maintenance of Government Accounts “.....in such form as the President may, on the advice of the Comptroller & Auditor General, prescribe.” With the Departmentalization of Accounts in 1976 the Presidential Notifications were issued in this regard under 1st Proviso to sub-section (1) of section 10 of the C&AG (Duties, powers and Conditions of Service Act, 1971). As per the notification, from 1st April, 1976 onwards the responsibility for compiling the accounts of the Union Government (Civil) including those relating to taxes, duties and other receipts and deposits realised or refunded under any law has been entrusted to the Controller General of Accounts in a phased manner. Thereby, the Comptroller and Auditor General of India stands fully relieved from the responsibility of compiling the accounts of Central Civil Ministries/Departments and Union Territories, except the accounts pertaining to:

- (i) Indian Audit and Accounts Department; and
- (ii) Union Territory Administrations of Chandigarh and Dadra and Nagar Haveli.

1.1.2 ORGANISATION OF CONTROLLER GENERAL OF ACCOUNTS

1.1.2 (i). In pursuance of the Departmentalization of Accounts, a separate accounting organisation functioning under the Controller General of Accounts has been created in the Department of Expenditure of the Ministry of Finance. The functions of the Controller General of Accounts has been listed in the Allocation of Business Rules 1961, incorporated vide Presidential Notification dated 27th of September, 1980. A copy of the Presidential Notification is appended as Appendix '1'.

A separate Group 'A' Central Service named the 'Indian Civil Accounts Service' with its own service rules under the cadre control of the CGA was also formed to carry out these functions. The ICAS is primarily responsible for all expenditure control and accounting matters in the Civil Ministries of Union Government. ICAS officers have the dual responsibility of reporting to the Chief Accounting Authority of the Ministry (Secretary of the Ministry/Department through the Financial Adviser) for administrative and accounting matters within the Ministry, as well as to the Controller General of Accounts, on whose behalf they function in the line Ministries, to carry out its designated functions under the Allocation of Business Rules.

1.1.2 (ii). The Duties and Responsibilities of Controller General of Accounts:

(a). As per the Allocation of Business Rules, the C.G.A is responsible for establishing and maintaining a technically sound accounting system in the Departmentalized Accounts Offices and to prescribe general principles, systems and form of Government accounts.

(b).The CGA on behalf of the Ministries and Departments liaises with the Budget Division and the Comptroller and Auditor General of India in accounting matters. His responsibilities include providing of necessary directions in accounting matters to the Ministries/Departments and issuing general instructions about the system and form of accounts and procedures for accounting of receipts and payments.

(c). In order to maintain the requisite technical standard of accounting in the Departmentalized Accounts Offices, he will have powers to inspect the offices, and will be expected with his staff, to ensure that accounts are maintained accurately, comprehensively, and in a correct manner.

(d). CGA is also responsible for ensuring timely and accurate rendition of accounting information to the concerned Ministries and Departments.

(e). As cadre controlling authority the Controller General of Accounts is responsible for the human resource development including cadre management of Group 'A' and Group 'B' officers.

(f) He further functions to coordinate and assist in introduction of Management Accounting system in the Civil Ministries/Departments.

(g). Reconciliation of cash balances of the Union Government with the Reserve Bank of India, consolidation of Monthly Accounts of the Union Government as submitted by various Ministries and preparation of Annual Accounts viz. Appropriation and Finance Accounts are some other functions of the CGA under the Allocation of Business Rules.

1.1.3 In the discharge of these functions, the CGA has the special responsibility for:

(i) Coordination with the Ministries in the administration and interpretation of Rules regarding Group 'C' and Group 'D' staff of the Central Civil Accounts Service;

(ii) Holding of Departmental examinations to maintain the requisite standard of technical expertise for accounting work in the Ministries and Departments;

(iii) Revising Treasury Rules, Account Codes and provisions of General Financial Rules in so far as they relate to the form and system of accounts etc., and the use of the services of the Banks for collecting receipts and making payments.

1.2 MAIN FEATURES OF DEPARTMENTALISATION OF ACCOUNTS

1.2.1 The scheme of Departmentalization of Accounts provides for the Secretary of the Ministry/Department concerned to be the Chief Accounting Authority. He discharges his functions through and with the assistance of the Financial Adviser/Pr.CCA/CCA/CA of the Ministry/Department concerned on these matters. The Financial Adviser works for and on behalf of the Chief Accounting Authority under the scheme of departmentalization and is responsible for the compilation and consolidation of the accounts of the Ministry in the prescribed form and their timely rendition to the Controller General of Accounts. Under this scheme the Financial Adviser has been made responsible for the submission of the audited Annual Appropriation Accounts duly signed by the Chief Accounting Authority, i.e. Secretary of the Ministry /Department concerned. He arranges payments through the PAOs/ the Pr. Accounts Office and the cheque drawing DDOs and is also responsible for arranging internal audit under the scheme. Financial Adviser is also responsible under the scheme of departmentalization to prepare budget estimates, revised estimates etc. and their subsequent transmission to the budget division in the Ministry of Finance.

The Pr. CCA/CCA/CA, as the case may be, is the Head of Accounting Organisation in the civil Ministries/Departments and functions under the overall supervision and control of the respective Financial Advisers. In practice, most of the above mentioned functions under the system of departmentalization are handled by the head of the accounting organizations or the Pr. CCAs/CCAs/CAs as the case may be, in each Ministry/Department.

1.2.2 The Financial Adviser/ Pr. CCA/CCA/CA, is responsible for the following main items of work under the scheme of departmentalization, performed for and on behalf of the Chief Accounting Authority:

(a) Arranging all payments through the Pay and Accounts Offices/ Principal Accounts Offices and the Drawing and Disbursing Officers wherever they are authorized to make certain types of payments

(detailed procedure given in Chapter 3). Any addition to the list of cheque drawing DDOs included in the Scheme of Departmentalisation of Accounts of a Ministry/Department is however required to have the specific approval of the Controller General of Accounts.

(b) Compilation and consolidation of accounts of the department and their submission in the prescribed form to the Controller General of Accounts.

(c) Preparation of Annual Appropriation Accounts for the Demands for Grants of the Ministry/Department, getting them duly audited and submitting to the CGA, duly signed by the Chief Accounting Authority/Secretary of the Ministry.

(c) Arranging internal inspection of payment and accounts records maintained by the various subordinate formations and Pay and Accounts Offices of the Department, and inspection of records pertaining to transaction of Government Ministries/Departments, maintained in Public Sector Banks.

1.2.3 A Principal Accounts Office will function under a Principal Accounts Officer (Pr.CCA/CCA/CA) of the Ministry/Department concerned which shall be responsible for:

(a) Consolidation of the accounts of the Ministry/Department in the manner prescribed by CGA;

(b) Preparation of Annual Appropriation Accounts of the Demands for Grants controlled by that Ministry/Department, submission of Statement of Central Transactions and material for the Finance Account of the Union Government (Civil) to be sent to the Controller General of Accounts;

(c) Payment of loans and grants to State Governments through Reserve Bank of India, and wherever it has a drawing account, payment from it to Union Territory Governments/ Administrations;

(d) Preparation of manuals keeping in view the objective of management accounting system if any, and rendition of technical advice to Pay and Accounts Offices. It also maintains necessary liaison with CGA's Office for overall coordination and control in accounting matters;

(e) Maintaining Appropriation Audit Registers for the Ministry/Department as a whole, in order to watch the progress of expenditure under the various Grants operated on by the Ministry/Department.

1.2.4 Pay and Accounts Offices and in certain cases the departmental Drawing and Disbursing Officers (D.D.Os) so authorised to draw funds, will make payments pertaining to respective Ministries/Departments by means of cheques drawn on the offices/branches of the particular bank that may be accredited for handling the receipts and payments of the Ministry/Department.

1.2.4.1 Each Pay and Accounts Office or Drawing and Disbursing Officer authorised to make payments by cheques, will draw only on the particular branch/branches of the Bank with which it has been authorized to have an account. Out station payments shall be made in accordance with the provisions of para 1.6.

1.2.4.2 All receipts of the Ministry/Department shall also be finally accounted for in the books of the concerned Pay and Accounts Office.

1.2.4.3 The specific approval of the C.G.A. Ministry of Finance would have to be obtained for creation or re-organisation of a new Pay and Accounts Office.

1.2.5 The C.G.A/Addl.CGA/Jt. C.G.A.(s)/Dy. C.G.A.(s) have also been authorised to authenticate all orders and other instruments concerning the C.G.A's organisation vide Ministry of Home Affairs notification No. F.23/5/78-public dated the 22nd September, 1978, as amended from time to time.

1.3 THE ROLE OF CCAs/CAs AS PER THE REVISED CHARTER OF INTEGRATED FINANCE SCHEME ISSUED BY THE MINISTRY OF FINANCE:

Pr.CCAs/CCAs/CAs of the Ministries/Departments concerned are the heads of the accounting organization in the respective Ministries/Departments. Their functions can be put into the following broad categories-

(i) **Receipts, Payments and Accounts:**

Accurate and timely payments in conformity with prescribed rules and regulations;

Timely realization of receipts;

Timely and accurate compilation and consolidation of monthly and annual accounts;

Ensure efficient service delivery to the Ministry/Department by the banking system;

Adherence to prescribed accounting standards, rules and principles; and

Timely, accurate, comprehensive, relevant and useful Financial Reporting.

In respect of the above responsibilities the CCAs/CAs shall function under the direction, superintendence and control of the Controller General of Accounts.

(ii) **Financial Management Systems:**

The CCAs/CAs as the heads of the accounts wing shall render their professional expertise in the functioning of the financial management system, from the system point of view and making it more effective. They would also be responsible for the implementation of the financial information systems of the Controller General of Accounts.

(iii) **Internal Audit/Performance Audit:**

The revised charter of the roles and responsibilities of the CCAs/ CAs envisage that the internal audit wing working under the control and supervision of the CCAs/CAs would move beyond the existing system of compliance /regulatory audit and would focus on:

The appraisal, monitoring and evaluation of individual schemes;

Assessment of adequacy and effectiveness of internal controls in general, and soundness of financial systems and reliability of financial and accounting reports in particular;

Identification and monitoring of risk factors (including those contained in the Outcome Budget);

Critical assessment of economy, efficiency and effectiveness of service delivery mechanism to ensure value for money; and

Providing an effective monitoring system to facilitate mid course corrections.

The above revised functions shall be carried out as per the guidelines issued by the CGA from time to time.

(iv) FRBM related Tasks:

Pr.CCAs/CCAs/CAs shall be responsible for assisting in the preparation of the disclosure statements required under the FRBM Act in respect of their Ministry/Department for incorporation in the consolidated statement compiled by the Ministry of Finance for the Government as a whole. They would also provide FAs with the requisite information and material for his input for Finance Minister's quarterly review of fiscal situation to be presented to the Parliament.

(v) Expenditure and Cash Management:

The Pr.CCAs/CCAs/CAs will support FAs in the discharge of their responsibilities for expenditure and cash management. The expenditure management function should also be closely linked to the Outcome Budget. They would provide support to improve cash management through monitoring of monthly cash flows effectively in the context of cash expenditure /commitments, tighten the system of receipt and payment monitoring and assist in securing greater convergence of revenue inflow and expenditure outflows.

(vi) Non- Tax Receipt:

Pr.CCAs/CCAs/CAs shall be responsible for assisting the FAs in relation to estimation and flow of non-tax revenue receipts. In the discharge of these responsibilities, the Pr.CCAs/CCAs/CAs shall hold consultations with the administrative divisions to review various non-tax revenue receipts of the Ministries/Departments, review user charges for quantification of the subsidy elements and periodical reviews, as may be required, of rent, licence fees, royalties, profit share and dividends.

(vii) Monitoring of Assets and Liabilities:

The Pr.CCAs/CCAs/CAs would be responsible for assisting the FAs to cause appropriate action for each Ministry to have a comprehensive record of its assets and liabilities. They should take appropriate action in this regard for initial building up of such records, their ongoing updation and also for the recording of maintenance and optimum utilization of the assets. They shall also be responsible for monitoring Government guarantees.

(viii) Accounts and Audit:

FAs would be kept informed about the overall quality of maintenance of departmental accounts by their respective Pr.CCAs/CCAs/CAs. They would be responsible for providing necessary information to the FAs for his regular review of the progress of internal audit and action taken thereon, so as to make it an important tool for financial management.

(ix) Budget Formulation:

The Pr.CCAs/CCAs/CAs will support the FAs towards improving budgeting and facilitating moving from 'itemized' to 'budgetary' control of expenditure. They would also support the FAs in assisting the administrative Ministries /Departments in moving towards zero based budgeting and assist in better inter se programme prioritization/allocation within the budgetary ceilings, based on the analysis of expenditure and profile of each programme /sub-programme and information on cost centers/ drivers, assessment of output outcome and performance, and status of the projects/ programmes.

(x) Outcome Budget:

They would provide necessary support to FAs active involvement in the preparation of Outcome Budgets by the administrative Ministries in accordance with the time schedule/ guidelines laid down from time to time by Ministry of Finance. They would also assist in clear definition of measurable and monitorable

outcome and set up appropriate appraisal, monitoring and evaluation system (in the context of their Internal audit/ Performance audit responsibilities of appraisal, monitoring and evaluation of individual schemes).

(xi) Performance Budget:

They would provide necessary support to the FAs in the preparation of Performance Budget for their respective administrative Ministries. They must assist in linking the present, future and past in an integrated manner through Budget Formulation, Outcome Budget and Performance Budget.

(xii) Reporting System -Annual Finance Report and Annual Outcome and Systems Report:

The Pr.CCAs/CCAs/CAs shall be responsible for providing necessary material in respect of Annual Finance Report, Annual Outcome and Systems Report of the FAs to the Secretary (Expenditure), through the Secretary / the Chief Accounting Authority of the administrative Ministry (structured in such format as may be required following instructions that Ministry of Finance would issue).

(xiii) Interaction between Ministry of Finance and the FAs:

Pr.CCAs/CCAs/ CAs shall provide required material and assistance for the quarterly meeting of FAs with Secretary (Expenditure) and the Finance Minister.

(xv) Annual/ Five Year Plans:

All units in the Ministries currently looking after the function of undertaking evaluation, preparation of Annual/Five Year Plan are, henceforth, to function under the overall supervision and control of the FA. The Pr.CCAs/CCAs/CAs shall provide appropriate support to the FAs in the discharge of these responsibilities (in the context of their various responsibilities specified above).

1.4 DETAILED PROCEDURE IN REGARD TO BANKING ARRANGEMENTS FOR PAY AND ACCOUNTS OFFICES.

1.4.1 Under the departmentalized accounting system, the receipts and payments of each Ministry/Department of the Government of India are handled by the Reserve Bank of India or the Public/Private Sector Bank/s nominated for the particular Ministry/Department by the Reserve Bank of India on the advice of the Controller General of Accounts, in accordance with the memorandum of instructions (reproduced in Appendix '2'), and subsequent orders in this regard. Also, whenever (a) More than one bank is proposed to handle the transactions at the same station; and (b) the accredited bank is required to be changed, the proposal should be invariably referred to the Controller General of Accounts, Ministry of Finance who would process them further after necessary examination, and take suitable decision on the subject. However, in the following cases, the Pr.CCAs/CCAs/CAs of the Ministry/Department heading the accounting organization may directly approach the RBI, Department of Government and Bank Account, (Central Office), Mumbai for opening bank account:

(i) In favour of any newly constituted PAO or the CDDO, as long as the account is to be opened in the accredited bank without any change involved in Focal Point Branch; and

(ii) In a different branch of the accredited bank from a specified date with simultaneous closing of existing account in a branch, on account of administrative reasons like proximity of the branch etc. In such cases it should be ensured that the reference to the Reserve Bank of India, Mumbai contains full particulars of the Pay and Accounts Officer and/or cheque drawing DDO regarding the previous account number and location/address of branch bank etc.

1.4.2 The Pay & Accounts Officer will send to the branch with which he is placed in account, the specimen signature of the Accounts Officer/ Officers who are authorised to sign as second signatory in terms of OM NO.1 (3)/95/TA/Pt. file/575 dated 27-7-98. An independent officer, preferably higher in rank and whose signature is available with the bank, should duly countersign the specimen signature of the PAO authorized to sign cheques. When there is a change in the incumbency of any of the officers authorised to sign the cheques, the branch concerned should be duly informed in writing and the specimen signature of the incumbent officer should be attested and forwarded to the bank in the same manner.

1.4.3 The Principal Accounts Officer will obtain supply of cheque books required for use by the Pay and Accounts Offices from the Central Stamp Store, ISP, Nasik Road or the accredited bank concerned wherever so authorized by the CGA, and make arrangements for their distribution to the Pay and Accounts Offices. The detailed procedure in this regard as prescribed in Government of India, Ministry of Finance (Department of Expenditure) OM No. F.2 (12)/76-sc/1490-1503 dated the 16th August, 1976 wherever applicable, will apply even in cases where cheque books have been authorized to be obtained from the accredited banks directly (Appendix 3).

1.4.4 The name of the Min./Deptt. of the Govt. of India, the name of the station, name of the office/ name and branch of the bank may be got printed on MICR cheques and the designation of the officer/officers signing cheques, D.D.O. and bank code number etc. may be affixed by means of rubber stamps on the cheque foils. In the case of non-MICR cheques, all the above particulars may be affixed by means of rubber stamps.

1.4.5 The officer authorised to sign cheques will intimate to the paying branch of the bank the number of the chequebook and the number of the cheque forms included therein whenever a new chequebook is brought into use. The bank will keep a record of these particulars for verifying the genuineness of the cheques presented.

1.4.6 In case of a P.A.O. going on leave, a substitute is to be normally arranged by the Pr.CCA/CCA/CA concerned. If, however, it is not administratively convenient to post a substitute for short spells of leave and another P.A.O. is available in that office, that P.A.O. can be authorised to sign the cheques. If another P.A.O. is not available on the strength of that office, the P.A.O. going on leave has to ensure that no payments of important nature are pending. If stationed locally, cheques of urgent nature can be signed by the PAO even at his residence, but in those cases where the PAO goes out of station and no substitute can be arranged in his place and there is need for making arrangements for drawal of cheques, the Principal Accounts Officer may authorise the senior most Assistant/Junior Accounts Officer to sign cheques for the specified period of the absence of the P.A.O. The bills passed and cheques issued during the period of absence of P.A.O. should be reviewed by the regular incumbent after his return or by the full time substitute posted in his place. A certificate in this regard should be sent by the P.A.O. to the Principal Accounts Officer that the bills passed/cheques issued during the period of his leave/leave of his predecessor have been checked.

1.5 CATEGORIES OF CHEQUES AND THEIR USE

1.5.1 NEGOTIABLE - *Also referred to as Category 'A' cheques, these are to be used for payments on account of personal claims to gazetted officers, to contractors and suppliers and to public sector companies, corporations etc. Negotiable cheques will be drawn as payable to or order of the 'Payee'. While writing cheques of this category name of the payee should be followed by his bank account number and name of bank/branch. As a safeguard against fraudulent payment all non-salary cheques in excess of Rs. 500 and salary cheques in excess of Rs. 1000 should be crossed and marked 'Account Payee'. If in exceptional circumstances, a cheque in favour of a private person or a Government servant including pensioners is not crossed in this form at the request of the payee, payment will be made only to the*

payee or to a person holding letter of authority from the payee, on proper identification. In case of payment demanded through the messenger verification of the signature of the messenger is required to be carried out. For payment to the payee's banker in exceptional cases, this can be done on certifying that the amount has been placed to his credit. It should, however, be ensured that no payee makes it a practice to get uncrossed cheques in his favour as a matter of course.

1.5.1.1 It shall be permissible to pay the salaries and other payments by cheques/cash to Government servants at their option. However for large payments like HBA, the payment shall be made by cheque even if the salary and other payments are made in cash.

1.5.1.2 In cases where the working of any bank accredited to a Ministry or Department is affected by go-slow etc. and timely payment of salary and other payments is likely to be delayed, the officers and staff getting salary by cheques may be issued 'open' cheques instead of 'Account Payee' cheques even when the amount to be paid in a case exceeds Rs. 1,000/-. For this purpose, the existing provisions contained in this sub-para, may be relaxed by the Pr.Chief Controller/Chief Controller/Controller of accounts with the approval of the Financial Adviser in respect of payments to be made at the headquarters of the Ministry/Department. At other places, the concerned Pay and Accounts Officer may take similar action with the approval of his Head of Department, subject to the condition that whenever such relaxation is granted, a report to that effect is immediately furnished to the Pr. Chief Controller/Chief Controller/ Controller of Accounts.

1.5.1.3 'Open' cheques will invariably be made over to the individual payees through the concerned Drawing and Disbursing Officers who would be responsible for obtaining their acknowledgement in the prescribed register having following columns (i) date (ii) name of the officer (iii) number of the cheque (iv) amount (v) bill number and date against which amount received and (vi) acknowledgement as prescribed in para 5 of Ministry of Finance, Department of Economic Affairs, OM No.F.10 (9)-B(TR)/76 dated the 28th February, 1976.

1.5.1.4 Where payment is made by Pay and Accounts Officer, the Government servant will have the option to get the same credited directly to their bank account through ECS or other modes of e-payment, wherever such facilities are available, through the accredited bank. This will be on exercising this option in writing and authorizing their Drawing and Disbursing Officer to credit the salary/ leave salary etc. in their bank account. The Pay and Accounts Officer will advise directly to the bank branch under intimation to the DDO, as per the procedure laid down for e-payments by the CGA, with a list of employees included in the cheque indicating accounts numbers, at least as many days in advance as required under the mode of e-payment used. This is to enable the bank to credit the amount to the respective accounts of the employees on due date. Clear cut instructions should be issued to the bank so that the amount is neither credited to their account prior to the date on which payment is due, nor delayed.

1.5.1.5 Acquittance for payments made to Government employees should be obtained in accordance with the provisions of Rule 92 of Central Government Account (Receipts and Payments) Rule, 1983. However, where payment is made by direct credit to individual's bank account, acquittance will not be required. In such cases the acknowledgement of the bank about getting the advice will be sufficient.

1.5.2 NON-TRANSFERABLE- Also referred to as Category 'B' cheques, these are meant for payment to the payee who is a Government officer for disbursement of salaries etc. and payments pertaining to office establishment and office contingencies. These cheques will be drawn in favour of the Payee by his official designation and will contain the superscription 'Not Transferable' on the top and will be drawn as payable to the payee only and not 'to order'. These cheques are not negotiable and payments will be made only to the Payee or to his messenger holding a letter of authority on proper identification. In such cases of cheques drawn in favour of government officials, the specimen signatures of these officers will be supplied to the bank in advance and care will be taken by the bank to see that the signature given as discharge on the cheque agrees with the specimen signature on record.

1.5.3 NOT NEGOTIABLE AND NOT PAYABLE IN CASH - CREDITABLE TO GOVERNMENT ACCOUNT ONLY

These cheques also referred to, as Category 'C' cheques contain the superscription 'Government Account'. These are meant for payment of inter-departmental or inter-governmental claims other than payment of loans and grants-in-aid to State Governments and to Union Territory Governments/Administrations and supply debits referred to in para 8.8 of Chapter 8. This will be irrespective of location of the payer and payee offices, and will be arranged only by issue of cheques of this category and not by demand drafts. Reserve Bank of India, Central Office, Mumbai vide their letter No. 2669/GA 64(12)/79-80 dated the 12th May, 1980 addressed to all the Public Sector Banks transacting Government business, have issued directions for encashment of outstation cheques of this category pertaining to 'Government Account' at par.

1.6 BANK DRAFTS

1.6.1 Payment by bank drafts to outstation payees by Pay and Accounts Offices is permissible in the following types of cases:

(a) All cases where payment has to be made by bank drafts either under the provisions of any law, or other legal or contractual obligations;

(b) Payment towards pay and allowances and other personal entitlements of outstation establishments including contingencies etc. In such cases the bank drafts will be issued in favour of drawing and disbursing officer of the concerned outstation office to enable disbursement of pay and allowances and other personal entitlements of staff, office contingencies etc. in cash. The bank draft will be drawn in favour of the D.D.O. by designation (and the word 'ONLY' added after the designation of the 'Payee) and bear the superscription 'not transferable'. Bank drafts for the regular monthly pay and allowances of establishment will also bear the superscription 'Not to be Presented Before.....' (The earliest date on which the payment can be made under Rule 64 of C.G.A (Receipt & Payment) Rule, 1983).

(c) In case e-payment facility for direct payment to bank account is not available, the Public Sector Undertakings and Corporations (Other than local bodies) set up by Government should open bank accounts at the station where the Pay and Accounts Office concerned is located, in order to facilitate payment to them by crossed, negotiable cheques only. Wherever payments cannot be arranged through this mode, the same may be arranged by crossed demand draft(s).

(d) Payments to semi-Government/private institutions/ private companies/individuals, etc. not covered under (a) to (c) above and located at outstations may be made through crossed bank draft or direct credit to their bank account through the mode of e-payment as per the prescribed procedure.

1.6.2 For obtaining the bank drafts required for outstation payments, the Pay and Accounts Officer will present a requisition in Form SY 288 duly supported by a statement in duplicate showing the particulars of the bank drafts required along with a Cheque of category 'A' for the total amount drawn in favour of the bank as payee. If any special superscription is required to be made in the draft such as 'Account Payee', 'Not Transferable' or 'Not to be Presented Before.....', a specific request to this effect should be sent along with the requisition. A Register of Requisition of Bank Drafts should be maintained as indicated in para 2.3.4. of chapter 2 of this manual.

1.6.3 PAYMENT BY MAIL TRANSFER

1.6.3 (i) It has been decided in consultation with Reserve Bank of India that accredited Banks will also extend to the Departmentalised Central Government Ministries/Departments the facility of remittance of

funds to Semi-Government/Grantee Institutions through Mail Transfers free of charge under their own remittance facilities scheme. This will be in addition to the existing facility of payment through Demand Drafts.

1.6.3 (ii) In order to enable the Pay and Accounts Office to arrange remittance by Mail Transfer, the Drawing and Disbursing Officer will submit the bill with an endorsement that the payment may be arranged by Mail Transfer. He will also indicate the account number and name of the Branch Bank through which the payment is to be remitted. The Pay and Accounts Office will intimate the particulars of cheque number and date to enable the Drawing and Disbursing Officer to complete his records and watch the acknowledgement from the grantee institution.

1.6.3 (iii) This facility will be available only for Autonomous Bodies/Public Sector Undertakings and Grantee Institutions for payment of grant-in-aid and will not be applicable for suppliers and other private parties.

1.6.4 In addition to mail transfers, electronic modes of payments available with the banks may also be utilized to the extent possible in accordance with the prescribed procedures.

1.7 PAYMENT BY AUTHORITY

In case of payments that are required to be authorised on the paying authorities abroad, the P.A.O. concerned will issue the authority which will be countersigned and embossed with special seal by the Principal Accounts Office and forwarded to the concerned authority abroad for making the payment. The necessary authority letters authorising the officer in the Principal Accounts Office to sign such letters, along with his specimen signatures and special seal should also be sent to all concerned. If such payments are required to be frequently authorised by a particular P.A.O. in any Ministry, that particular PAO himself may be authorised as a standing arrangement, to directly issue the authority duly embossed with special seal.

1.8 ISSUE OF FRESH CHEQUES IN LIEU OF LOST CHEQUES

The procedure prescribed in Rule 48 of C.G.A.(R & P) Rules, 1983 and inserted as para 2.4 of this Manual, shall be followed for the issue of a fresh cheque in lieu of a cheque issued earlier but reported to have been lost.

1.9 PAYMENT SCROLLS, RELATED RECONCILIATION AND ACCOUNTING PROCEDURE

1.9.1 The payment scroll will be prepared by the paying branch of the bank separately for each account holder, in quadruplicate and in the Form prescribed vide Annexure 3 to Appendix 2. As and when cheques are passed for payment, the cheques will be entered in the scroll with each day's scroll given a running serial number for the accounting year 1st April to 31st March. The serial numbers on the payment scrolls will bear the prefix DMA (E) and the scrolls will be totalled at the end of each day. For the detailed procedure to be followed by the banks, Appendix 2 to this Chapter may be referred to.

1.9.2 After the books of the branch have been balanced with reference to the total of the day's scrolls, two copies of the scrolls along with their paid vouchers will be sent by them to the designated 'Focal Point' branch (and not to PAO) with a forwarding Memo on a day-to-day basis. One copy of the scroll will be

sent directly by them to the D.D.O. concerned. The fourth copy of the scrolls will be retained by the branches for their records. The Focal point branch on receiving the two copies of scrolls from the dealing branches along with paid cheques attached to the original scroll will consolidate the transactions of the various dealing branches including its own and prepare a Main scroll in triplicate, separately for each Ministry/Department. Two copies of the Main Scroll along with the original copy of the scroll and related instruments received from various dealing branches will be forwarded to the concerned PAO on day-to-day basis. While furnishing the daily memo in Annexure 7 to the Link Cell, the Focal point branch should furnish a certificate to the effect that necessary scrolls/paid cheques/etc. have already been submitted to concerned Govt. Officials.

On receipt of the copies of Main scroll and supporting documents the PAO will carry out verification from his records, and then certify and return the duplicate of the scroll within 24 hours to the 'Focal Point' branch. The following checks will be conducted by the PAO in this regard:

- (i) That the particular cheque is the same that was issued by that Pay and Accounts Office;
- (ii) That the payment recorded in the scroll tallies with the amount shown on the paid cheque;
- (iii) That the payment shown in the scroll and on the cheque tallies with the amount passed for payment on the related voucher and the entry in the Register of Cheques Delivered (Form CAM-11). The entry in the Register of Cheques Delivered will be simultaneously ticked off and the date of encashment noted in it.

Note: - The checks at (i) and (ii) above are to be exercised scrupulously under the P.A.O's personal supervision.

1.9.3 Any discrepancy noticed by PAO must be promptly taken up with the Focal Point branch for rectification by means of an "Error Scroll". Sometimes, a Focal Point Branch serving more than one Pay and Accounts Office may include in the scroll, cheques of another PAO/Dept/Ministry. In such cases after verifying scrolls with reference to cheques issued by him, he should return the cheque not pertaining to his office and request the bank to revise the bank scroll by an 'error scroll' mentioned above. The PAO, while returning the cheque to bank, may also send a copy of the reference to the PAO to whom the cheque pertains giving full particulars of it to enable the latter to keep a record of its encashment and pursue the matter with his Focal Point Bank for inclusion of the cheque in his scroll. This will also avoid the possibility of issue of duplicate cheques in lieu of such cheques.

The Focal Point branches will similarly render receipt scrolls to the PAO along with challans. The entries in respect of receipt scrolls will be reconciled in the accounts in the manner laid down in para 1.10.2 et seq.

1.9.4 The Pay and Accounts Office in account with any bank other than Reserve Bank of India shall post the total of each day's payments and receipts as per the payment/receipt scrolls excluding discrepant items, if any. This will be posted in the Register of Public/Other Nominated (Private Sector) Bank Suspense in Form-C.A.M. 17. Separate folio may be opened for entering scrolls pertaining to the P.A.O. and each of his cheque drawing D.D.O.

1.9.5 The Pay and Accounts Officer will also tally the monthly gross payments/receipts worked out in this register with the gross amount derived from the monthly statements of disbursements and receipts received from all concerned bank(s) and record a certificate in this regard in the register. Thereafter he shall take the figures of payments and receipts for each month to the relevant minor heads Public/Other Nominated (Private Sector) Bank Suspense under 8658-Suspense Accounts- on the appropriate side i.e. credit and debit sides respectively in the Classified Abstract.

1.9.6 The idea behind opening the minor head 'Public/Other Nominated (Private Sector) Bank Suspense' is to exhibit in accounts, the difference between amounts of Central Government (Civil) transactions occurring in Public/Other Nominated (Private Sector) Banks which are included in

Government Accounts and the amounts actually adjusted by the Reserve Bank of India, Central Accounts Section, Nagpur against the Central Government on the basis of advices received from the link branches of Public/Private Sector Banks through designated offices of Reserve Bank of India. The progressive balances outstanding on credit and debit sides under the minor head 'Public/Other Nominated (Private Sector) Bank Suspense' in the books of the Principal Accounts Officer concerned will represent respectively the payments and receipts of the Ministry/Department handled by its accredited Bank for which either settlement remains to be effected between the accredited Bank and the Reserve Bank of India or non clearances from it by the Principal Accounts Office concerned, due to non-receipt of monthly statement(s) of transactions from the R.B.I., Central Accounts Section, Nagpur before close of the monthly accounts of relevant month. Causes for such non-settlement will generally be (i) delay in receipt of memorandum of transaction(s) by link banks from branch banks, (ii) delay or omission on the part of link banks in including the amounts of branch bank's memorandum in their daily advice to Reserve Bank of India, (iii) difference between amounts indicated in branch bank memo (which gets reflected in the focal point bank memo) and the correct amounts of cheques paid/ receipt challans scrolled, (iv) Delay or omission on the part of Link Cell of the bank to settle the transactions with RBI(CAS), Nagpur and (v) erroneous classification of transactions of a Ministry Department against another Ministry/Department in its advice(s) by a branch or link cell which handles transactions of more than one Ministry/Department. Similarly, in the Monthly Accounts of the Government of India consolidated by the Controller General of Accounts, progressive figures of credit and debit balances outstanding under the head 'Public/Other Nominated (Private Sector) Bank Suspense' will give a total picture thereof relating to all Civil Ministries/Departments put together.

1.9.7 Clearance from the suspense head as above by transfer to the head "8675, Deposits with Reserve Bank-Central Civil-(PSB)" shall be made by the Principal Accounts Office on receipt of intimation of the monthly figures from C.A.S. of Reserve Bank of India, Nagpur as indicated in detail in para 1.12.7 et seq.

1.9.8 The Pay & Accounts Officer in account with a branch of the Reserve Bank of India as primary banker shall post the total of the day's payments/receipts as per the scrolls, in the Register of Reserve Bank Deposits (Form CAM-17). The monthly totals of receipt and payment scrolls as worked out in this register will be taken to the Classified Abstract as debit and credit respectively under the head of account "8675-Deposits with Reserve Bank- Central Civil-Reserve Bank (Headquarters)"

1.10 RECEIPT SCROLLS AND THE RELATED RECONCILIATION AND ACCOUNTING PROCEDURES

1.10.1 Receipts of Ministries/Departments are received in the form of cheques on local banks or demand drafts, drawn in favour of the Pay and Accounts Officer or cheque drawing D.D.O. as the case may be. Receipts in cash will, however, be accepted by cheque drawing D.D.Os. or other departmental officers subject to the provisions of Rule 18 of Central Government Account - R & P Rules,1983. Apart from above, both tax and non-tax receipts can also be effected through electronic credit to Government account by means of credit/debit card, internet banking etc. wherever so authorized and as per the procedures laid down for the purpose by the CGA, in consultation with the C&AG.

1.10.2 The receipts through instruments/cash will be remitted into Government account held by the P.A.O. or by the cheque drawing officer in the relevant branch of the bank accredited to the Ministry /Department concerned. It will be done through the prescribed Challan forms indicating the particulars of cash / cheque/ demand draft deposited and the account head classification. In case of the cheque drawing D.D.O. the challan will be prepared in triplicate. The receiving bank will prepare daily Receipt scrolls (Annexure-4) in quadruplicate, and separately for each account holder. The serial numbers on the receipt scroll will bear prefix DMA (R). The serial number of the entry in the scroll will be recorded on the corresponding challans for the purpose of identification. After the day's accounts are balanced, two copies of the receiptscrolls along with their challans will be sent to the designated Focal point branch with a forwarding memo (Annexure 5) on a day-to-day basis. One copy of the scroll will be sent by them directly

to the concerned D.D.O while the Fourth copy of the scroll will be retained by the receiving branch. Based on the challans received by him the departmental officer will prepare a weekly statement of receipts giving the number and date of the challan, name of the depositor and the amount deposited. He will also check the entries in the copy of the scrolls with entries in the statement of receipts and reconcile with the bank if any discrepancy is detected, under advice to the PAO. He will also send to his PAO, a monthly bank reconciliation statement in Form CAM-22.

The Focal Point branches will consolidate the transactions of the various dealing branches including its own, and prepare a main scroll in triplicate (Annexure 6) separately for each Ministry/Department. Two copies of the Main scroll along with the original copy of the scroll and the related instruments received from various dealing branches will be forwarded to the concerned PAO for verification as in the case of payment scrolls.

1.10.3 On receipt of the bank scrolls The Pay & Accounts Office will check the entries in the scrolls with the challans attached to it and after proper linking, shall pass them on to the compilation section for posting. Compilation Section will post the total receipts as per scrolls in the register of Public /Other Nominated (Private Sector) Bank suspense or Reserve Bank Deposits as the case may be, in form C.A.M.-17, and compile the challans to the concerned receipt heads. He will also watch receipt of reconciliation statement from the cheque drawing DDOs to ensure that all the amounts credited by them have been correctly entered in the scrolls received by him. He will also watch whether credit is given in bank scrolls for all the cheques/bank drafts sent to the bank by him for credit into Government account, and take appropriate action in respect of those outstanding, in consultation with the bank. If any outstanding bank drafts pertains to one that was received from a Departmental Officer (without cheque drawing powers) located outstation, he would have to keep the latter informed and/or take appropriate course of action through the Departmental officer with the party concerned.

1.10.4 Departmental officers other than the cheque drawing DDOs situated at the same station as the Pay and Accounts Officer shall remit the collections received in cash or local cheque/demand draft into the bank in which the Pay and Accounts Office holds an account, duly supported by challans. He will also send a weekly list of remittances into the bank to the Pay and Accounts Office to enable the PAO to watch receipt of corresponding credits in the bank scrolls received by him. In case any such cheque(s)/bank draft(s) remains outstanding at the end of the month subsequent to that in which the Departmental officer had reported it as remitted to the Bank or is dishonoured, the Pay and Accounts Office shall intimate the details of such instrument/s to the Departmental Officer for further action.

Departmental Officers situated at a station other than that of the Pay Accounts Office, shall obtain receipts through demand drafts drawn in favour of the Pay & Accounts Office and payable at the latter's station. Wherever he is empowered to receive cash, he shall convert the same into a demand draft drawn in favour of his P.A.O. and remit the same to the latter for crediting into Government account. If under the provisions of any Rule/Act, the receipts of a department are required to be remitted by the public by means of demand draft drawn in favour of departmental officer and such an officer happens to be a non-cheque drawing officer, he should endorse it in favour of the Pay and Accounts Officer with whom he is attached for crediting it into the Government account held by the latter. Reserve Bank of India in this regard have clarified that there is no legal bar to a crossed cheque/demand draft drawn in favour of departmental officer and bearing the endorsement 'Account Payee' being endorsed by him in favour of his Pay and Accounts Officer for this purpose.

Even category 'C' cheques/drafts bearing the endorsement "Not negotiable and not payable in cash-creditable to Government account only" drawn in favour of Pr. Chief Controller/Chief Controller/ Controller of Accounts i.e. Principal Accounts Officer, could be endorsed by him in favour of a P.A.O. under him for crediting to Government account.

Note:- Receipts relating to Direct Taxes (Income tax, Corporation tax) and Indirect Taxes (customs and excise duties etc.) administered by Central Board of Direct Taxes/Central Board of Excise and Customs will, however, be credited/remitted into the Reserve Bank of India and other nominated branches of Public/Private Sector Banks using challan forms specifically prescribed under the relevant provisions of

the schemes of revenue collections of Central Board of Direct Taxes/Central Board of Excise and Customs.

1.11 REGISTER OF VALUABLES

Bank drafts or cheques received in the Pay and Accounts Office should be entered in the Register of Valuables (Form CAM-16) immediately on receipt and then sent to the Bank for credit to Government account on the next working day, along with a credit slip. In order to reduce clerical work in cases of heavy receipt of valuables from outstation/ non-cheque drawing D.D.Os, the covering list of valuables received from them may be pasted in the register after checking each entry in the list with the valuables enclosed with it. The register should be closed every fortnight and bank drafts/cheques for which the corresponding credits in the bank scrolls are not forthcoming should be investigated.

1.12 ADVICES ON RESERVE BANK OF INDIA (CAS) NAGPUR AND OPERATION & CLEARANCE OF THE MINOR HEAD, RESERVE BANK SUSPENSE (C.A.O.) ETC:

1.12.1 Payments of loans and grants to State Governments and repayments of loans/payment of interest by State Governments are effected by the issue of advices to the Central Accounts Section of R.B.I., Nagpur by various Principal Accounts Offices etc. in terms of the procedure prescribed in Chapter 8. Advices issued by a Pr.A.O. to R.B.I.(CAS), Nagpur in this connection for effecting monetary settlement through its books will be given the same treatment in accounts as is given to cheques issued, except that the head '8658-Suspense Accounts-R.B. Suspense (C.A.O.)' will be operated upon instead of the head '8670-Cheques and Bills' for affording contra credit. This suspense head will be cleared with a minus credit as soon as relevant intimation (clearance memo) is received from R.B.I., C.A.S., Nagpur about the settlement having been effected in the manner indicated in para 1.12.3 et seq.

1.12.2 Intimations received by a Principal Accounts Office from the RBI (CAS), Nagpur about credit having been afforded to the Ministry's/Department's account based on advices from Accountants General etc. will be dealt with in the same manner as receipt scrolls from banks (without supporting details as these would be awaited from the Accountants General concerned) and the head "Reserve Bank Suspense (C.A.O)" minus debit will be operated upon. On receipt of details from the A.G., the suspense head should be cleared through a transfer entry, affording debit to it and contra credit to the final head (s). This procedure for operating Reserve Bank Suspense (C.A.O.) may be adopted in respect of all such clearance memos received irrespective of whether or not the particulars are received and complied.

1.12.3 Form of Register of Reserve Bank Deposits-Part II (CAM 17A) has been devised for use in the manner indicated in the sub paras of this para and in the next para. However, Principal Accounts Offices which are not concerned with the operation of remittance heads need not open columns meant for indicating contra effect against Major Heads 8786 to 8789 (viz. columns 7 to 10).

All advices for payments of the type referred to in para 1.12.1. above should be entered in a register in form CAM 65 and should be submitted for signatures along with the register. Monthly total under column 3 of the register should be entered as credit against the head '8658 Suspense accounts-Reserve Bank Suspense (Central Accounts Office) in the classified/consolidated abstract. Along with this, the full classification of the final head(s) to which the payment is debitible should be indicated/pasted on a spare copy of each advice, and passed on to the Compilation Section along with the daily memorandum of advices issued, for posting in the compilation sheet etc. As soon as clearance memos are received from the RBI, their particulars should be entered in form CAM 17A. Total amount under column 12 thereof will be reckoned for posting against the concerned suspense head in the classified abstract, as responding minus credit.

Clearance memos received in the type of cases referred to in para 1.12.2 are to be entered in form CAM 17 A and (-) Debit shown in para 1.12.2 afforded to the concerned suspense head to the extent of the monthly total under column 6 of the register, and T.Es proposed in all cases on receipt of the particulars from the AGs in the manner indicated in para 1.12.2.

The total receipts and disbursements under columns 5 and 11 of the said register will be reckoned for the purpose of entry on the appropriate side of the classified abstract/consolidated abstract against the head of account "8675-Deposits with Reserve Bank-Central Civil-Reserve Bank, (Central Accounts Office)". Ordinarily, no balance should remain outstanding under the head 'Reserve Bank Suspense' at the close of the accounts of a financial year.

1.12.4 In the cases of operation of remittances heads by Supply accounts and External Affairs Offices etc. referred to in paras 8.8.1 and 8.9.1 of this Manual, the original adjustment of debit against these heads arising at the time of compilation of the payment vouchers will be done in a manner similar to adjustment under 'PAO Suspense', dealt with in para 8.2.1, with the difference that the settlement will be done by issuing advices on RBI, CAS, Nagpur instead of issue of cheques. The responding stage in these cases will commence with the issue of an advice to RBI(CAS) Nagpur. The advices may be entered in a separate register in form CAM 65. When the clearance memo is received from RBI, Nagpur, it should be entered in C.A.M.17A, in order to effect responding minus debit to the relevant remittance head from the monthly total thereunder. The corresponding debit will be given against the head '8675-Deposits with Reserve Bank - Central - Civil - Reserve Bank (CAO). Ordinarily, no balance should remain outstanding under these remittances heads at the close of the accounts of a financial year.

1.12.5 Monthly totals under column Nos. 5 & 11 should be tallied and reconciled with monthly report /adjustments submitted by R.B.I.(CAS), Nagpur vide portion (i)of para 1.12.6.

1.12.6 On receipt of the daily intimations of receipt and payment relating to each Ministry/Department from the Link Cell of the Public Sector Bank, the Central Accounts Section of RBI, Nagpur, will effect necessary settlement and, inter alia, work out daily balance of the Govt. of India. The Central Accounts Section, Reserve Bank of India, Nagpur shall maintain a separate proforma account called "Departmentalised Ministries' Account" (with details in respect of each Ministry/Department) in the General Ledger. The Central Accounts Section, R.B.I., Nagpur shall furnish Ministry-wise/Department-wise balance for each month to the concerned Pr.CCA/CCA/CA of the Ministry/ Department indicating (i) adjustment effected by the Central Accounts Section, Reserve Bank of India, Nagpur on the basis of advices received from the Pr. Accounts Office in terms of para 1.12.1 and from As.G in terms of para 1.12.2 read with paras 8.2 & 8.15, and from Railways in terms of para 8.13.1 etc. and (ii) balances (total receipt/payment) transferred from Reserve Bank of India offices representing transactions during the month in respect of that Ministry/Department as reported by (a) branch of RBI acting as primary banker and (b) by nominated office of RBI effecting settlement with the Head of Office, (Designated Link office of Bank) and the net balance of that Ministry/Department calculated therefrom, vide Reserve Bank of India circular No. 2036/GA-64 (12)-77/78 dated the 21st March, 1978.

1.12.7 The Principal Accounts Officer will be responsible for clearance from the Public/Other Nominated (Private Sector) Bank Suspense head, the figures reported by Central Accounts Section, Reserve Bank of India, Nagpur under (ii) (b) above. The clearance will be effected by means of a transfer entry by affording 'Minus debit' against the suspense head to the extent of the total receipts shown in the report, and 'Minus credit' to the extent of the total disbursements shown, with contra entry against the head 8675-Deposits with Reserve Bank-Central Civil-Reserve Bank (PSB)on the appropriate side.

1.12.8 The Principal Accounts Officer will also be responsible for effecting the necessary agreement of these figures in the Ministry/Department wise balances with the figures under the Reserve Bank Deposits/Public Sector Bank /Other Nominated (Private Sector) Bank Suspense heads appearing in the monthly account rendered by them to the Office of the Controller General of Accounts. The differences detected during the course of agreement of the figures under "8675 Deposits with Reserve Bank- Central- Civil" (all the sub-heads) and amounts outstanding under "Public Sector Bank/Other Nominated (Private Sector) Bank Suspense" should be got analysed and settled before the accounts of the year to which they pertain, are closed. In exceptional cases where this has not been achieved, the matter should be pursued to its finality even thereafter, and adjustments that may be required should be incorporated in the accounts that are open.

Note:- The final adjustment for transferring the amount from the head '8675-Deposits with Reserve Bank'to'8999-Cash Balance' will be done by the Controller General of Accounts.

1.12.9 The responsibility for effecting reconciliation between the net increase/decrease in the balance of the Central Government as a whole with Reserve Bank as reported by the Reserve Bank and the net results of the credits/debits to the head 'R.B Deposits' reported in the accounts rendered by the various Principal Accounts Officers will be that of the Office of the C.G.A.. In effecting such reconciliation, the effect of the transactions taking place at the Banking treasuries as well as the Centre-State adjustments advised by Accountants General etc. will also be taken into account.

1.13 EXPENDITURE CONTROL

1.13.1 One of the important duties of each Pay and Accounts Office, as a prelude to the introduction of Exchequer Control that requires a law to be enacted under Article 149 of the Constitution is to see that, no payment is made in excess of budget allotment unless it is covered by an advance from the Contingency Fund.

1.13.2 Under the departmentalized system since all payments are closely related to appropriation at the very points of authorizing such payments, chance for error in classification requiring rectification through transfer entries in accounts are considerably reduced, if not totally eliminated.

1.13.3 Copies of all sanctions and orders signed in manuscript to be acted upon by the Pay and Accounts Office shall be either addressed to him or endorsed to him by the authority competent to accord sanction, indicating, inter-alia, the head of account under which the payment is to be classified and also quoting reference to the U.O. No. under which sanction of the Ministry of Finance/Financial Adviser was taken wherever necessary.

1.14 CLASSIFICATION OF EXPENDITURE IN DEPARTMENTALISED ACCOUNTS ORGANISATION

1.14.1 The following principles should be adopted for classifying the expenditure on departmental accounts organisation:

(a) The expenditure on a Pay and Accounts Office, which is exclusively dealing with a separate identifiable organisation will be treated as regular expenditure of the organisation without operating separate minor heads for this purpose. For example, expenditure on PAO (Tourism) will be debited to the head '3452-Tourism-Direction and Administration'.

(b) The expenditure on all other Pay & Accounts Offices as well as Pr. Accounts Offices of all Ministries/Departments including Internal Audit Wings set up under the scheme of Departmentalisation will be classified under the minor head 'Secretariat' below the appropriate Major head viz., '2052-Secretariat-Services' or '2251-Secretariat-Social and Community Services' or '3451-Secretariat-Economic Services', as the case may be.

1.14.2 Budget provision will also be made according to the principles set forth above. In the case of (a) above, the provision will be included in the total provision for the organisation. In respect of (b), budget provision will be included in the Secretariat Demands for Grants of the concerned Ministries or Departments.

APPENDIX 1
(Referred to in Para 1.1.2)

Extract from Allocation of Business Rules, 1961 as amended from time to time

"7A Organisation of the Controller General of Accounts dealing with

- a. General principles of Government accounting relating to Union or State Governments and form of accounts and to training or revision of rules and manuals relating thereto;
- b. Reconciliation of cash balances of Union Government with Reserve Bank in general and, in particular, of Reserve Bank Deposits pertaining to Civil Ministries or Departments;
- c. Overseeing the maintenance of adequate standards of accounting by Central Civil Accounts Offices;
- d. Consolidation of monthly accounts, preparation of review of trends of revenue realization and significant features of expenditure etc. and preparation of annual accounts (including Summary Civil Appropriation Accounts) showing under the respective heads, the annual receipts and disbursements for the purpose of the Union Government;
- e. Administration of Central Treasury Rules and Central Government Account (Receipt and Payment) Rules 1983;
- f. Co-ordination and assistance in the introduction of management accounting system in Civil Ministries or Departments;
- g. Cadre Management of Group 'A' (Indian Civil Accounts Service) and Group 'B' Officers of the Central Civil Accounts Offices;
- h. Matters relating to the Central Civil Accounts staff belonging to Group 'C' and 'D' ; and
- i. Disbursements of Pension through PSBs in respect of Central Civil Pensioners Freedom Fighters, High Court Judges, Ex.M.P.s and Ex.Presidents.

APPENDIX 2

(REFERRED TO IN PARA 1.4.1 & 1.9.1)

Memorandum of instructions on banking and accounting arrangements in connection with receipts and payments on Government account by Public Sector Banks under the scheme of Departmentalisation of accounts.

A scheme for the decentralisation of accounts of the individual Ministries/ Departments of the Government of India was introduced in three phases with effect from 1st April, 1976. Under the scheme of departmentalisation of accounts, the responsibility for maintenance of accounts at all levels was transferred from Accountants General to Integrated Financial Advisers of the Ministries/Departments. The arrangements in connection with payments and receipts of Government by public sector banks under the scheme of departmentalisation of accounts are indicated in this Memorandum for guidance of all concerned.

Note: Detailed Memorandum of Instructions outlining the banking and accounting arrangements in connection with the receipt of income tax and other direct taxes, central excise duties, and payment of civil pensions under the scheme for collection of taxes, dues etc. of scheme for payment of pension through public sector banks have been issued separately.

2. The Integrated Financial Adviser of the Ministry/Department will make budget allocations to various wings, departments or formations under his jurisdiction, on the strength of which the Accounts Officers in charge of Pay and Accounts Offices issue letters of credit, assigning the amounts allotted to Drawing and Disbursing Officers, quarterly or at other intervals as may be convenient, sending the necessary intimation directly to the concerned branches of public sector banks with whom the Department or Ministry is banking. Payments on behalf of a drawing and disbursing officer served by a branch during a specified period will not exceed the amount of assignment or letter of credit. Accounts opened by the branches on the strength of letters of credit assigning limits for drawing are known as "assignment accounts" or "letter of credit accounts". Some of the Government officers may be allowed, as far as the paying bank is concerned, to operate on Government Account without limit of account. Such accounts are known as "drawing accounts". There is a third type of Government account known as "Personal Ledger Account". These are of the nature of regular current accounts opened in the name of Government Officers for the purpose of booking receipt and drawings, the essential condition being that drawings are restricted to the balance in the account.

3. The concerned branch will maintain a ledger in form as per Annexure-1 for assignment or letter of credit account of each drawing and disbursing officer for whom the branch will be acting as banker. For personal ledger accounts, form as per Annexure-2 will be used. Full particulars such as the name of the account, the date of opening the account, name and designation of the officials authorised to operate on the account, a reference to the letter from which the authority is derived, the amount of the assignment or letter of credit and the number of the cheque book and the number of cheque leaves which will be used for operation on the account will be recorded at the top of the first page of the account under the authentication of an authorised official of the bank. The essential particulars relating to the account will be carried over to subsequent folios under the initials of the checking official.

4. The specimen signature of officials authorised to operate on the assignment or letter of credit accounts or drawing accounts will be obtained on sheets prescribed by the bank for the purpose. If specimen signatures are furnished on letters, they will be cut out and pasted on cards. The specimen signature should invariably be attested by another Government Official, by one whose specimen signature is already recorded with the bank. If this is not possible, the specimen signature should be got attested by the Reserve Bank. Where a fresh specimen signature is furnished due to a change in the incumbency of the drawing official, incoming official's specimen signature should be duly attested by the relieved official.

5. Government Departments maintaining accounts with the bank will make use of their own cheque forms for drawing on the accounts. For this purpose, the Pr.CCA/CCA/CA will make an annual or half-yearly assessment of the total number of cheque books required for his Ministry and either place a consolidated indent or authorise a senior officer in each department of the Ministry to place an indent for his department with the Deputy Controller of Stamps, Central Stamp Stores, Nasik, giving detailed instructions in regard to the distribution of the cheque books to various Pay and Accounts Officers or Drawing and Disbursing Officer as the case may be. The Drawing Officer will intimate to the branch concerned the number of the cheque book and the number of the cheque forms contained therein, whenever a new cheque book is brought into use. The signature on such advices will be verified by the authorised official of the branch and the particulars of the cheque book will be noted in the relative ledger under his initials, suitable remarks being made on the advices at the same time.

6. While passing Government cheques, apart from the checks and precautions usually exercised by banks, the following points will be observed:-

- (i) Signature appearing on the cheques should be carefully scrutinized and compared with the specimen signature of the authorised official record with the bank.
- (ii) Different periods of currency are prescribed for different classes of cheques in the Treasury Rules and these are usually printed on the cheques themselves. It should be ensured that a cheque presented is current in accordance with the period applicable to it.
- (iii) In order to ensure that fraudulent and unauthorised cheques are not presented, each drawing officer will draw cheques only on one branch of a bank specified in this behalf by the integrated financial adviser or by any other person nominated by him.
- (iv) As a further safeguard against fraudulent payments and with a view to protecting the interests of Government, any cheque in respect of the salary or pension of any person for an amount of Rs. 1000/- or more and any other cheque in respect of any expenditure other than the salary of an office employee or contingent expenditure for the office if it is in excess of Rs.500/- will be marked "Account Payee".
- (v) If a cheque is for an amount which is smaller than the amounts mentioned above and is not crossed in this form, it will be paid only to the payee on identification, or to his banker on a certificate from the banker that the amount has been placed to the payee's credit, or to a person holding a letter of authority from the payee, after the payee's signature on the letter has been certified and the messenger has been duly identified.
- (vi) Inter-departmental and inter-governmental adjustment will be made by means of cheques. In all such cases, the cheques will be superscribed with the words "Account Government". Where a cheque is superscribed with the words "Account Government", the amount of the cheque should not be paid in cash and the drawee bank should ensure that the proceeds are paid to the credit of the Ministry, department or office of the Government concerned, either with itself or with another bank in the public sector conducting business on behalf of that Ministry, department or office as the case may be.
- (vii) When amounts are required by officers of the Government to enable them to make disbursements of pay and allowances of non-gazetted staff and contingent or other expenditure in cash on behalf of Government, the cheque will be superscribed with the words "not transferable". Where a cheque is superscribed with the words "not transferable", the proceeds may be paid in cash, care being taken to ensure that payment is made either to the payee himself on identification or to his authorised agent being a person holding a letter of authority from him or to the payee's banker. It should be borne in mind that payment can be made to a person holding a letter of authority from the payee only if the latter's signature is known to the bank or he can be identified to the paying bank and also that payment can be made to the payee's banker, only on his furnishing a certificate that the amount has been placed to the payee's credit. A transfer of the cheque by endorsement in such cases should not be allowed under any circumstances.
- (viii) The amount assigned or the amount mentioned in the letter of credit should not be exceeded at any time by reason of the payment of any cheque.

As Government cheques are issued in favour of individuals, private firms, joint stock companies and quasi-public bodies, it is essential that the staff attending to the payments should be fully conversant with the nature of endorsements to be made on the cheques by each class of payees. Unless it is proved that payment is made in due course i.e. in good faith and without negligence, the bank cannot secure the protection afforded by Sections 85 and 85A of the Negotiable Instruments Act.

7. In the case of cheques drawn in favour of Government Officials, the specimen signatures of the latter should be supplied to the bank in advance and care should be taken by the bank to ensure that the signature given as discharge on cheques agrees with the specimen on record. The specimen signatures of the payee officials will not be recorded along with those of the drawing officials. They will be kept in separate files, alphabetically arranged according to departments to facilitate the verification of endorsements on cheques or signatures on other documents, if any, as and when this may be required.

8. One or more counter clerks conversant with endorsement and the signatures of the Government officials concerned, depending upon the volume of work involved, will be posted to receive cheques drawn on Government account and tendered over the counter for payment in cash. The counter clerk will examine the cheque and, if he finds it prima facie in order and properly endorsed, add his initials on the left hand bottom corner of the cheque and issue a token to the tenderer after recording its number on the cheque. He will then pass on the cheque to the ledger clerk. The ledger clerk will examine the cheque with reference to the various points detailed in paragraph 6 above and if it is found to be in order, will post the cheque in the relative account in the ledger as also in the payment scroll. After entry in the scroll, the cheque will be branded with the pay cash stamp and the serial number of the entry in the scroll recorded on it above the stamp. The ledger and scroll with the relative cheques will be put up to the authorised passing official and the passed cheque will be sent to the cash payment counter for the payment of cash against the surrender of the tokens issued.

9. (i) Cheques on Government account may be tendered with pay-in-slips or challans, for credit of some other account maintained at the branch, in which case the transactions will be only a transfer transactions. Cheques on Government account may also be received through clearing. In all these cases, the cheques will be examined with reference to the various points detailed in paragraph-6 above, posted in the ledger accounts and payment scroll and duly passed by the passing official.
- (ii) Payment scrolls will be prepared in quadruplicate in the form set in Annexure 3.

10. RECEIPTS ON BEHALF OF GOVERNMENT.

Receipts on behalf of Government departments will be dealt with as under:-

(a). The depositor will deposit the amount of dues payable to any department or formation of the Ministry with the branch of the public sector bank, with which the department or formation of the concerned Ministry is banking. The deposit will be accepted in cash or by means of a cheque or draft, along with the appropriate challans in duplicate or triplicate or quadruplicate as required.

(b). Before a deposit on Government account is accepted, the accompanying challans will be carefully scrutinised to see that they are properly filled in. The scrutiny of the challans will be attended to by the counter clerk in the case of those accompanied by cheques or drafts and by the receiving teller in the case of those tendered with cash. The scrutiny will be conducted with special reference to the following points:-

- i. that the proper challan form in duplicate, triplicate or quadruplicate as required has been used.
- ii. that all the columns which are required to be completed by the tenderer have been filled in and that the remitter's signature with his full address and the date of the remittance are furnished

thereon. (The amount to be deposited is recorded in both words and figures by the tenderer in the challans.)

- iii. that the correct head of account to which the amount should be credited in Government account is clearly written on the challan, either by the remitter or the departmental officer on whose account the amount is deposited.
- iv. that where the challans are accompanied by cheques or drafts, the latter are drawn or are endorsed in favour of the concerned branch,
- v. that the particulars of the cash or cheques or drafts are entered on the reverse of the challans in the space provided thereon and
- vi. that the amounts creditable to different heads of accounts are not entered in the same challan.

(c). After scrutinising the challan and satisfying himself that the amount of cash, cheque or draft as tendered agrees with the amount shown on the challan, the receiving counter clerk or teller will issue a paper token to the depositor to facilitate delivery of the receipted challan to him. In the case of challans accompanied by cheques or drafts, the counter clerk will indicate on the token the date on which the receipted challan will be available for delivery to the depositors. Paper tokens of different colours, serially numbered, may be used for tenderers of cheques or drafts or cash as the case may be. The token number will be recorded at the time of its issue on the receipt portion/copy of the challan to facilitate delivery of receipted challans to depositor.

(d). All receipts on account of Government will be entered in a receipt scroll in quadruplicate in the form set out in Annexure 4, with separate column for cash, transfer and clearing. Challans with cheques or drafts will be entered in the clearing column of the scroll as on the date on which the proceeds of the cheques or drafts are expected to be realised. A separate scroll will be prepared for each department or formation of the Ministry, and for each major head of account, if required by the department or formation of that Ministry. The serial number of each entry in the scroll will be recorded on the corresponding cheque for the purpose of identification. Each day's scroll will also be given a running serial number for the accounting year from 1st April to 31st March, separate serial numbers being given to scrolls of each account to facilitate detection of any omission in submitting the daily scrolls. All copies of the challans will be branded with a suitable receipt stamp containing the name of the bank, branch and centre and in the copy/copies of challans meant for the tenderer the amount should be written in words and figures and that challan(s) should be signed in full. However, the bank official may only initial against the amount already indicated in the body of other copies of challan(s). As regards Government Departments, the initials and Cash Received stamp of the bank affixed on the challan should be adequate in view of the additional check available in the receipted scrolls. The receipted challans will thereafter be handed over to the counter clerk for delivery to the depositors against surrender of the paper tokens issued earlier. The scroll will be totaled after the close of business every day by the receiving branch concerned and the books of the branch balanced for the day with reference to the totals of the day's scrolls and the other transactions of branch. Every depositor will be submitting in the normal course a copy of the challan to the concerned departmental officer. On the basis of these challans, the departmental officer will prepare a weekly statement of receipts giving the number and date of the challan, name of the depositor and the amount deposited and forward the same to the designated Pay and Accounts Officer. The departmental officer will also check the entries in the copy of the scroll received by him with the entries in the statement of receipts and reconcile any discrepancy detected with the bank under advice to the Accounts Officer, Pay and Accounts Office. (Please see Annexure 15 for additional precautions to be exercised while passing instruments).

11. Under the revised procedure introduced with effect from 1st May, 1989, all the existing branches of the accredited banks nominated under the erstwhile procedure continue to handle the transactions of the concerned Ministry/departments in the usual way. The Pay and Accounts Officer/Drawing and Disbursing Officers continue to be in account with same dealing branch as hithertofore. The dealing branches are however, now linked to the newly designated 'Focal Point' branch of the accredited bank for the purpose of reporting. The Focal Point branch would invariably be a branch designated as such by the accredited bank at a centre where the PAO is situated. The Focal Point branch should preferably be situated nearer to the place of office of the PAO so that unnecessary correspondence may be avoided and better rapport established. The revised procedure is outlined in the following paragraphs:-

(I) DEALING BRANCHES.

The dealing branch will continue to maintain the accounts of the DDOs/PAOs and prepare daily payment and receipt scrolls (Annexure-3 and 4) in quadruplicate separately for each account holder. Each day's scroll will be given a running serial number for the accounting year from 1st April to 31st March, separate serial numbers being given to scrolls of each account. These serial numbers on the scrolls shall bear prefix DMA (E) for payments and DMA (R) for receipts. The serial numbers of the entry in the scroll will be recorded on the corresponding cheques/challans for the purpose of identification. After the books of the branch are balanced with reference to the total of day's scrolls, two copies of scrolls along with relative challans/paid cheques will be sent by them to the Focal Point branch with a forwarding memorandum (Annexure -5) on a day-to-day basis. One copy of the scroll will be sent direct by the dealing branch to the concerned DDO. The fourth copy of the scroll will be retained by the branch for its own record. The dealing branch will not report/furnish any documents direct to the PAO. No Datewise Monthly Statement will be prepared by the dealing branch.

(II) FOCAL POINT BRANCH.

(a) The Focal Point branch, in addition to acting as a dealing branch, will also be responsible for prompt and accurate accounting of the transactions reported to it daily by all the dealing branches linked to it.

(b) The Focal Point branch will receive from dealing branches linked to it, two copies of scrolls along with challans/paid cheques attached to the original scroll. It will separate the original and duplicate copies of scrolls and subject them to careful scrutiny for accuracy. It will consolidate the transactions of the various dealing branches including its own and prepare a Main Scroll in triplicate (Annexure-6) separately for each Ministry/Department giving the totals of all accounts separately for which scrolls have been received from each branch. Two copies of the Main scroll alongwith the original copy of the scroll with relative instruments received from various dealing branches will be forwarded to the concerned PAO on day-to-day basis. The duplicate copy of the scrolls without instruments, received from the dealing branches will be stitched and retained by the Focal Point branch for its record. Simultaneously, the aggregate of the receipts and payments arrived at in the main scroll will be incorporated in a daily memorandum (Annexure-7) and same will be reported to its link cell at Nagpur on a day-to-day basis. The daily memorandum by the Focal Point branches of SBI are however sent to SBI, Governments Accounts Department, Bombay on a day-to-day basis. While furnishing the daily memorandum in Annexure-7 to the link cell/SBI,GAD Mumbai as the case may be, the Focal Point branch is also to furnish a certificate to the effect that necessary scrolls/paid cheques/challans, etc. have already been submitted to the concerned Government officials. The report in Annexure-7 is to be sent through telex/telegram, if the net amount is Rs.1 lakh and above. A 'nil' advice is to be sent where there are no transactions to report. The Main scroll submitted to PAO as well as the Memo/Nil advice to link cell should bear a serial number in consecutive order for the year from 1st April, to 31st March.

(c) Since the challans/paid cheques are important documents evidencing payments into/withdrawal from Government account, utmost care has to be exercised by the dealing branch/focal point branch to ensure that no challans/paid cheques are lost/misplaced while handling the documents. However, in the event of loss/misplacement of documents during transit, a certificate in Annexure- and Annexure- should be prepared by the Focal Point branch in lieu of lost challans/paid cheques in consultation with the dealing branch and attach it to the copies of relevant scrolls. The certificates should be serially numbered, separately for challans and paid cheques and number indicated against the entry in the relevant scrolls. A record thereof should be maintained by the Focal Point branch. If the lost/misplaced challan/paid cheque is recovered subsequently, it should also be forwarded to the concerned departmental officer separately citing a reference to the relative certificate. (It should be ensured that reimbursement are claimed by focal point branches only after the relative documents are submitted to the government accounting authorities.)

(d) The PAO, on receipt of copies of Main Scroll and supporting documents, will certify and return the duplicate copy of the scroll within 24 hours to the Focal Point branch after verification. The Focal Point branch should keep a watch on the prompt receipt of the certified copy of the scroll from the PAO.

- (e) The Focal Point branch should ensure that:-
- i. the mistakes/discrepancies pointed out by PAO are rectified after proper verification through error scroll, where necessary, as per the procedure,
 - ii. the missing challans/paid cheques are submitted to PAO directly,
 - iii. the copies of Main Scrolls duly verified by PAO are kept on its record,
 - iv. the mistakes/discrepancies in scroll, resulting from erroneous entry of credit or debit, will be rectified by withdrawal of erroneous credit or debit by minus credit or minus debit as the case may be and not by passing contra debit/credit adjustment by the banks.
- (f) Methodology to be followed for adjustments of wrong debits/credits.
- i. the original transaction, which was booked wrongly may be shown as minus figure under the relevant column in the Error scroll and then the correct transaction may be entered. The total figures as appearing in the Error scroll under Receipt and Payment Columns, i.e. minus or plus, may be incorporated in the relevant scroll of the department for the day. Suitable remarks may also be made in the office copy of the original scroll against the relevant entry for which adjustment has been carried out. The aggregate Receipts and Payments figures of the scroll, minus or plus as the case may be, after adjustment of the error, may be reported to the Focal Point branch. The Focal Point branch will incorporate the receipt and payment figures of the dealing branch, as they appear on the branch scroll viz. Either minus or plus in the Main Scroll and the aggregate Receipt and payment figures, either minus or plus, arrived at in the Main Scroll should be reported to Reserve Bank for settlement through link cell at Nagpur or SBI, GAD, Mumbai as the case may be.
 - ii. For the purpose of inter bank settlement the minus receipts may be treated as 'Payment' and the minus payment as 'Receipt' and the branch account may be credited and debited accordingly.
 - iii. When the totals of receipt and payment transactions arrived at in the Main Scroll reveal a minus figure, it/they should be reported as such. However, for purpose of inter branch adjustments/settlement the minus receipt and minus payments may be taken as payment and receipts respectively. An illustration of the minus adjustments is furnished below:-

ILLUSTRATION:

A branch of the bank had effected receipt transactions of Rs. 1,54,000 and payment transactions of Rs. 2,60,000 on 5th March in respect of PAO 'B'. These transactions had been wrongly reported as Rs.5,14,000 (R) and Rs. 6,20,000 (P). Corrections were carried out by bank on 9th March. The receipt & payments transactions of PAO 'B' at that branch on that date were Rs. 48,00,000 (R) and Rs. 78,00,000(P). Adjustment entries would appear in the scroll as under:-

Particulars in Error Scroll.

	Receipts	Payments
Correct transaction of 5th March	1,54,000	2,60,000
Withdrawal of wrong figures reported On 5th March	(-)5,14,000	(-)6,20,000
Total	(-)3,60,000	(-)3,60,000

These minus figures will be adjusted in the Day's Scrolls (Receipt or Payment as the case may be) on 9th March as under:-

	Receipts	Payments
--	----------	----------

Total transactions of the day (as shown In the respective Scrolls)	48,00,000	78,00,000
Adjustment of error as shown in Error Scroll.	(-) 3,60,000	(-) 3,60,000
Total	(+)44,40,000	(+)74,40,000

(g) The Focal Point branch will also prepare in quintuplicate, the Datewise Monthly Statements (DMS) (Annexure -8) of the respective Ministry/Department and submit four copies thereof to concerned PAO for verification latest by the 3rd of the following month, retaining the fifth copy as office copy. Two copies of the monthly statement will be returned by the PAO duly verified to the Focal Point branch within 3 days of receipt thereof. Out of the two certified copies so received by the Focal Point branch, one copy will be retained by the Focal Point branch and the other will be forwarded to its link cell at Nagpur so as to reach the later by 10th of the following month. In case of Ministries/Departments banking with SBI, however, the Focal Point branch will send the certified copy of DMS to SBI, Government Accounts Department, Mumbai by 10th of every succeeding month.

(h) The Focal Point branch will be responsible for reconciliation of accounts with the respective PAO and settle any discrepancy pointed out by him. The adjustments on account of discrepancies/errors pointed out by the PAO will be incorporated in a separate error scroll and reported to PAO/link cell (or SBI, GAD, Mumbai as the case may be) for accounting.

Note: Out of the two copies, original copy of DMS will be retained by the PAO for his record and the duplicate duly verified sent to his Principal Accounts Office/Controller of Accounts latest by 8th of the following month.

(III) LINK CELL AT NAGPUR (IN CASE OF MINISTRIES/DEPARTMENTS BANKING WITH AUTHORISED BANKS OTHER THAN SBI.

(a) The link cell of the bank at Nagpur on receipt of daily advices/telegrams/telex from various Focal Point branches will decode them and report them through Daily Memo (Annexure-7) to RBI, Central Accounts Section, Nagpur which will generate daily statements and simultaneously carry out necessary adjustments both in Government and bank accounts. The link cell while furnishing the daily memo in Annexure -7 to CAS, Nagpur will also furnish a certificate to the effect that relevant documents have been submitted by its Focal Point branches to the respective Government officials. Two copies of the relative daily statements will be sent by CAS, Nagpur to link cell of the bank which will retain one copy and return the other to CAS duly verified. Link Cell will maintain PAO-wise records of transactions/adjustments made. Link Cell will verify the data in the statement as furnished by CAS, with reference to branch memo/advices. Discrepancy, if any will be pointed out to CAS, Nagpur for rectification in the subsequent statement. RBI, CAS, Nagpur will also generate on behalf of the link cell of banks, monthly statements showing transactions (1) PAO wise date-wise (Annexure -11) and (2) Ministry/Department-wise PAO-wise (Annexure-12). Two copies of PAO-wise statement will be forwarded to the link cell by RBI, CAS, Nagpur. One copy of the statement will be furnished to the PAO by the Link Cell by 5th of the following month retaining the other copy as its record. As regards Ministry-wise statements, one copy of the statements will also be furnished to the link cell by RBI,CAS. The RBI, CAS, Nagpur will send one copy each of monthly statement, PAO-wise and date-wise, i.e. (Annexure-11) and (ii) Ministry wise PAO-wise i.e. (Annexure-12) along with consolidated monthly statement to the CCA/CA of the Ministry/Department by 15th of the following month.

Note:- The arrangement of generating monthly statement by CAS, Nagpur on behalf of Link cell is a purely temporary measure. Link Cells will be required to take over their work when they are computerized.

(b) Link Cell will also prepare separate statements (Annexure - 10) for adjustment of discrepancies reported by Focal Point branch and furnish them to RBI, CAS, Nagpur for adjustment in Ministry's

Accounts. RBI, CAS will process them, PAO-wise on the computer and furnish two copies to Link Cell. One copy will be retained by it and the other will be returned to RBI, CAS, Nagpur.

(IV) S.B.I., GAD, Mumbai (IN CASE OF MINISTRIES/DEPARTMENTS BANKING WITH SBI).

(a) On receipt of daily memorandums/telegrams in respect of transactions from various Focal Point branches, the Government Accounts Department, Mumbai will consolidate the position and report the consolidated figures (receipt/payments separately) to RBI, Central Accounts Section, Nagpur for eventual settlement. SBI, GAD, Mumbai while reporting the consolidated figure to RBI, CAS, Nagpur will also furnish a certificate to the effect that relevant documents have been submitted by its focal point branches to the respective Government officials.

(b) SBI, GAD, Mumbai will prepare four copies of monthly settlement statement as per Annexure-11 and forward three copies thereof to RBI, CAS, Nagpur for verification before 5th of the succeeding month. RBI after verification will forward one copy (alongwith the monthly closing balance statement) to each Principal Accounts Office of the Ministry/Department, one copy to SBI, GAD, Mumbai and retain one copy for their record.

(c) SBI,GAD, Mumbai will also prepare four copies of monthly settlement statement PAO-wise showing transactions date-wise (Annexure- 11) and forward original copy to respective Principal Accounts Office, duplicate/triplicate copy each to the respective PAO and Focal Point Branch(s) and retain the fourth copy for their record.

(d) SBI, GAD, Mumbai will also prepare monthly settlement statement in duplicate as per Annexure - 12 and forward one copy thereof to respective Principal Accounts Office of the concerned Ministry/Department.

(e) SBI,GAD, Mumbai will furnish to CAS, Nagpur daily the Ministry/Department-wise transactions statement. At the end of the month SBI will furnish to CAS, Nagpur (PAO-wise monthly statement of transactions and Ministry-wise/Department-wise monthly statement of transactions to enable CAS, Nagpur to submit consolidated monthly statement to Controller of Accounts.

(V) SELF MONITORING

Link Cell at Nagpur will also receive a copy of certified DMS from its Focal Point branch latest by the 10th of the following month. On receipt, thereof, the link cell should compare entries of receipts and payments in respect of each PAO date-wise with reference to amounts put through as shown in Annexure-8. In case if finds that the amount as shown in the DMS and as appearing in Annexure-8 differs it should adjust the difference in the daily advice for the next day showing corrections distinctly giving a reference to the date of each transactions. This will ensure settlement of accounts on self reconciliation basis. In doing so, it should keep a note of corrections in the DMS so that, if later, the same discrepancy is pointed out by the Focal Point branch at the instance of PAO, double adjustments is avoided. A similar procedure should be adopted by SBI, GAD, Mumbai.

(VI) MARCH RESIDUAL TRANSACTIONS :-

(a) The transactions relating to Ministries/Departments, reported by the Focal Point branch to Reserve Bank of India, Central Accounts Section, Nagpur during the month of April may include transactions affected by the dealing branches pertaining to the month of March (or, in exceptional cases, earlier).

(b) The transactions pertaining to a financial year are required to be adjusted to the extent possible, in the account of that year itself. As such, the transactions effected during the month of March should be expeditiously advised by the dealing branches to the Focal Point branch to enable the later to report the same to RBI, CAS, Nagpur through the link cell. In particular, the transactions taking place from 15th March till the end of the month should be reported by telex/telegram. As regards residual March

transactions which could not be reported to RBI during the concerned financial year, the Focal Point branch should segregate from 1st April, all the transactions pertaining to the previous financial year and prepare separate Main scroll for (a) the residual transactions pertaining to March or earlier (i.e., during the earlier financial year) (b) current transactions i.e., those effected from the 1st April onwards. The main scroll for March transactions prepared from 1st April to 15th April should be distinctly marked as March Residual-1, March Residual-2 and so on up to March Residual 15. Focal Point branch should report these transactions to the Link Cell in separate Daily Memo. i.e., one for March and the other for April transactions. This procedure of reporting should continue up to and including of 15th April, and all transactions thereafter advised by the dealing branches will be reported in the usual manner and adjusted in the accounts of month of report at CAS, Nagpur. The same procedure should also be followed by the link cell in reporting these transactions to RBI, CAS Nagpur. The Focal Point branch should also furnish two separate monthly statements, one pertaining to "March Account" clearly marked as such, covering transaction relating to the period up to 31st March but reported during 1st to 15th April and the other covering the April transactions (which may include transactions of the previous month/s reported after 15th April) as usual. The monthly statement pertaining to the "March Account" should be sent to the concerned Pay and Accounts Officer latest by the 30th April. The statement relating to the month of April should be sent latest by the 3rd of the following month in the normal course.

(VII) RESERVE BANK OF INDIA OFFICES.

With the introduction of revised procedure from 1st May,1989, RBI offices ceased to be the designated offices for settlement of DMA transactions handled by accredited banks. RBI offices, will however, continue to handle the transactions of Ministries/Departments accredited to them either exclusively or concurrently with SBI in the usual way. The RBI offices will follow the procedure applicable to the dealing branches and Focal Point branches as the office function both as dealing branch and Focal Point branch in respect of those Ministries/Departments for which they are acting as bankers. Each office of the Bank will act independently and render accounts to Pay and Accounts Officer. The transactions effected by them in respect of the accredited Ministries/Departments will be accounted for by them in their books and the balances, in Departmentalised Ministries' Accounts reported to CAS, Nagpur through telegram/telex daily. The offices render scrolls, etc. to the Pay and Accounts Officer/Drawing and Disbursing Officer on daily basis, submit Date-wise Monthly statements to Pay and Accounts Officer for verification/certification and also attend to reconciliation work thereof . RBI offices should telex the PAO-wise monthly receipts and payments of each Ministry/Department to CAS, Nagpur immediately after the month-end transfer of balances followed by detailed monthly statement.

(VIII) RECONCILIATION.

(a) Efforts should be made to verify the scrolls promptly, if any discrepancy is detected, the same should be got settled by personal contact. If the scrolls are verified correctly, the DMS would become only a copy of verified figures and would not pose any problem subsequently.

(b) the reconciliation work will be done in two parts:-

First part will be reconciliation between the accounts rendered by the dealing branches to focal Point branch. This will be the responsibility of the concerned Focal Point Branch.

Second part will be reconciliation from the level of Focal Point Branch onwards right up to the stage of transactions put through. This will be the responsibility of PAO and Focal Point branch concerned.

12. TURN OVER COMMISSION.

The Link Cell of the bank will arrange to submit claims, Ministry-wise-/Department-wise, for turnover commission on Government transactions settled with RBI, CAS Nagpur to that office on quarterly basis for settlement. They have to ensure that adjustments on account of discrepancies of transactions originally reported are furnished in separate statements. It should also ensure that adjustments of

discrepancies are correctly taken into account for arriving at total Government turnover and there is no double claim of turnover commission on account of such adjustments.

13. RECOVERY OF INTEREST ON DELAYED REMITTANCES:

Government of India levy interest on remittance delayed for credit to Government account and on excess/double reimbursement obtained by banks. In view of this, dealing branches/Focal Point branches and Link Cell should ensure that the transactions are reported promptly and correctly to avoid payment of interest (please see Annexure-14 for detailed procedure for recovery of interest from public sector banks).

14. Job cards No.1,2 and 3 have been given at the end for the guidance of banks for branch level receipts, branch level payments and focal Point branch level procedures.

15. It will be desirable for every bank transacting any business under the arrangements referred to in this memorandum to open currency chests at centres where receipt and payment transactions on Government account under this scheme are likely to be handled.

16. It may be necessary for the Comptroller and Auditor General of India to undertake a percentage audit of the transactions under this scheme. It is, therefore, suggested that as far as possible the books and ledgers connected with Government transactions may be segregated

**ANNEXURE I
(Vide paragraph 3 to Appendix 2)**

ASSIGNMENT/LETTER OF CREDIT ACCOUNT LEDGER

- (1) Name of the account (in full)
- (2) Address
- (3) Account opened on
- (4) Reference
- (5) Cheques will be signed by
- (6) Special instructions, if any
- (7) Amount assigned
- (8) Particulars of cheque books in use

Date of entry No. of book No. of cheque forms

Date	Particulars of withdrawals	Particulars of cheque		Disbursements	Progressive total	Initials of PAO	Remarks
		No.	Date	Rs.	Rs.		

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ANNEXURE – 2
(Vide paragraph 3 of Appendix 2)

PERSONAL LEDGER ACCOUNT

- (1) Name of the account (in full)
- (2) Address
- (3) Account opened on
- (4) Reference
- (5) Cheques will be signed by
- (6) Special instructions, if any
- (7) Amount assigned
- (8) Particulars of cheque books in use

Date of entry No. of book No. of cheque forms

Date	Particulars of Deposits/ withdrawals	Particulars of cheque		Debits	Credits	Balance Cr. Amount	Initials	Remarks
		No.	Date	Rs.	Rs.	Rs.		

**ANNEXURE - 3
Statement - 1**

Payment Scroll

Name of Bank

Code No	Dealing Branch	Code No.

Sr. No.
Date :

Head of A/c. (PAO) Code No. -

Name of Drawer :
(i.e. PAO/DDO)

Sr. No.	Cheque		Amount			Progressive Total		Initials
	No.	Date	Cash Rs.	Clearing Rs.	Transfer Rs.	Rs.	P.	

**ANNEXURE - 4
Statement - 2**

Receipt Scroll

Sr. No.
Date :

Name of Bank

Code No.

Dealing Branch .

Code No

Head of A/c. (Min./Deptt./PAO)

Code No

Sr. No.	Name of Depositor	Challan no.	Amount			Progressive Total		Initials
			Cash Rs.	Clearing Rs.	Transfer Rs.	Rs.	P.	

ANNEXURE - 5
Statement - 3

Daily Advice of Transaction (To be submitted by dealing branches to Focal Point Branch) in respect of Union Ministries' Transactions -- (Expenditure Accounts)

Name of the PAO:

Code No.

To

The Branch Manager

.....
.....

Name of Ministry/Deptt. :

Code No.

Date :

Sr.No.

Name of Dealing Branch :

Code No.

Receipts (Rs.)

Disbursements (Rs.)

Branch Manager

The Receipt/Payment Scrolls alongwith receipted challans, paid cheques etc. must be attached to this advice.

ANNEXURE - 6
Statement - 4

MAIN SCROLL -- UNION MINISTRIES' EXPENDITURE ACCOUNTS

Name of Focal Point Branch : Code No.....

Name of PAO :Code No.....Running Sr. No.....

Name of Ministry/Deptt.....Code No..... Date:

Sr. No.	Name of Dealing Branch	Date of Transaction at dealing branch	Receipts Rs.	Payments Rs.	Remarks
	Sub-Total				
Transactions of Focal Point Branch					
Grand Total					

1. To be prepared in triplicate
2. Two copies -- original with scrolls and paid cheques/receipted challans and duplicate without documents to be submitted to PAO on a day-to-day basis.
3. Duplicate copy duly verified by PAO, to be obtained by the Focal point branch on a day-to-day basis.
4. Third copy to be retained as office copy.
5. Scrolls of dealing Branches with documents to be attached to original Main Scrolls should be in the same order in which entries are listed in this Main Scroll.
6. The Grand Total of receipts and payments should be reported to Link Cell, Nagpur on a day-to-day basis.

Branch Seal

Branch Manager

ANNEXURE - 7
Statement - 5

Daily Memo
TRANSACTIONS ON BEHALF OF RBI
(Government transactions)

Sr. No.....
Date :

Name of Bank : Code No.....
Name of Focal Point Branch : Code No.....

Receipts	Code No.	On a/c. of	Code No.	Disbursements
		Central Govt. Railways* Postal Accts.* Defence* Telecomm* DMA*		
Total Receipts		Total		Total Disbursements
		Net Receipts/ Disbursements		
		Check Total		

Telegraphed

Not Telegraphed

Branch Manager

*Name of Ministry/Dept. (Minor) Accounts and Code No.

Receipts

Disbursements

(In Quintuplicate)

**ANNEXURE - 8
Statement - 6**

**Union Ministries' Expenditure Accounts -- Monthly Statement
Of Receipts and Disbursements for the Month of20.....**

Name of BankCode No.

Name of Focal Point Branch Code No.

Name of PAOCode No.

Name of Ministry/Deptt..... Code No.....

Date	Receipts Rs.	Disbursements Rs.	Initials of Supv. Official
1.			
2.			
3.			
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30.			
31.			
Total			

.....20.....

Branch Manager

Instructions for compilation of the form :

- (i) To be prepared in Quintuplicate.
- (ii) Four copies to be sent to Pay & Accounts Officer concerned and fifth copy to be retained at the Branch.
- (iii) Two copies will be received back from Pay & Accounts Officer duly certified. One certified copy should be forwarded by the Branch to Link Cell, Nagpur so as to reach them on or before 10th of the following month. The other verified copy be filed.

Note : To be compiled and handed over to PAO for verification latest by the 3rd of the following month.

ANNEXURE - 9
Statement - 7

Transactions on account of Departmentalised Ministries' Accounts

(Union Ministries' Expenditure Accounts)

Sr. No.....
Date

Name of Bank : Code No. :

Name of Focal Point Branch : Code No.:
Month of Account :

(Applicable for residual March Account only)

Receipts	Code No. of		Disbursements
	Ministry	P.A.O.	
Total			

Net Receipts/

Disbursements :

Net amount may be credited/debited to DMA by contra debit/credit to our Current Account No. I maintained with you.

Officer-in-Charge of Link Cell

ANNEXURE - 10
Statement - 8

Transactions of Union Ministries' Expenditure Accounts
Amendment Statement -- Receipts/Disbursements*

Serial No. :

Date :

Name of Bank :

Code No. :

Please amend the entries against the following heads of accounts as indicated below :

Name of Focal Point Branch	Code No.	Mini/Deptt.	Code No.	Name of PAO	Code No.	Date of transactions	Original amount Rs.	Amended amount Rs.

Officer-in-Charge of Link Cell

* Amendment to Receipts & Disbursements should be reported in separate statements.

ANNEXURE - 11
Statement - 9

Settlements made by on account of
(Name of Bank)

Union Ministries' expenditure Account transactions PAO-wise, date-wise for the month of
.....

Name of Ministry/Deptt.:..... Code No.:.....

Name of Focal Point Branch :..... Code No.

Name of P.A.O. :Code No.....

Date of Transactions	Date of settlement with RBI, CAS, Nagpur	Amount settled	
		Receipts Rs.	Payments Rs.

ANNEXURE - 12
Statement - 10

Statement showing monthly settlements made by
.....
(Name of Bank)

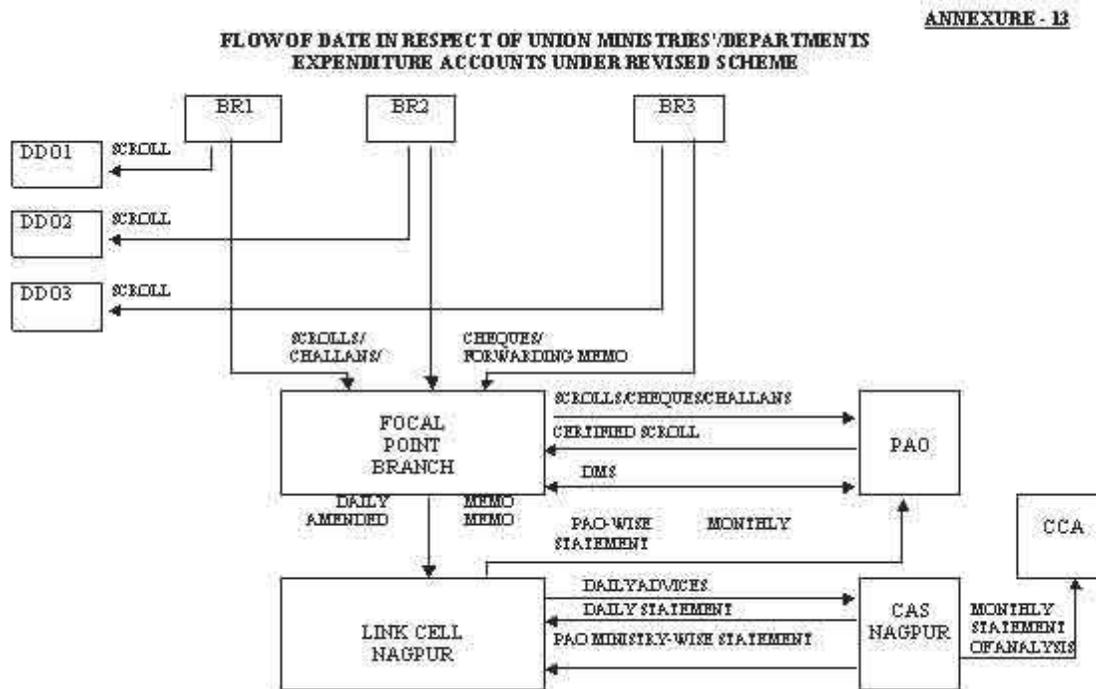
PAO-wise, of the Ministry ofDeptt. of.....

For the month of

PAO	Code No.	Name of Focal Point Branch	Code No.	Amount settled	
				Receipts Rs.	Payments Rs.

ANNEXURE – 13

FLOW OF DATA IN RESPECT OF UNION MINISTRIES'/DEPARTMENTS EXPENDITURE ACCOUNTS UNDER REVISED SCHEME



ANNEXURE – 14

DEPARTMENTALISED MINISTRIES' ACCOUNTS JOB CARD NO. 1

BRANCH LEVEL PAYMENTS

PROCEDURE	SPECIAL INSTRUCTIONS
1. Cheques on Government account are presented for payment in cash on counter. The cheques are also received through clearing/transfer.	Cheques in respect of salary, pension etc. for Rs.1000/- and above and cheques in respect of expenditure, if in excess of Rs.500/-, are marked "account payee".
2. Examine the cheque properly with reference to its currency, amount and verify the signatures of the issuing authority in addition to the usual precaution taken while passing a cheque. It should also be ensured that the amount mentioned in the letter of credit should not be exceeded at any time by reason of payment of any cheque and that the cheque is 'free from stoppage'.	Cheques for lesser amount are paid to payee only on identification or to his banker on a certificate from the banker that the amount has been placed to the payee's credit or to a person holding a letter of authority from the payee, after proper verification of identification.
3. The clerk should add his initials on the left hand bottom corner of the cheque and issue a token after recording the token number on the cheque.	Cheques meant for payment to the payee who is a Govt. Officer for disbursement of salaries etc. of office establishment and for office contingencies and marked 'Not Transferable' and payable to 'payee only' are paid to himself or his authorised agent holding a letter of authority on verification of payee's signature.
4. The Ledger Clerk will examine the cheque as stated in (2) and post the amount in the ledger as also the payment scroll.	All inter-departmental and inter-Governmental adjustments are made by means of cheques superscribed with the words "Account Government" not to be paid in cash but only credited to their account.
5. Brand the cheque with 'Pay Cash' stamp and record the Serial number of the entry in the scroll on it.	
6. The ledger and scroll alongwith the relative cheques to be put up to the authorised passing official and the passed cheques to be sent to cash payment counter for payment of cash against the surrender of the token issued. The cheques received through clearing/transfer are similarly scrutinised and passed by the authorised passing office.	
7. Payment scrolls to be prepared in triplicate or quadruplicate as the case may be in form Annexure	

3.	
8. Serial number of each entry in the scroll to be recorded on the cheque.	
9. Each day's scroll to be given a running serial number from accounting year 1st April.	Give the prefix 'DMA (E)' for serial numbers on the scroll.
10. Total the scroll at the end of each day and balance the books with reference to the totals of the scrolls.	
11. All paid cheques are noted individually in the payment Register, where following details are recorded. (1) Date of payment (2) No. of cheques (3) Amount of cheques.	
12. On the next day, the original and duplicate copies of scrolls with the cheques attached to the original copy of the scroll alongwith a forwarding Memo in Annexure 5 to be sent to the designated Focal point branch. If a DDO is in account then the triplicate copy will be forwarded to him, the quadruplicate being retained for record.	If the dealing branch and the focal point branch are not at the same centre, send the scrolls/cheques, etc. by Registered Post.

JOB CARD NO. 2

BRANCH LEVEL RECEIPTS

PROCEDURE	SPECIAL INSTRUCTIONS
<p>1. Counter Clerk will accept the receipts in the form of cash/cheque/ draft alongwith the challans in duplicate/ triplicate/ quadruplicate as the case may be.</p> <p>(a) Following things are to be checked in the challan.</p> <p>(1) Amount (2) Name and address of the depositor (3) Head of account (4) That the proper authority has authorised the bank to accept money (5) The amounts to be credited to more than one head of account are not included in the same challan.</p> <p>(b) In the case of cheque/draft, it should be checked that</p> <ol style="list-style-type: none"> 1. The cheques/drafts are in favour of the PAO maintaining account with the bank. If not, they should be properly endorsed. 2. In the case of account payee cheques, special endorsement is required authorising the bank to collect and credit the amount to the account of the concerned PAO. 	<p>The banks will not have to receive amounts from members of public unless the relative supplementary memorandum of instructions on banking and accounting arrangements of the concerned ministry provides for this.</p>
<p>2. In the case of challans accompanied by cheques/drafts, acknowledgement is given on the triplicate/quadruplicate copy of challans as a token of receipt.</p>	
<p>3. Enter in a Receipt scroll in triplicate or quadruplicate in form Annexure - 4.</p>	
<p>4. Record the serial number of the entry in the scroll on the right hand top corner of the challan.</p>	
<p>5. Give running serial number for the accounting year from 1st April to each day's scroll</p>	<p>Give the prefix 'DMA(R)' for serial numbers on the scroll.</p>
<p>6. Brand all copies of the challans with a suitable receipt stamp containing name of the bank, branch and centre and only one copy of challan to be returned to the depositor will be signed in full by an authorised official.</p>	
<p>7. Receipted challan may be handed over to counter clerk for delivery to depositor.</p>	
<p>8. Total the scroll at the end of each day and balance the books with reference to the totals of the scrolls.</p>	
<p>9. All receipted challans are noted individually in the</p>	

receipt Register wherein the name of the depositor, his address, amount and date of receipts are written.	
10. On the next day, the original and duplicate copies of scrolls with the challans attached to the original copy of the scroll to be sent to the designated Focal Point branch. If a DDO is in account, then the triplicate copy will be forwarded to him, the quadruplicate being retained for record	

**JOB CARD NO. 3
FOCAL POINT BRANCH**

PROCEDURE	SPECIAL INSTRUCTIONS
1. On receipt of two copies of scrolls alongwith challans/cheques attached to the original scroll, separate original and duplicate copies of the scrolls and subject them to careful scrutiny for accuracy.	
2. Consolidate the transactions of the various dealing branches including your own and prepare a Main Scroll in triplicate in Annexure - 6 separately for each Ministry/ Department giving total transactions of each branch.	Give a serial number in consecutive order to the Main Scroll.
3. Forward 2 copies of the Main Scroll alongwith original copy of the scroll with the relative instruments received from various dealing branches to the Pay and Accounts Officer on a day-to-day basis.	
4. Stitch and retain the duplicate copy of the scroll without any instruments received from the branches for your record.	
5. Incorporate the aggregate of the receipts and payments arrived at the Main Scroll in the Daily Memo (Annexure -7) and report to your Link Cell at Nagpur on a day-to-day basis.	<ul style="list-style-type: none"> a. Give a serial number in consecutive order to the Memo/Nil advice. b. Send the report to your Link Cell through Fax/telex/telegram, if the net amount is Rs.1 lakh and above. c. Send a 'Nil' advice if there are no transactions to report.
6. Keep a watch on the prompt receipt of the certified copy of the scroll from the PAO.	Ensure that - (a) the mistakes/discrepancies pointed out by PAO are verified after proper verification through error scroll. (b) missing challans/paid cheques are submitted to PAO directly. (c) the copies of the Main Scrolls duly verified by the PAO are kept on the record of the branch.
7. Prepare in quintuplicate the date-wise monthly statements (DMS) in Annexure 8 and submit four copies thereof to the concerned PAO for verification by 3rd of the following month. Retain the fifth copy as office copy.	
8. On receipt of 2 copies of verified DMS from the PAO, forward one copy to your Link Cell at Nagpur before 10th of the following month and retain the other copy on your record.	Prepare separate set of scrolls for March Residual transactions upto 15 th of April. Report these transactions in a separate Daily Memo to Link Cell during the above period.

ANNEXURE 15

Additional precautions to be exercised while passing various instruments for payment.

- (1) It should be ensured that the instrument presented for payment is genuine, valid and outstanding.
- (2) Stoppage, if any, should be verified with reference to the stop list.
- (3) The signature of the drawing officials on the instruments should be verified by the passing officials before passing the instruments for payments with reference to the specimen signatures of the authorised officials on record.
- (4) The specimen signature cards of the DDOs should be maintained with the care. These cards should be indexed, classified account-wise, periodically updated and invariably held in the custody of passing officials. To ensure quick access to specimen signatures it would be advisable to allot serial numbers to the various specimen signature cards and arrange the cards in serial order. The said numbers whenever allotted to the DDOs may be intimated to the concerned Government Department and they may be requested to clearly indicate the names and designations of the signing officials and to quote the number allotted to them below their signatures on the instruments (and advices) to facilitate identification of the signatures.

APPENDIX 3 **(Referred to in Para 1.4.3)**

INSTRUCTIONS REGARDING THE PROCEDURE FOR INDENTING SAFE-CUSTODY, ISSUE AND ACCOUNTAL OF CHEQUE BOOKS IN THE DEPARTMENTALISED ACCOUNTING SYSTEM.

It has been decided after consultation with the Comptroller & Auditor General of India that the following procedure will be followed in regard to indenting, safe-custody, issue and accountal of cheques/cheque books in the Ministries/Departments in which the Departmentalised accounting system has been introduced.

2. ANNUAL INDENT

The supply of cheque-books of different varieties required for making payments by the Pay & Accounts Officers and cheque drawing departmental officers will be made by the Controller of Stamps, Nasik Road. For this purpose all the Pay and Accounts Offices should intimate their requirements of cheque books including the requirements of cheque-drawing officers in their jurisdiction, for the next financial year to the Pr.CCA/CCA/CA of the concerned Ministry/Department before the 15th January every year.

3. ASSESSING THE REQUIREMENTS

The annual requirements should be based on the average of the actual consumption of cheque forms during the preceding calendar year i.e. from January to December of the previous year. Additional provision may be made while preparing the indent for extra requirements which can be anticipated during the next financial year. The stock in hand as well as the requirement of cheque books for the remaining three months of the current financial year, should also be taken into account. To the requirements so worked out, a reserve stock of cheque books equal to approximately three months' requirement, should be added, to meet unforeseen requirements and to safeguard against delay in printing, transmission etc.

4. PREPARATION AND SENDING OF CONSOLIDATED INDENT BY PR.CCA/CCA/CA.

Based on requirements intimated by all the Pay and Accounts Officers, a consolidated annual indent will be prepared by the Financial Adviser through the Pr.A.O. indicating the requirements of different varieties of cheque books and sent to the Controller of Stamps, Nasik Road by the end of January every year. Specimen signatures of an Officer in the Principal Accounts Office will be sent to the Controller of Stamps, Nasik Road by the Chief Controller of Accounts.

The total requirements of cheques of each Ministry/Department will be sent by the Press to the indenting officers of the Ministry/Department concerned who will in turn have to despatch the requisite number of cheques to different PAOs/Cheque drawing DDOs (including those at outstations under their control). The name of the Ministry/Department/ Organisation/PAO and also the name of the branch of the bank will have to be stamped by means of a rubber stamp, on the cheques before issue.

5. ACCOUNTING VERIFICATION OF SERIAL NUMBER ETC.

The cheque books received from the Controller of Stamps, Nasik Road will contain machine-numbered cheque forms. On receipt of the bulk supply of cheque books, they should be carefully scrutinised under the supervision of the officer-in-charge to see that each book contains the number of cheque forms specified therein, and that serial numbers printed thereon are in consecutive order. The actual counting of the cheques and the checking of their serial numbers may be done by the Junior Accountants of the Sections who will sign each book in full in token of having conducted the check. The cheque-cashier and the officer-in-charge, will test check 10 per cent and 5 per cent respectively, of the cheque books checked by the Junior Accountants and should sign in the books so test checked by them.

There is no objection if the Principal Accounts Office, immediately on receipt of the cheque books, supplies these cheque books in the same sealed packets as received from the Security Press, to the different P.A.Os under its control as per their indents processed and consolidated by the Pr.A.O. It shall then be the responsibility of the receiving PAO to open the packets and verify the correctness of cheque-leaves/cheque books as per instant orders and take the cheque books on stock. In case any discrepancy is noticed by the PAO on receipt of the packets the PAO should bring it to the notice of the Pr.A.O. immediately, who shall take up the matter with the India Security Press from whom the cheque books are received.

The cheque books received in excess of the annual requirements of the PAOs would, however, continue to be retained in the Pr.A.O. who shall verify the correctness of the cheque books/cheque leaves and take them on stock.

6. CUSTODY AND STORAGE.

The cheque books will remain in joint custody of the cheque-cashier and the officer in charge. The stock of blank cheque books should be stored in a steel almirah with double lock of which one key should be kept by the Officer in Charge and other by the Cheque-Cashier. The duplicate set of keys will be kept in an envelope duly sealed by the Officer in Charge and the Cheque Cashier, in the custody of the Head of the Office/Principal Accounts Officer. In the case of an outstation Pay & Accounts Office comprising only one Accounts Officer, the duplicate set of keys duly sealed in a cover, may be kept in the relevant branch of the bank with which the PAO is in account.

Note :- If the double lock system for custody of cheque books is not feasible in any office owing to the smallness of the establishment or lack of facilities, the cheque books should be in the custody of the Head of the Office under lock and key. The Head of the Office will be responsible for their safe custody and issue, to the Cashier as and when required, of the required number of chequebooks.

7. STOCK REGISTER OF CHEQUE-BOOKS

A Stock Register of Cheque Books/Forms should be maintained to keep an account of the receipts, issues and balance of cheque books/forms (Form CAM 1). Each morning, the Cheque-Cashier should take such cheque books from the Officer in Charge, as are likely to be used during the course of the day and should remain responsible for their use and return of the balance at the close of the day. Another register should be maintained by the cashier for showing the cheque forms received by him each day and those returned by him. The entry should be made by the Cashier with his dated initials in this register.

8. ISSUE OF CHEQUE BOOKS TO DRAWING AND DISBURSING OFFICERS

The Drawing and Disbursing Officers vested with cheque drawing powers, will requisition their requirement of cheque books from the concerned Pay and Accounts Office. The latter will supply to the DDO the minimum number of cheque books, sufficient for his requirement for three months. Issue of such books will also be entered in the stock Register of Cheque books.

In cases where the power of drawal of funds by cheque(s) is withdrawn from any cheque drawing DDO, all the unused forms from partly used cheque books with that officer shall be defaced by writing the word 'cancelled' promptly across each cheque form and its counter-foil (but without the signature of the

Drawing Officer) and returned to the Pay & Accounts Officer concerned who shall destroy them after keeping a note in the relevant records. All unused cheque books with such an officer shall , however, be returned by him to the Pay & Accounts Officer without any cancellation. Such cheque books shall be taken into stock in the Stock Register of cheque books held by the Pay & Accounts Officer and shall be re-issued to any other Cheque Drawing DDO under his account control or to his own office.

If and when a Pay & Accounts Office is wound up, all partly used/wholly unused cheque books in the custody of that office shall be returned along with a complete account of cheque books so remaining as per the Stock Register, to the Principal Accounts Office , which shall in turn take action on the same lines as indicated in the above sub-para.

9. DAILY ACCOUNT OF CHEQUE FORMS USED

An account of cheque forms used daily should be maintained by the Cashier in (Form CAM 2) and submitted to the Officer in Charge at the time of closing of the accounts daily. In this register the cheque numbers used during the day should also be noted.

10. ACCOUNT OF CHEQUES BY D.D.Os

The Drawing and Disbursing Officers enjoying cheque drawing powers will also maintain the account of cheque books and the cheques used daily in the same form as detailed in para 7 and 9.

11. STOCK TAKING AT THE CHANGE OF THE OFFICER IN CHARGE

Every six months, in April and October, stock taking of the cheque books should be done by an officer other than the officer-in-charge (cheques) and a certificate of physical count recorded by him in the stock register. This stock taking should also be done whenever there is a change of the officer in charge (cheques) and the relieving officer should initial the entry in respect of each of the cheque book noted in the Form CAM 2 and sign a certificate in the Stock Register in the following form :-

"Received the current cheque books as indicated by my initials in the register of account of cheque forms and the unused cheque books from to as entered in the Stock Register"

Note:- In the case of a Pay & Accounts Office comprising only one Accounts Officer, half-yearly physical verification of stock of cheque-books may be arranged as indicated below:-

(a) if at any station, there is more than one such Pay & Accounts Office functioning under a Principal Accounts Officer, mutual physical verification may be entrusted among those Pay & Accounts Offices;

(b) if at any station, there is only one such Pay and Accounts Office under a Principal Accounts Officer but there are Pay and Accounts Offices functioning under other/another Principal Accounts Officer, the Principal Accounts Offices by mutual consultation could arrange for the physical verification between their Pay & Accounts Offices;

(c) if a single such Pay & Accounts Office is located at any station, then the physical verification may be conducted by the Inspecting Officer of the internal inspection party entrusted with the inspection of that office or by any other gazetted officer (including Dy. Controller of Accounts, Controller of Accounts , or Chief Controller of Accounts) who visits the office on any official work.

In the case of a cheque drawing D.D.O. the physical verification can be entrusted either to the Inspecting Officer of the internal inspection party conducting the normal inspection of his office or be any gazetted officer of his Department who visits that office on any other official work.

12. INTIMATION TO BANK REGARDING USE OF CHEQUE BOOKS

Before the cheque books are actually brought into use, during a particular period, the officer in charge (cheques) shall send intimation in Form CAM 3 to the bank upon which he draws the cheque, notifying the serial numbers of the cheque books and the number of cheques contained therein.

The Drawing and Disbursing Officers authorised to issue cheques will intimate the cheque numbers etc. to the bank as well to the Pay and Accounts Office.

13. xxxxxx not printed

14. Whenever facilities are available, cheques will be written by means of cheque perforating machines which will use indelible chemical ribbon, to give adequate safeguards against fraudulent alteration in the cheques. The cheque forms for this purpose will have to be obtained, not in the form of bound books but in the form of rolls. The indent for such rolls should be made separately from that for bound cheque books and separate account of such cheques should be maintained.

15. Whenever cheques in book form are used, the details of the payee, the amount and date should be filled in the counterfoil.

(Vide Ministry of Finance, Department of Expenditure, Special Cell OM NO.F.2(27)/76-SC dated 14.5.1976, D.O. letter No.F.2(12)/76-Spl.Cell 1490-1503 dated 16.8.1976 and CGA's OM No.S.11019/App.4/78/TA/4652 dated 28.7.1979).