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**INDIAN AUDIT
AND
ACCOUNTS DEPARTMENT**

**MANUAL OF BOOK
SECTION**

(FIFTH EDITION)

**ISSUED BY THE ACCOUNTANT GENERAL(A&E), ORISSA
2008**

PREFACE TO THE FIFTH EDITION

This Fifth Edition of the Manual of Book Section has been compiled from the Fourth Edition of the Manual of Book Section, 1991. As substantial changes have taken place in the accounting procedure due to restructuring of the IA&AD consequent on separation of Audit from Accounts w.e.f. 1.3.84 and new accounting classification w.e.f. 1.4.87, the Manual has been revised / updated taking into account all relevant changes brought about from time to time.

The instructions contained in this Manual are supplementary to those laid down in the codes and Manuals issued by the C&AG of India and the Union and State Governments. All members of this office particularly those working in Book Section should be thoroughly conversant with the instructions contained in this Manual. The Manual should not be quoted as an authority in any correspondence outside this office.

The Assistant Accounts Officer of Book Section is responsible for keeping the Manual up to date. Suggestions for improvement of Manual should be promptly brought to the notice of the Accountant General (A&E).

The preface to the First, Second, Third and Fourth Edition are reproduced separately.

Bhubaneswar
Dated the 25th March, 2008.

Sd/-
SUPARNA DEB
Accountant General (A&E) Orissa

PREFACE TO THE FOURTH EDITION

This is a revised edition of the Manual printed in 1983. As substantial changes have taken place in the accounting procedure due to restructuring of the Indian Audit and Accounts Department consequent on separation of Audit from Accounts w.e.f. 1.3.84 and new accounting classification w.e.f. 1.4.87, the Manual has been revised / updated taking into account all relevant changes brought about from time to time.

The instructions contained in this Manual are supplementary to those laid down in the codes and Manuals issued by the C&AG of India and the Union and State Governments. All members of this office particularly those working in Book Section should be thoroughly conversant with the instructions contained in this Manual. The Manual should not be quoted as an authority in any correspondence outside this office.

The Assistant Accounts Officer of Book Section is responsible for keeping the Manual up to date. Suggestions for improvement of Manual should be promptly brought to the notice of the Accountant General.

Bhubaneswar
Dated the 8th June'92.

Sd/-
(G.C. SRIVASTAVA)
Accountant General (A&E) Orissa

PREFACE TO THE THIRD EDITION

This is a revised edition of the Manual printed in 1965. As substantial changes have taken place in the accounting procedure due to departmentalisation of accounts, the Manual has been completely revised and brought up to – date.

2. The instructions contained in this Manual are supplementary to those laid down in the codes and Manuals issued by the C&AG of India and the Union and State Governments. All members of this office particularly those working in Book Section should be thoroughly conversant with the instructions contained in this Manual. The Manual should not be quoted as an authority in any correspondence outside this office.

3. The Section Officer, Book Section is responsible for keeping the Manual up to date. Suggestions for improvement of Manual should be promptly brought to the notice of the Accountant General.

Bhubaneswar
Dated the 20th Aug' 1983.

Sd/-
(V. RAMANATHAN)
Accountant General , Orissa

PREFACE TO THE SECOND EDITION

This edition of the Manual of the Book Department has been compiled from the first edition of the Manual printed in 1950 and corrections and orders issued from time to time. It supplements the rules and regulations contained in the codes and Manuals issued by the Comptroller and Auditor General of India and other authorities.

2. All members of the office, particularly superintendents and Auditors working in the Book Department should be thoroughly familiar with the instructions contained in this Manual. No departure from the procedure prescribed in this Manual will be permitted except under the orders of the Accountant General. This Manual should not be quoted or referred to as an authority in any correspondence outside this office.

3. The Book Department is responsible for keeping the Manual up to date. All orders of an important nature effecting procedure followed in the section may be incorporated in this Manual with care and promptitude.

4. The preface to the First Edition has been reproduced separately.

Bhubaneswar
Dated the 8th June, 1965.

Sd/-
(T. NARASIMHAN)
Accountant General, Orissa

PREFACE TO THE FIRST EDITION

The Manual of the Book Department has been compiled the first time since the creation of this office on 1.4.1936.

2. An attempt has been made to incorporate in this Manual all information regarding the working of the Book Section including the compilation Branch. The instructions are to be treated as supplementary to or explanatory of the main directions contained in the Accountant codes, Audit code, Audit Manual etc. Every Assistant of the Book Section should make himself thoroughly familiar with the instruction contained in this Manual to enable him to discharge his duties efficiently, assistants of other sections can also study it with advantage.

3. Errors or omissions detected in this Manual should be immediately brought to the notice of the Book Department for necessary correction.

4. The Superintendent Book Section will be responsible for keeping the Manual up to date. All orders of an important nature which may effect the practice or procedure followed in the section may be incorporated in this Manual with care and promptitude and for this purpose the necessary correction slips approved by the Accountant General should be issued at regular intervals.

Bhubaneswar
Dated the 13th May 1950.

Sd/-
(S. NATARAJAN)
Accountant General ,Orissa

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CHAPTER – 1

CONSTITUTION, CONTROL AND DUTIES

Para 1.01 – CONSTITUTION :

The Book Section consists of two main divisions viz. (1) Book and (2) Public Debt and investments. It deals with the accounts of the Government of Orissa.

Para 1.02 – CONTROL :

The Section is under the direct charge of the Accountant General. The routine work of the Section is, however, in charge of a Branch Officer.

The sanctioned strength of the Section consists of :-

1(One) Assistant Accounts Officer / Section Officer / Supervisor ,
10(Ten) Senior Accountants / Accountants and 1 (One) Clerk.

The Section Officer in charge of the Section is responsible for its efficient working and management as a whole. He should personally see that all items of work are taken up in time and watch their progress in order to ensure their completion on the due dates.

Para 1.03 – DUTIES :

The main items of work dealt with in the Section are :

Group – A – Accounts

- (i) Preparation of Civil Accounts ;
- (ii) Preparation of Combined Transfer Ledger and Abstracts ;
- (iii) Annual Closing of Accounts ;
- (iv) Reconciliation of differences under the head – “Reserve Bank Deposit (State)” ;
- (v) Preparation of Working Sheet for Finance Accounts and Accounts and Materials for Finance Accounts (Statements 4,7,8,16,17, Annexure to Statement 17, 19 and Annexure to Statement 19) ;
- (vi) Maintenance of Journal, Ledger and Trial Balance Sheet ;
- (vii) Preparation of Review of Balances.

Group – B – Debt and Investment

- (viii) Maintenance of Accounts under Internal Debt of the State Government ;
- (ix) Maintenance of Accounts under Loans and Advances from the Central Government;
- (x) Maintenance of Subsidiary Loan Registers for Internal Debt and Central Loans ;
- (xi) Maintenance of Investment Register for Treasury Bills and Securities purchased from Cash Balance Investment Account ;

- (xii) Maintenance of Registers for Investment from Sinking Funds and other Earmarked Funds in the Public Account ;
- (xiii) Keeping list of Major and Minor Heads up to date and Circulation of correction slips received from Headquarters to all Sections.
- (xiv) Furnishing of Material for Finance Commission ;
- (xv) Miscellaneous.

Para 1.04 :

The detailed items of work under these main headings are described in the following Chapters .

Para 1.05 – DISTRIBUTION OF WORK :

The work allotted to each of the Sr. Accountants / Accountants / Clerks should be shown in details in the Sectional Distribution list known as Duty List with approval of the Branch Officer. Any permanent alteration in the distribution list will require approval of the branch Officer. The Section Officer may also make such temporary allotment of work within the Section as he thinks fit to ensure proper disposal of work in the Section.

Para 1.06 – CALENDAR OF RETURNS :

The Book Section maintains a Calendar of Returns, prescribed under Para 19 and 20 of the Comptroller and Auditor General's Manual of Standing Orders (Admn.). It should be submitted to the Branch Officer for his review every Monday and to the Accountant General on the 5th of every month.

CHAPTER – 2

CIVIL ACCOUNTS

Para No.2.01 – General :-

(i) Due dates : Book Section is responsible for consolidating the monthly Civil Accounts from the Accounts received from the Departmental Compilation Sections and other accounting sections and to submit the same to the State Government monthly on due dates. The due date fixed for submission of the monthly Civil Accounts (State) to the Accountant General for signature and submission to the Finance Department is 25th of the following month, for the month of March, the due date is 15th of May. The other time schedules for closing of Annual Accounts of the State Government under article 6.12 of the Account code for the Accountants General are to be followed as per instructions issued by the Headquarters from time to time. (OOB-1338 dt. 21.1.71 and CAG letter No.536-AC-161-72-IV dt. 9.5.75, (Based on C&AG letter No.717-AC-MIS-212-2001).

(ii) Submission of subsidiary departmental and other Accounts.

The monthly accounts of the state Government are prepared by the Book Section by consolidating from the following accounts.

1. Treasury Classified Abstract.
2. Departmental Consolidated Abstracts
3. Classified Abstract of Forest transactions
4. Public Works Accounts
5. Settlement Account
6. Pay and Accounts Office Suspense Account
7. Combined Transfer Ledger and Abstract
8. Statement of closing balances from the Reserve Bank of India.
9. Statement of Cash Balances in Treasuries.

(iii) Public Works Accounts

The monthly abstract of Public Works transactions is prepared by W.M. Section at Office of the AG(A&E), Puri Branch, Puri from the compiled accounts received from the Divisional offices and the figures under Debt, Deposit, Remittance head and the totals of receipts and payments under Public Works Major Heads and sent to Book Section for incorporation in Civil Accounts.

With a view to ensuring timely submission of Civil Accounts to the State Government, it has been prescribed that all subsidiary departmental and other accounts should be submitted to the Book Section by the 18th of the month, succeeding the month to which they relate(OOB-1722 dt. 10.7.78). Settlement account may, however, be submitted to the Book Section by the 20th of the month succeeding the month to which the account relates. If the accounts for any month of a Treasury Office, Public Works Divisional Officer or any other departmental Officer or the Bank statement from the Reserve Bank of India be received so late that they cannot be included alongwith other transactions of a month without greatly delaying the consolidation of Accounts, they should be kept back for inclusion in the next month's account after obtaining the approval of the Accountant General. A note of the omission should be recorded distinctly in the concerned Civil Account.

(iv) Watch Register for Receipt of Accounts

A register in the following form should be maintained in the Book Section to keep a watch over the actual date of the receipt of the abstracts, accounts and statements.

WATCH REGISTER FOR RECEIPT OF ACCOUNTS

Departmental Abstract	Account / Due date	Date of receipt April, May, June and so on
B.O.		

This register should be submitted to the Branch Officer every month for review. As and when the accounts are received from the various sections / group they are posted by the Book Section in the check and suspense registers and Detail Book.

(v) Debt, Deposit and Remittance Transactions :

The accounts of debt, deposit and remittance transactions are not compiled department wise. All these transactions appearing in the Treasury Accounts, Transfer entries and Departmental accounts are compiled together for the whole state by Book Section.

2.02 – DETAIL BOOK (i) Posting – The Book Section concerned with Debt, Deposit and Remittance heads. It is maintained in two parts i.e. for Receipt and Payments. The treasury transactions are compiled direct by Treasury – I Section from cash accounts and list of payments in the Treasury classified Abstracts are submitted to Book Section for incorporation in Detail Book. The Detail Book maintained in Book Section consolidates the Debt, Deposit and Remittance figures from the various departmental and other Abstracts. The figures appearing in the Public Works Accounts, Inward Settlement, PAS Account and transfer entries are posted directly in the Detail Book. The Detail Book should be carefully posted and the totals struck independently as required under Article 6.5 of Account Code for Accountant General.

(ii) Examination of Posting : The posting under Debt, Deposits and Remittance heads should be carefully examined by the respective Senior Accounts / Accountants / Clerks as the transactions are communicated to different offices and departments and their acceptances of the correctness of the balances have to be obtained. Such examination should be made before closing the detail books of a month. The posting in the detail book should be independently checked from the various accounts submitted to Book Section. The poster and the checker should be severally put their initials in the memo of submission.

(iii) Submission : The Detail Book, after check by the Section Officer should be submitted to the Branch Officer, for his review of the postings on the 15th of second following month to which accounts relate.

(iv) Return of Abstracts : The Treasury classified Abstract, Departmental Consolidated Abstracts and other Abstracts are retained by the Book Section up to the 7th of each month to complete posting and checking of Detail Book under (ii) *ibid* and thereafter released.

Para 2.03 – Suspense Register

For compiling and squaring the months accounts by Book Section under the suspense heads, the figures under the various suspense heads are posted in suspense register for receipts and payments separately and the grand totals of the suspense heads worked out. In respect of Debt, Deposit and Remittance heads (other than suspense heads) the detailed posting of figures appearing in various departmental and other abstracts are made in the Detail Book.

Para 2.04 – Check Register

The Major Head wise figures under Revenue and Expenditure heads are posted in the check registers for receipts and payments separately each month from the various departmental and other abstracts and the check register is squared up. The totals of the Detail Book and the suspense register are checked with the relevant totals of the check register. Thus the postings in the Detail Book, Suspense Register and the Check Register are proved.

Para 2.05 – Consolidated Abstract of Debt, Deposit and Remittance Heads

After proving the Detailed Book and Suspense Register, consolidated Abstract of Debt, Deposit and Remittance head is prepared in form A.O-47 which shows the progressive total month by month under each major, minor and detailed heads of Debt, Deposit and Remittance heads. The Abstract should be closed by the 15th of the second succeeding month to which the accounts relates.

(Article 6.7 of Account Code of Accountant General)

Para 2.06 – Abstract of Major Head Totals

The next stage of Accounts is preparation of Abstract of Major Head totals from the suspense registers and check registers for Receipts and Payments, an Abstract of Major Head totals for Receipts and Payment shall be prepared separately which from the basis of preparation of monthly Civil Accounts.

(Article 6.10 of Account Code for Accountant General)

The correctness of the posting in the Abstract of Major Head totals is proved by adding the opening balance of the month to the total receipts and deducting there from the disbursements of the month, then working out the closing balance of the accounts which should agree with the state balance held partly in cash in Treasuries and partly in

deposit with the Reserve Bank of India. If there is any difference between the Reserve Bank Deposits as worked out in the Abstract of Major Head totals and that reported by the Central Accounts Section of the RBL, Nagpur and the same may be analysed separately in the Broad Sheet meant for Reserve Bank Deposits.

Para 2.07 – Posting of transfer entries from the combined transfer entry ledger.

All the entries received from the various accounting sections affecting adjustments under various suspense, Debt, Deposit and Remittance Heads are consolidated in the combined T.E. Ledger and posting in the Suspense and Check Register and Detail Book.

Para 2.08 – CASH IN TREASURIES – The Treasury-I Section furnishes to Book Section every month a statement of closing cash balances of Government in each Treasury together with debit and credit transactions under the head “ Reserve Bank Deposits” for the month conducted in the different Treasuries in the State. The Book Section on receipt of the same will prepare a transfer entry every month for the net transactions under “Reserve Bank Deposits” in the State side by affording debit to 8675-Deposits with Reserve bank and deduct debit to “8999 Cash Balance Deposits with Reserve Bank”.

Para 2.09 – Monthly Civil Accounts – The monthly Civil Accounts of the State Government are posted from the Abstract of Major Head totals. The opening balances will be those shown as closing balances in the previous months accounts and the closing balances comprises (1) “Deposits with Reserve Bank” as arrived at under 8999 cash balance (2) “Remittance in Transit and cash in Treasury” as reported by Treasury section in the cash balance report. The accounts are prepared in three parts as follows :-

Part – I Consolidated Fund .

Part – II Contingency Fund .

Part – III Public Account .

The monthly Civil Account is sent to Finance Department of the Government in the form AC-31 as modified on 25th of the following month and that of March preliminary account, on 15th May. The figures posting in the account should be checked in every detail by the Section Officer before its submission for approval by the Accountant General through the Branch Officer. In the progressive column of the

general statement of Accounts in the first page of the monthly Civil Accounts, the opening balance will always be the balance on the 1st April and the closing balance must be the same in both the current and the progressive columns. The closing balance as shown in the general statement of account on the last page should be certified to have been agreed with the Treasury cash balances shown in the cash balance report and with balance of the State Government in the books of the Reserve Bank as shown in the statement of balance rendered by the Bank. Any difference with the balances shown in the Cash balances report should be explained at the bottom of the last page. Under Debt and Remittances Heads, the column. "Net Receipt" should show excess of progressive receipts over progressive outgoings in black ink and excess of progressive outgoings over progressive receipts in red ink.

After proving the accounts, the monthly Civil Accounts with the Abstract of Major Head totals should be submitted to Accountant General (A&E) through the Branch Officer for approval. After his approval, the account should be dispatched to the Government.

Para 2.10 – Correction in Abstract / Accounts :

In the case of an important re-adjustment made by transfer entry, a note of the month of reversal should be made in red ink across the original entries in the Detail Book and also across the corrected entry of the month of the original transaction as required under Article 7,11 of Account Code for Accountants General. Once the abstracts of any month have been made over to Book Section, no correction should be made in them except with the consent of the Branch Officer. Such corrections or alterations should in all cases be made before the close of the Detail Book and that also with the knowledge of the Section Officer, Book Section. If any correction is permitted, it should be attested by the Section Officer of the VLC Section concerned. The Section Officer, Book Section will initial the Detail Book if they are so corrected.

Para 2.11 – Maintenance of Accounts Records :

Before the receipt of the consolidated Abstracts / Accounts from the VLC Sections, each Senior Accountant / Accountant / Clerk should have his portion of the check and Suspense Registers as well as Detail Book ready for entering the figures in the relevant month and year of account. All authorised heads should be written in the

relevant Registers and Detail Book. Separate Registers should be opened for “Receipt” and “Payment” heads of account in all cases. Senior Accountants / Accountants / Clerk are responsible for the several parts of the Detail Books and other Registers and Abstracts are also held responsible for keeping them neat and clean. No erasures or over writings are allowed, incorrect entries should be scored through and the correct ones inserted above them, the corrections being properly attested.

The records of Book Section should not be taken out of the Sections without the knowledge and permission of the Section Officer and the Branch Officer.

Para- 2.12 – New Heads of Account :

(I) Strict uniformity should be observed in the arrangement of heads in the Detail Books and the consolidated Abstracts of Debt, Deposit and Remittances as in the Civil Budget estimates. In each case the arrangement of Minor Heads should be as prescribed in the Civil Budget Estimates. In each case the arrangement of Minor Heads should be as prescribed in the list of Major and Minor Heads of Accounts (Appendix – 2 of the Account Code Vol-I). (II) New sub-heads and detailed heads can be opened in the abstracts either on the authority of the “List of Major and Minor Heads of Account” or on the special or General orders of the Government issued after consultation with the Accountant General. The new heads should be entered in the Consolidated Abstracts quoting the authority for the same.

(C&AG’s Circular No.2-AC/1982 No-45-Ac/1277 dt. 18.1.82).

(III) New heads may be opened in the departmental or other accounts of any month according to the above principle under the initials of the Section Officer of the VLC Section concerned.

Para – 2.13 – Review of Detailed Heads of Account :

A review of the Budget Estimates should be conducted by the concerned VLC Sections in order to ensure that the heads of account shown in the Budget correspond to the prescribed heads of account. When new sub-heads / detailed heads have been opened or proposed to be opened the State Government should be advised to get them regularised immediately by seeking the approval of the Accountant General.

(ii) Opening of New Sub Head / Detailed Heads of Account :

(a) The State Government is competent for opening of sub-heads / detailed heads with the concurrence of the Accountant General under any existing Major Heads of Account

(Vide C&AG's Circular letter No.2-AC/1982 No.45-C/1277 dt. 18.1.82 OOA 8595)

(b) All proposals for opening of new sub-heads / detailed heads etc. received from the State Government in VLC Sections, the concerned Section should process the case first and send it to T.M.-2 , Budget, A.A. and Book Section (in that order) for examination and comments before the proposal for opening sub-heads / detailed heads is submitted to the Accountant General. Accountant General's approval will be obtained by Book Section and then the papers will be transferred to the T.M.-2 Section which will communicate the concurrence of the Accountant General to the Government.(Based on OOA –8595 dt.1/82).

Para – 2.14 – Compilation and completeness of Accounts :

(i) The Comptroller and Auditor General of India has emphasised the need for effective control for improving the quality and completeness of accounts compiled by the A&E Offices. While putting up the monthly accounts to the Accountant General for approval, Book Section should also certify that the figures in the Abstract of Major Head totals have been posted from the consolidated abstracts after generally reviewing these abstracts for completeness. Cases of delay in closing the consolidated abstracts or their incompleteness should be brought to the notice of the Accountant General by Book Section.

In order to furnish the above certificates, it is necessary for Book Section to examine all the consolidated abstracts before posting in the Suspense Register, Check Register and Detail Book. In case one major head is covered in more than one volume, all the volumes of consolidated abstracts have to be examined to satisfy that it is complete.

(ii) In order to ensure that the various process of compilation and accounting have been correctly gone through and that the Departmental Classified and Consolidated Abstracts are maintained properly and completely, the Group Supervisory Officers may at random review two or three classified and consolidated Abstracts every month.

- (ii) The main external reason for in-completeness of the monthly account, besides the non-inclusion of transactions due to non-receipt or delayed receipt of account from the Treasuries, P.W. Divisions, Forest Divisions, Departmental Accounts Offices, P.A.O.s and other Accounts Offices, can be the insufficient details of the transactions on account of which these could not be taken to final heads of account. The extent of incompleteness of account is reflected in the accounts left under DAA Suspense or Treasury suspense or O.B. Suspense or unclassified suspense. It is necessary that Book Section should prepare a brief review note on the amounts of the transactions of the month left unadjusted under suspense heads (separately for receipt and expenditure) and the extent of clearance of amounts outstanding under suspense head at the end of previous month and submit it alongwith the monthly account to the Accountant General.

(Based on C&AG's letter No.181 OA&M/109-79 Vol-II dt. 11.4.80 and OOB 1819 dt. 18.11.80)

Para-2.15 – Unusual Debit or Credit Items :

Whenever the poster comes across a new head he should call for the orders from the concerned section and Note them in the standard abstract from and at the foot of the relevant Registers and Detail Book concerned. On the appearance of a new or unusual debit or credit in the accounts, full particulars of the item should be called for from the VLC Section and recorded in a separate file for future reference.

Para –2.16 – Certification of ledger figures in the Broad Sheets of Accounting Sections :

It is one of the functions of the Book Section to certify the ledger figures in the Departmental Adjusting Account and other suspense Broad Sheets of the VLC Section and other accounting sections every month. For this purpose all VLC sections and other accounting sections before closing the Departmental Adjusting Account and other suspense broad sheets should send their broad sheets to Book Section for certification of the ledger figures. The date prescribed for closing the DAA and other suspense broad sheets is 15th of the Second following month to which the account relates. The DAA and other suspense broad sheets are therefore required to be sent to Book Section by the VLC and other accounting sections before 15th of a month for certification of ledger figures.

In order to keep a proper watch over the submission of the Broad sheets to Book Section regularly for certification of ledger figures and also see that no arrears are accumulated by any section in obtaining the ledger figures. Book Section will maintain a watch Register to record the receipt of the Broad Sheets from the VLC Sections and other accounting sections. The Book Section will also conduct a monthly review after the 15th of each month bringing out a list of sections which have defaulted in obtaining the ledger figures from the Book Section and the amount of the arrears pending against any section in this report. The results of review will be submitted to the Accountant General by the 20th of each month.

(Based on the orders of the Accountant General Circulated vide Book-13 BS-955 dt. 1.4.80).

CHAPTER - 3

Para No.3.01 – Transfer Entries :

- (i) All Transfer Entries involving corrections or adjustments between Debt Deposit or remittance heads proposed by various sections of the office are received in the Book Section for incorporation in the Civil Account for the month in hand ordinarily transfer entries of other sections are received by Book Section on the 5th, 10th and 20th of every month. Transfer entries sent after 20th of a month will not be received in Book Section except under special circumstances for incorporation in the month's account in hand. Such Transfer entries may be retained in the section for being transmitted on the 5th of the next month for inclusion in the next month's accounts.
- (ii) The detailed rules for transfer entries are laid down in Chapter – 7 of Account Code for Accountant General and the object of transfer entries is explained in Article 7.1 of that chapter. The principal laid down in Article 7.2 to 7.4 of Chapter 7 of account code for the Accountants General should be borne in mind while making transfer entries.

Para – 3.02 – TRANSFER ENTRY NUMBER BOOK

- (I) All transfer entries prepared in other sections for inclusion in the Detail Book are sent to Book Section through the Transfer entries number Book (From AC-24) of the Sections originating the transfer.
- (II) A Transfer entries Number Book is maintained in the Book Section in which are entered a brief but clear detail of the particulars of each transfer entry originating in the Book Section, it being sufficient to file in the sectional number and amount of the transfer entry therein received from other sections.
A General number is allowed to the entries originating in Book Section and also to those received from other sections. This number Book is submitted to the Branch Officer for review on the 28th of every month.

Para – 3.03 – SCRUTINY OF TRANSFER ENTRIES :

- (a) The transfer entries are examined by the AAO/SO/Supervision of Book Section, who passes them under his initial, if they are admissible under the rules. In passing these

transfer entries for admission into the accounts, the following points should be observed by Book Section :

- (i) That the totals on the debit and credit sides agree.
- (ii) That the transfer entries is certified as having been noted in the consolidated Abstracts, objection Book or any other register of Account which it purports to correct or create.
- (iii) That full particulars, i.e. the month of account to which the adjustment, relates the reasons which necessitated the adjustment the nature of the adjustment made etc. are clearly given in the entry.
- (iv) That the major and minor detailed heads of all transfers both for debits and credits, are clearly and correctly set forth.
- (v) That the amount transferred is more than ten rupees when only service and revenue heads affecting the same Government are concerned.
- (v) This rule is however, not strictly prohibitive when considered necessary , e.g. to wipe out a minus entry under service heads in the consolidated abstracts transfer entry can also be made for less than Rs.10/-.
- (vi) That entries involving Account Current and S.A.A. Section have been noted by the Account Current and SAA Sections support of debit in the relevant forms).
- (vii) That corrections of errors affecting the debit heads of previous years are made in accordance with the instructions contained in Article 7.5 (b) of Chapter – 7 of Account Code for the Accountants General.
- (viii) That deduct entries have been made under Debt, Deposit or Remittance heads wherever necessary (Note below Article 7.8 (b) of Chapter 7 of Account Code for Accountants General) against the original debit or credit so as to prevent exaggeration of the transaction in the accounts.
- (ix) In all cases where transfer entries are prepared by one section of effect corrections in Departmental Adjusting Account / other major heads dealt other sections, suspense slips in the proper form alongwith vouchers / chalans, if any should be issued to the sections concerned and in token of having suspense slips, vouchers schedules received the recipient section should record a certificate on the transfer entries at the space provided in the T.E. Form.

- (x) That on the whole, the entries are correct, the particulars are full and that corrections if any, are attested by the AAO/SO/Supervisor.
- (xi) That all the debt heads etc. of the entry have been (briefly) entered in the sectional number Book and that reasons for transfers have been marked by distinctive letters in the Number Book and (“A” representing mistakes in Office, “B” mistakes in Treasury and “C” periodical adjustment)
- (xii) (a) that correction of errors detached after submission of final Account for March should be made only by formal transfer entry vide Article 6.15 (c) of Chapter 6 of Account Code for the Accountant General and notes (1) and (2) thereunder.
- (b) As mistakes are often made in posting transfer entries which are not clearly and completely written, Book Section should not receive transfer entries which are defective or incomplete in any respect.
- (c) If the transfer entry made is for Rs.10,000/- or more it is required to be passed by the Branch Officer. Transfer entries for March (Final) should also be passed by the Branch Officer. When a receipt head is being debited and expenditure head is being credited the remark “Deduct from Credit or” Deduct from Debit” as the case may be, should invariably be made in red ink against the item concerned.
- (d) When an amount is required to be transferred from one Revenue / Service head to another, no transfer entry need be sent to Book Section, but the adjusting T.E. between the Revenue / Service head and the relevant departmental adjusting Account should be booked in the sectional transfer Ledger and consolidated Abstract.
All other entries affecting Debt Deposit and Remittance heads will be sent to the Book Section after being noted by the affected accounting sections.

Para – 3.04 – Combined Transfer Ledger and Abstract :-

After the transfer entries have been passed by the AAO/SO/Supervisor, the dealing Sr. Accountant / Accountant / Clerk posts these in the combined Transfer Ledger and Abstract in the following form.

COMBINED TRANSFER LEDGER AND ABSTRACT

Original		T.E. No.	Head of Account	Abstract	
Debit	Credit			Debit	Credit
1.	2.	3.	4.	5.	6.

The heads affected by the transfers are written in manuscript in the order of the Major and Minor Heads prescribed in the list of Major and Minor Heads of ACCOUNT. The transfer entries after being noted in the Index Register, are posted individually in to the left hand side columns of the Abstract against the respective heads affected. The column for “Transfer Entries Number” are filled in at the same time. The expression “Number” refers to the Book Section general number assigned to the entry.

The posting of Deduct of Deduct Entries under note below Article 7.8 (b) of Chapter 7 of the Account Code for Accountants General, should be made in the Debit or Credit columns on the left hand side of the Abstract as minus figures and the net totals of the Plus and the Minus figures in these columns carried forward to the respective columns on the right hand side of the Abstract.

When all the entries received are completely posted, the net amounts of debits or credits under each head will be carried in to the respective right hand column. The right hand side columns will then be totaled. The grand total on the debit side should agree with that on the credit side. The Transfer Abstract is submitted to the Branch Officer for approval on the 28th of every month. When passed by the Branch Officer, it is made over to the Detail Book poster for posting the item (Article 7-10 of Chapter 7 of Account Code for te Accountant General).

Para-3.05 – Adjustments made after the close of the Financial Year :

The accounts of a financial year are kept open beyond the 31st March for the definite purpose that as far as possible all the transactions of a year may be entered in the accounts of that year but it is not essential that the transactions relating to earlier years, the incidence of which was under dispute, should be booked in the accounts of the latest year which are still open. Such transactions should ordinarily be adjusted in the accounts of the year in which case the adjustment may be affected in the account of the past year, if the account thereof has not been closed finally. In all cases, however, when the expenditure could have reasonably been anticipated, adjustments should automatically be

carried out in the accounts before they are finally closed vide also 6,14 of the Chapter 6 of the Account Code for the Accountant General. All corrections / adjustments affecting the major heads “8675-Deposits with Reserve Bank and “8999 Cash Balance” should be completed before closure of March (preliminary) accounts as corrections cannot be effected thereafter for previous year and should be done only after consultation with Book Section.

Para-3.06 – Formal Transfer Entries :

- (i) March Final Accounts should, for all purposes be a final account for the year. All adjustments and corrections that can possibly be made before the March Final Accounts are closed, should be included in these accounts so that the number of formal entries necessary thereafter may be kept to the lowest possible limit. If any error be detected after submission of the March Final Accounts it should be adjusted by a formal transfer entry.

Formal transfer entries are prepared for supplementary Accounts through supplementary entries and corrections of accounts thereafter through Journal entries. Formal Transfer Entries are subject to the same procedure as transfer entries but are made when the corrections are important either in their amount or as affecting different minor heads, debt heads, or the transfer from one Government to another. The following instructions in regard to preparation of formal transfer entries are to be borne in mind.

- (a) All formal transfer entries are to be made under final head of account. The head of account “Departmental Adjusting Account” should not be operated upon except for relieving outstandings under that head.
- (b) Formal transfer entries affecting heads of account dealt with by more than one section should be routed through all the concerned sections.
- (c) All formal transfer entries should be submitted to the Accountant General for his approval through Book and A.A. Sections with detailed explanations for not carrying out adjustment earlier.
- (d) Full classification as in the Budget should be given in the transfer entries.

- (ii) Supplementary entries :- On receipt of the formal transfer entries from the sections, the AAO/SO/Supervisor Book Section should examine these entries to see if the heads affected and the explanations furnished are in order. The formal

entries thereafter, should be sent to Appropriation Account section which will examine if the Demand nos., sub heads and detailed heads (with relevant plan sectors) as far as they relate to the consolidated fund are properly mentioned under each head of account and that the entry is in order. The formal entries should then be submitted to the Accountant General through the Group Officers concerned for his approval. After the approval of by the Accountant General is obtained, the original supplementary entry should be sent to Book Section, after entry in the sectional transfer entry number book with a certificate to the effect that the adjustment has been carried out in the consolidated Abstract. Copies of the supplementary entries should be given by the originating sections to the appropriation Account section and other sections affected by the entry. While handing over the supplementary entry to the concerned Accounting sections, necessary vouchers invoices etc. should be handed over to the AAO/SO/Supervisor concerned and acknowledgement obtained from him.

Book Section shall prepare the combined transfer ledger and Abstract of all supplementary entries and incorporate them in accounts.

(iii) Journal Entries : In exceptional cases where a journal entry is necessitated, a transfer entry should be proposed as in the case of adjustments in supplementary account with a detailed note explaining the circumstances necessitating the Journal entry. The same procedure as in the case of supplementary entries is to be followed in case of Journal Entries also.

The need of the Journal entry should be investigated by the Group Officers before submission of such entries to the Accountant General for approval and his orders thereon. After approval, the original Journal Entry should be sent to appropriation Account Section with copy to Book Section and other section affected by the entry with a certificate that the adjustment proposed in the Journal Entry has been carried out in the Consolidated ABSTRACT. Appropriation / Account Section which receives all the journal entries made after the supplementary Accounts should prepare the combined Transfer Ledger and Abstract thereof for incorporation in the Appropriation Accounts and Finance Accounts of the year within the time schedule as fixed by the headquarters. Since the Appropriation Accounts Section works on a specific time schedule for

compiling the Finance Accounts and Appropriation Accounts, the Accounting Sections should ensure that all formal entries coming to notice are promptly made within the time schedule as fixed by the Headquarters.

CHAPTER – 4

ANNUAL CLOSING OF ACCOUNTS

Para No.4.01 – GENERAL – In order that the appropriation Accounts and Finance Accounts for a particular financial year are submitted to the Comptroller and Auditor General of India on due dates prescribed periodically for the purpose, the following instructions are laid down in the succeeding paragraphs for timely closing of annual accounts which must be strictly followed.

The responsibility for closing the accounts in time and for ensuring their accuracy rests entirely on the Accountant General. March (Preliminary), March(Final) and March (Supplementary) Accounts are to be closed on the prescribed dates so as to ensure prompt submission of the Appropriation and Finance Accounts of the State Government to the Comptroller and Auditor General of India.

Para 4.02 – TIME SCHEDULE FOR CLOSING THE VARIOUS STAGES OF ACCOUNTS

- (i) The due dates for closing the various stages of account are communicated by the Comptroller and Auditor General of India every year, which should be strictly adhered to.
- (ii) It should be ensured that the dates prescribed for closing the various stages of account are strictly adhered to and the actual date of completion of each stage of accounts from March (Final) onwards intimated to the Headquarters by Book Section as soon as the work is completed at each stage.

If due to unavoidable reasons any delay is anticipated at any stage, extension should be sought by writing to the Headquarters will in time.

Note : The schedule for closing the various stages of accounts prescribed by the C&AG of India and the dates prescribed for the accounting Sections by the Accountant General to meet the internal requirement for observing the overall time schedule for the year are as under stages of Accounts.

Stages of Accounts	Date on which the account should be closed by accounting Sections and date of submission of Abstract to Book Section	Date for closing the accounts by Book Section
March(Preliminary) accounts (Art.6.11.Account Code for AG.'s)	8 th May	15 th May
March (Final Accounts	21 st May	31 st May
March(Supplementary Accounts(Art.6.12 of Account Code for AG's)	23 rd June	30 th June
Annual Closing of Accounts	25 th August	2 nd September
Last date of correction to Accounts	25 th August	30 th September

Submission of Final Accounts to State Governments	25 th August	10 th November
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Consequent upon introduction of VLC System, the schedule for closing of various stages of accounts as prescribed by C&AG of India from time to time. Programme for the year 2007-2008 is scheduled as per the following :

1. Closure of March (Preliminary) Account ,2008 – 12.5.2008
2. Closure of March (Supplementary) Account,2008 – 30.6.2008
3. Signatory copies of Finance Account & Appropriation Accounts for 2007-2008 complete in all respect to reach to C&AG of India – 15.09.2008

(Based on C&AG D.O. letter No.44-AC-MIS/212-2008 dated 31.1.2008).

Para 4.03 – RECONCILIATION OF ACCOUNTS :

- (i) It should be ensured that the departmental reconciliation of actuals is done month by month regularly in a systematic and prompt manner and it is not postponed to the end of the year. The Heads of Departments / State Government may be informed by T.M.-I Section well in advance that the accounts will not be kept open indefinitely to accommodate adjustments found necessary as a result of delayed departmental reconciliation.

Every effort should be made to complete the reconciliation for the year in all respects within one month after the closure of accounts for the month of March (Preliminary) detailed instructions have been issued by the State Government in their Finance Department O.M. No.A.A.(R) 1/80-36860 dated 19.07.1980 for timely verification of actuals and communication of acceptance by the Controlling Officers.

- (ii) The VLC and other Accounting Sections, while communicating the monthly figures to the Controlling Offices would make it clear that unless the acceptance of actuals is communicated, the figures communicated to them will be taken as accepted and that no corrections will be made thereafter.
- (iii) If the acceptances are not received and the Departmental Offices fail to turn up for verification by the due time, the Sections should not wait for the same and instead close the Accounts by the due dates positively.

Para – 4.04 – MARCH (PRELIMINARY) ACCOUNTS :

- (i) All annual adjustments and items which may be outstanding for adjustment in the accounts of a year should be ascertained by the Sections concerned in time and suitable action taken for their incorporation in the accounts of March (Preliminary) itself as far as practicable.
- (ii) All Accounting Sections should send their consolidated Abstracts to Book Section on the due dates. The names of the defaulting Sections should be reported by the Book Section to the Accountant General on the day next to which the Consolidated Abstracts become due to Book Section.
- (iii) The Book Section will close the March (Preliminary) Accounts on the 15th May, as prescribed and the Civil Accounts should be sent to Government on the day next to the closure of the Preliminary Accounts.
- (iv) Assistant Accounts Officers / Section Officers / Supervisors of all the Accounting Sections preparing the consolidating Abstract should very carefully review the Consolidated Abstracts upto March (Preliminary) Accounts. The review should be completed within one week after the closure of the preliminary accounts and deficiencies noticed, if any, rectified in the March (Final) Accounts.

Para 4.05 – MARCH (FINAL) ACCOUNTS :

- (i) The accounts for March (Final) should be closed invariably on the prescribed date. If, however, certain other adjustments have not been finalised in time, these should be carried out in the Supplementary Accounts.
- (ii) It should be ensured that all periodical and annual adjustments remaining to be done are carried out before the March (Final) Accounts are closed.
- (iii) Balance under departmental suspense heads of account, and other similar heads of account should be cleared in March (Final) Accounts.
- (iv) All the discrepancies notice during the reconciliation in respect of the heads of account for which verification reports have been received from the Controlling Officers should be rectified by the concerned Accounting Sections. Assistant Accounts Officers / Section Officers / Supervisors of the Accounting Sections should keep a strict watch over the disposal of such reports.
- (v) Transfer entries for adjustment should be sent by the Accounting Sections to Book Section for inclusion in March (Final) Accounts up to 20th May. The adjustments which cannot be incorporated by the due date in March (Final) Accounts, may be proposed in March (Supplementary) Accounts. The transfer entry ledger may be prepared in Book Section in convenient batches with the incoming transfer entries and the preparation thereof should not be postponed to the end.

- (vi) All suspense slips remaining unadjusted up to March (Preliminary) Accounts should be adjusted by the Accounting Section concerned in March (Final) Accounts.
- (vii) Consolidated Abstracts of March (Final) should reach the Book Section from all Accounting Sections by 21st May. The Civil Accounts for March (Final) should be sent to Government by Book Section on the day next to the date of closing the March (Final) Accounts.
- (viii) W.A.C., Forest Compilation and Account Current Sections should issue instructions to the Divisional and other Officers to ensure that all adjustments due to be incorporated in March (Final) accounts are received in time. It will be the responsibility of these sections to see that necessary transfer entries are included in the March (Final) Accounts by the stipulated date.
- (ix) Review of Consolidated Abstracts of March (Final) by the Assistant Accounts Officer / Section Officer / Supervisor of the Accounting Sections concerned should be completed within one week of the closure of March (Final) Accounts. Discrepancies, misclassifications, if any, should be promptly rectified by supplementary entries.

Para – 4.06 – MARCH (SUPPLEMENTARY) ACCOUNTS :

- (i) All attempts should be made to close the supplementary accounts by the due date in Book Section. In case, any delay is apprehended due to unavoidable reasons, beyond the control of the Accountant General, specific prior permission of the Comptroller and Auditor General must be obtained to keep the accounts open after the fixed date.
- (ii) All supplementary entries should be submitted to Book Section in time after approval of the Accountant General so that there may be no delay in closing the accounts. No transfer entry will be accepted in Book Section for inclusion in the March (Supplementary) Accounts which are not duly approved by the Accountant General after it is vetted by Book and Appropriation Accounts Sections. Detailed instructions for Supplementary entries are given in Para 3.06 (ii) of Chapter – 3 of this Manual.

Para – 4.07 – ANNUAL CLOSING :

- (i) Book Section on receipt of copies of journal entries from the Accounting Sections shall prepare a consolidated Transfer Ledger and Abstract of all Journal Entries for incorporation in the accounts maintained in Book Section.

- (ii) The annual accounts should be closed strictly on the date prescribed by the Comptroller and Auditor General of India each year.
- (iii) Further corrections to the accounts after closure of the annual accounts, will be accepted by Appropriation Accounts Section after it is approved by the Accountant General and the proposed corrections are to be carried out in the Appropriation and Finance Accounts for that year. A copy of such correction shall also be furnished to Book Section for incorporation thereof in the accounts maintained in Book Section.

CHAPTER – 5

DEPOSIT WITH RESERVE BANK

Para 5.01 – GENERAL :

Foot note to list of Major and Minor Heads of Account below “8675-Deposits with Reserve Bank reads as under :

This is merely an adjusting head and records the net result of cash transactions and adjustment with the Reserve Bank pending eventual transfer to the Section “N-Cash Balance – Deposits with Reserve Bank”.

The implication of this foot note is that the difference between the debit and credit sides of the head “Deposits with the Reserve Bank” should be closed to “N-Cash Balance” monthly and also at the end of the year, if necessary in so far as the transactions under the head in the state section of the books are concerned.

On receipt of the monthly abstract of adjustments booked against the balance of the Orissa State from the Reserve Bank of India and the cash balance report from the Treasury – I Section, Book Section will prepare transfer entries for the cash balance of the State Government. From these transfer entries, the amounts of debit and credit balances are posted in the Detail Book under this head. The adjustment of Reserve Bank Deposits and the reconciliation of the statement of balances rendered monthly by the Reserve Bank of India will be done as specified in Para 5.01 of the M.S.O. (Tech) Vol-I.

Para 5.02 – BROAD-SHEET OF RESERVE BANK DEPOSITS :

- (i) A broad sheet indicating the outstanding differences between the figures reported by the Reserve Bank of India transacted through the different branches of the State Bank of India and agency Banks in the State and those reported by the several Treasuries and Sub-Treasuries of the State pertaining to the Reserve bank Deposits shall be maintained in Book Section in the following form :

Names of Treasuries & Sub Treasuries	Treasury figures of the month		Cash Account figures of the month		Difference	Bank Figures of the month		Difference	Adjustment during the month		Progressive difference	
	Cr.	Dr.	Cr.	Dr.		Cr.	Dr.		Cr.	Dr.	Cr.	Dr.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13

- (ii) As soon as the R.B.D. schedules for the month are received from the treasuries along with their Treasury Accounts through Treasury-I Section, these shall be

posted in the Broad Sheet. The figures as per Cash Accounts received from the Treasury-I Section should be posted in the next two columns and the difference worked out. On receipt of the statement of closing balances of R.B.D. figures from the Reserve Bank of India, the relevant columns should be filled in and the difference with the Treasury figures worked out in the next column. The adjustments made by the Bank during the month should be entered in the next two columns and the progressive difference of each Treasury and Sub-Treasury worked out. The Broad Sheet should be closed every month and should be agreed with the accounts figures worked out in the Civil Account. The Broad Sheet is then submitted to Accountant General through Branch Officer, Book Section for his approval by 15th of every month.

Treasury / Sub-Treasury wise progressive difference should also be worked out separately in the Broad Sheet wherein fresh differences, if any, should be entered and adjustments, if any, cancelled. The net difference under each Treasury / Sub-Treasury should agree with the progressive difference shown in the Broad Sheet.

Para 5.03 – REPORT ON OUTSTANDING DIFFERENCES UNDER RESERVE BANK DEPOSITS TO THE C & A.G. OF INDIA :

The differences outstanding should be analysed and reported to the Comptroller and Auditor General of India in the prescribed pro forma on 15th of every month.
(C&AG.'s D.O. No.1398-Comp/56-76-III dated 2.1.1979)

The Comptroller and Auditor General desires that the Accountant General or Senior Deputy Accountant General (Accounts) should personally scrutinize at least the fresh discrepancies added every month so as to ensure that they do not contain any large item or recurring item which can in due course assume large dimensions. Anything significant noticed or set right as a result of such personal scrutiny should be specially indicated in the monthly report of the differences.

(C&AG's D.O. No.447-Comp-55-76-111 dated 16.08.1979.)

Para 5.04 – RECONCILIATION OF DIFFERENCES IN THE RESERVE BANK DEPOSIT FIGURES :

In order to facilitate reconciliation of discrepancies between the amounts received from or paid to the Agency Banks on Government Account and the amounts in respect of such transactions as recorded in the Books of Treasuries and Sub-Treasuries, the procedure prescribed in the following paras should be followed.

Para 5.05 – REPORT OF DISCREPANCIES TO THE RBI, PUBLIC ACCOUNTS DEPARTMENT, BHUBANESWAR :

- (i) With effect from 01.10.1987, a partial decentralisation of maintenance of cash balances of State Governments has taken place. Accordingly, the work relating to maintenance of cash transactions occurring in the State Government of Orissa through the S.B.I. and other Agency Banks has been entrusted to R.B.I., Public

Accounts Department, Bhubaneswar. Adjustment of the transactions continues to be done by the R.B.I., C.A.S., Nagpur.

(Authority – R.B.I., Central Office, Department of Government and Bank Accounts, Mumbai letter No.GA No.276/6(I)-87/88 dated 30.07.1987).

- (ii) As per the above procedure a statement of discrepancies for the month should be reported to Manager, R.B.I., Public Accounts Department, Bhubaneswar, every month after the Broad Sheet of R..B. Deposits is closed, Annually a progressive statement of differences outstanding against each branch of various Agency Banks up to March should be sent to Link Offices of the respective Agency Banks and also to R.B.I., Public Accounts Department, Bhubaneswar for reconciliation of discrepancies at their level. The monthly discrepancies should be reported to the Manager, R.B.I., Public Accounts Department, Bhubaneswar, immediately after despatch of the report of R.B.D. differences to C&AG of India. Form in which the differences are communicated is enclosed as Annexure – “A”.
- (iii) While forwarding the statement of discrepancies to the R.B.I., Public Accounts Department; Book Section is required to furnish a certificate to the effect that there are no further items of discrepancies. Book Section is also required to communicate the confirmation of closing balances intimated by the R.B.I.

Para-5.06 (i) REPORTING OF DISCREPANCIES TO TREASURIES MONTHLY :

The discrepancies should also be reported to the concerned Treasury and Sub-Treasury Officers for reconciliation wherever discrepancy is located at Treasury / Sub-Treasury. In cases where discrepancies exist either in the current month’s account or in cases of old items, Treasury or Sub-Treasury Officers should be requested to obtain the date-wise statement for the months concerned from the local branches of S.B.I. and other Agency Banks and forward the same to the Office of the Accountant General (A&E) duly checked by the Treasury Officer and after endorsing on the same a certificate of agreement.

In cases where the net figure differs from the Reserve Bank Deposit figures reported by the Treasury or Sub-Treasury earlier, the date-wise statement should be reported through the Treasury Officer concerned who will forward the same to the Office of the Accountant General (A&E) along with the revised Reserve Bank Deposit schedule and a requisition for correction of accounts.

(iii) **FLOW CHART :**

With the partial decentralisation of maintenance of cash balances of State Government with effect from 01.10.1987, a flow chart showing the various stages, through which the transactions are passed is given in Annexure – “B”.

Para-5.07- SETTLEMENT OF DISCREPANCIES THROUGH TREASURY INSPECTION PARTIES / PERIPATETIC PARTIES :

- (i) Action should be taken to locate and settle discrepancies as soon as these have cropped up. In case of such discrepancies which arise due to mistakes in the Treasury or the local branches of the S.B.I. or and other agency Banks, the Accounts Officer, Book Section should write to Treasury Inspection Parties, P.W. or any other parties for the moment working at the district Headquarters to immediately go to the Treasury and to the local bank concerned to sort out the matter and send a report to him. The Accounts Officer (Book Section) may then process their reports and submit a consolidated report to the Accountant General every month suggesting further course of action for rectification. This should be done on a continuous basis through out the year.

In cases where mistakes occur at the link Offices of State Bank of India and other Agency Banks, in communicating the daily transactions to the R.B.I., Public Accounts Department, Accounts Officer (Book Section) or any other Officer may personally contact the Link Offices, located at Bhubaneswar to get them cleared. In every such case, the Accounts Officers should be asked to submit a special report to the Accountant General (A&E) on return indicating action taken to achieve clearance. It would be preferable to sent the Accounts Officer (Book) himself in the town because he can keep tract of the rectifications made by the R.B.I. and pair them off with the original discrepancies.

- (ii) The C.&AG has sanctioned on adhoc basis one peripatetic party consisting of one Section Officer and one Accountant for settling the differences locally by contacting the Treasuries / Sub-Treasuries and the local branches of S.B.I. and other Agency Banks. The sanction for these posts for manning the parties is obtained from Headquarters on year to year basis.
(C&AG's letter No.1710BRS/25-88-I K.W. dated 4.5.1989 and 1546BRS180-I dated 04.04.1990).
- (iii) The C.& A.G. has entrusted the Office of the Accountant General (A&E) to hold periodical meetings with the representatives of the S.B.I. and other Agency Banks under the auspices of the Finance Department, Government of Orissa at regular intervals to facilitate discussion on reconciliation of discrepancies.

Para – 5.08 – DATE WISE MONTHLY STATEMENTS AND WATCHING THE RECEIPT OF THE STATEMENTS :

- (i) Wherever discrepancy is noticed, the monthly statement of day to day transactions from the local branches of State Bank of India and other Agency Banks duly certified by the concerned Treasury Officers may be forwarded to the Manager, R.B.I., Public Accounts Department, Bhubaneswar to enable him to reconcile discrepancies.

- (ii) Book Section is required to maintain a Watch Register and post Date-wise Monthly Statements received every month from the various Treasuries / Sub-Treasuries. A quarterly review may be undertaken and the concerned defaulting Treasuries / Sub-Treasuries may be reminded for watching D.M.S.s under intimation to Director of Treasuries and Inspection, Orissa. The register is to be submitted to Branch Officer (Book) quarterly with an analysis.

ANNEXURE – A

DISCREPANCY STATEMENT

(Para 5.05 (ii))

Name of the A.G. Principal Accounting Authority
Statement of discrepancies for the month.....20.....
(To be submitted to R.B.I.)

Name of the Bank : _____

Code No.: _____

Sl. No	Name of Branch	Code No.	Date of Transaction	Amount reported by Central Accounts Section		Amount as per the books of A.G./P.A.A		Difference to be credited/debited to the Government Account	
				Dr.	Rs.	Dr.	Rs.	Dr.	Rs.
1	2.	3.	4.	5.		6.		7.	
	TOTAL								

Size 17" x 27"

Signature of the Authority

CHAPTER – 6

FINANCE ACCOUNT

Para 6.01 – GENERAL :

While Appropriation Account Section is responsible for submission of Finance Accounts of the Government of Orissa to the Comptroller and Auditor General of India, Book Section is responsible for compilation of materials for statement Nos. 4,7,8,16,17, 17-A, 19 and Annexure to statement 19 of Finance Accounts. The due dates prescribed for despatch of materials and statements of Finance Accounts to Appropriation Accounts Section should be strictly observed.

Para 6.02 – WORKING SHEET OF THE STATE FINANCE ACCOUNTS :

- (a) Immediately after the close of March Final Accounts, Book Section will supply the forms of the working sheets pertaining to the major heads dealt with by each of the section dealing with accounts. The Departmental Compilation Section and other accounting sections will fill up these forms with the figures under the prescribed Minor Heads. Charged and voted amounts should be shown distinctly in the case of figures of expenditure. The totals of the Major Heads and those under non-plan and the various plan sectors should be got checked by the respective sections from the Abstract of Major Head totals maintained in the Book Section. The respective working sheets thus, filled up, should be returned to Book Section within seven days of receipt with a certificate, duly signed by the Branch Officer, in token of agreement of figures. The Branch Officer concerned should exercise all possible checks before submitting the figures to Book Section and record a certificate to that effect at the bottom of each statement.
- (b) The following should be kept in mind in filling up the figures in the working sheets
 - (i) The minor heads mentioned in the working sheets are checked with those in the List of Major and Minor Heads of Account. Minor Heads operated upon during the year or the minor heads introduced during the course of the year should be opened in the working sheets under the initials of the AAO/SO/Supervisor and that no unauthorised heads of account have been opened.
 - (ii) That there are no anomalies or obvious mistakes in classification etc.
 - (iii) That the figures furnished to Book Section for compilation of Finance Accounts etc. fully tally with those shown in the Consolidated Abstracts.
 - (iv) That any wide variation between the revised estimates and actuals has been properly examined.
 - (v) That all periodical and annual adjustments have been carried out.
 - (vi) That all figures furnished in the working sheets should be rounded to nearest rupee.

(C) Book Section should prepare the working sheets of the Finance Accounts in the following three parts.

Part – I : Receipts (Consolidated Fund).

Part – II : Expenditures (Consolidated Fund)

Part – III : Contingency Fund and Public Account.

An abstract by major heads and section of Account should be added to each part of the working sheets.

Figures of the March Supplementary Accounts should then be compiled and posted in the working sheets. The working sheets should then be closed with a certificate recorded that the totals under each major head and those in the Abstract pages have been checked. The working sheets thus completed should then be sent to the Appropriation Account Section for compilation of the Finance Accounts by the dates prescribed for the purpose.

Para 6.03 – STATEMENTS OF FINANCE ACCOUNTS :

Appropriation Accounts Section will furnish to Book Section in advance the forms of the Statements as modified by the C & AG of India from time to time after filling in the column, Opening Balance at the beginning of the year. The statements duly compiled in Book Section and after approval of the Branch Officer should be sent to Appropriation Accounts Section.

The statements should contain transactions and balances up to March (Supplementary) Accounts.

Para 6.04 – Deleted.

CHAPTER – 7

JOURNAL LEDGER AND TRIAL BALANCE

Para 7.01 – GENERAL :

The main purpose of Journal and Ledger in Government Accounts is to bring out by a scientific method balances of accounts in regard to which Government acts a banker or remitter or borrower or lender (Article 20 – Account Code , Vol.-I) Journal and Ledger for the State transactions should be maintained in Book Section. Detailed instructions regarding monthly postings, opening and closing of Journal and Ledger are laid down in Chapter – 8 of the Account Code for the Accountant General.

Para 7.02 – JOURNAL :

- (i) Journal is maintained in Form A.C.-26 of Account Code for Accountants General and comprised three parts – Opening Entries, Monthly Entries and Closing Entries. A few sheets are set apart for opening entries, which are the replica of the closing entries of the previous year. The monthly entries are to be posted without waiting for the closing of the accounts of the previous year.
- (ii) The instructions given in Article 8.5 to 8.12 of Account Code for Accountants General should be followed scrupulously. The closing entries should be made only after the Accounts of the year to which they relate are finally closed.
- (iii) The total shown in the opening entries is taken as the amount brought forward for the month of April and then the total receipts (Part I, II and III) and the total expenditure (Parts I, II and III) for the month are credited and debited to “ Revenue Receipts and Sundry Accounts” and “Revenue Expenditure and Sundry Accounts” respectively. Then the equalizing entries by debit and credit to Sundry Accounts are made and the total for the month are struck. This total (the closing figure for the month of April) as carried over to the next month of May. The postings are made in this manner for the 12 monthly columns for April to March and then the figures for March (Final), March(Supplementary) and Journal Entries are posted separately.
- (iv) The total struck, after the posting of the Journal entry column, is the amount to be indicated as the amount brought forward in the closing entries. All debit and credit balances are posted in the closing entries together with equalizing entries of credit and debit to Sundry Accounts and then the total is struck. This final total represents the “Journal Total”.

Para – 7.03 – LEDGER :

The object of the Ledger is to bring out the balance under Debt, Deposit and Remittance heads other than those which are closed to Government, the posting of

Revenue Service and Capital heads being required only for the purpose of squaring the Ledger.

Para – 7.04

- (i) The heads in the Ledger should be written up completely in April every year.
- (ii) The Ledger should be opened by transferring from balance account to various debt deposit and remittance heads and personal accounts, the debtor and creditor balance with which they closed in the previous year's books.
- (iii) The AAO/SO/Supervisor should carefully check the opening balances of the Ledger and Journal with the closing balances of the previous year and the posting therein at the end of each quarter and in the Trial Balance Sheet when it is prepared after the annual closing of Accounts.

Para –7.05 – LEDGER FOR HEADS WHICH ARE CLOSED TO GOVERNMENT :

This Ledger should be maintained in Form A.C. – 29(vide Article 8.3 of Account Code for Accountants General). Monthly postings are made in the Ledger from the Abstract of Major Head Totals for transactions under “Revenue Receipts”, “Service Expenditure” and “Capital Expenditure outside the Revenue Accounts” which are posted by totals of major heads only. Such of the transactions under Debt, Deposit and Remittance heads as are closed to Government should be posted by Major Heads also.

Para-7.06-LEDGER FOR DEBT DEPOSIT AND REMITTANCE HEADS CLOSING TO BALANCE :

- (i) The posting of transactions under Debt, Deposit and Remittance heads closed to balance (in the ledger form A.C. 27 of Account code for Accountants General) should be made every month by major and minor heads as is given in the List of Major and Minor Heads of Account by taking the figures from Consolidated Abstracts. In the Ledger the transactions for March (Preliminary), March (Final), March (Supplementary) and Journal Entries should be posted separately and then the progressive total for the transactions of the year up to the Annual Closing of Account struck for each head.
- (ii) The detailed head wise figures each of which constitutes a Ledger head should be posted in the Ledger once a year after the Annual Closing of accounts by setting apart a set of pages at the end of the Ledger, as the cumulative closing balance for each Ledger head is required for the “Review of Balance”. Hence postings under detailed heads where necessary (i.e. where only minor head figures had been posted month to month in the Ledger) should be in the following pro forma.

Major, Minor and Detailed Head	Opening Balance	Total Progressive Debits during the year (up to and inclusive of Annual closing of Accounts)	Total Progressive Credits during the year (upto and inclusive of Annual closing of Accounts)	Closing Balance to the end of the year
1.	2.	3.	4.	5.

NOTE : The figures for Col.3 and 4 should be taken from Consolidated Abstract of Debt, Deposit and Remittance Heads.

Para 7.07 – CLOSING OF JOURNAL AND LEDGER :

- (i) The Journal and Ledger, when completed will be submitted to the Accountant General for his signature which will be fixed in the case of the Journal, after the last entry there and in the case of the Ledger, in the “Balance Folio”. The opening entries for the next year which also must be written up at the same time should be submitted to the Accountant General for approval together with the closing entries.
- (ii) The monthly postings in the Ledger should be completely checked by another Sr. Accountant / Accountant (the opening and closing entries being checked by AAO/SO/Supervisor and the Ledger submitted to the Branch Officer on the 25th of the month succeeding the month to which the closing relates. The Ledger should be submitted quarterly on 25th August, November, February and May to the Accountant General. The Journal and Ledger for a year should be formally closed with the approval of the Accountant General after the Finance Accounts of the year have been finally printed. Such a procedure will afford another opportunity to the Supervisory Officer-in-charge to review the position of balances under Debt, Deposits etc. head and order investigation of large balances under suspense and remittance heads.
- (iii) Corrections are made as a result of formal transfer entries passed after the final accounts for March are closed. A general abstract of these entries is prepared by Book Section and the net debits and credits are posted in the Journal and Ledger from the above abstract.
- (iv) When a debt, deposit, etc. head is proposed to be eliminated in the course of a year, the balance outstanding under it at the end of the previous year should be transferred to the new head concerned with the approval of the Accountant General by correcting the opening balances in the Ledger and not through transactions of the year.

Para 7.08 – TRIAL BALANCE SHEET :

- (i) The accuracy of the ledger postings should be tested annually by the preparation of the Trial Balance Sheet in Form A.C.-30 as prescribed in Article 8.13 of Account Code for Accountants General. The Trial Balance Sheet should be prepared immediately after the annual closing of Accounts. The work should be completed before the submission of “Review of Balances”.
- (ii) A certificate to the effect that the Trial Balance Sheet has been prepared and the accounts of the Ledger tested should be submitted to the Accountant General as soon as the accounts are closed.
- (iii) The Trial Balance Sheet includes the final postings in the Ledger and must, therefore represent the actual booked figures. However, in the case of heads, the balances of which are carried forward to the next year’s books, the grand total of the Ledger excluding the closing balances, should be posted in the Trial Balance Sheet. The closing balances in these cases are posted on the right hand side of the sheet also. The closing entries under the Head “Balance Account” also should be posted in the Trial Balance Sheet and the grand totals on the left hand side of the sheet should agree with the forward totals of the Journal before writing the (two) closing entries relating to Balance Account.

Note : The posting and closing of Trial Balance Sheet is explained in Annexure to this Chapter.

ANNEXURE

Referred to in Para 7.08

Trial balance for the Year ending on 31st March.....

<u>Amounts</u> Debits	<u>Amounts</u> Credits	Nature of Ledger Head	<u>Balance</u> of Debits	<u>Amounts</u> Credits
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(All Ledger Heads should be shown)

A- To D and Part of L Government Account

E- Public Debt.

F-Loans and Advances Contingency Fund.

I-Small Savings,

Provident Fund etc.

(Figures as shown in the
closing entries should be
shown here.)

J-Reserve Funds.

K-Deposits and Advances.

L-Suspense and Miscellaneous.

M-Remittances.

N-Cash Balance.

Total

Note :- I Explanation for the figures shown under “Account Amounts” is given below.

- (1) Government Account – includes Opening Balance shown under Government Account in the opening entries :-
 - + all transactions that come under Government Accounts (All debits should be taken in case opening and closing balances of Govt. Account are debit balances and all credits should be taken in case opening and closing balances of Govt. Account are credit balances).

- (2) Other Heads :- includes Opening Balance shown in the opening entries
 - + total credits for the Year (in case it is a credit balance) or (total debits for the year (in case it is a debit balance) as the case may be. Transactions taken under total credit or total debits should exclude those which come under Govt. Account.

Examples :-

E.- Public Debt – Opening Balance + Credits
(Total credits for the Year)

K.-Deposits and Advances-C-Advances-Civil Advances-Opening Balance + Debits.
(Total Debits for the Year)

N.-Cash Balance-Opening Balance as shown in the Opening Entries Plus total credits for the year.

(Which includes Deposits with Reserve Bank also)

Note-2 . The Journal Total reduced by the aggregate of Opening and closing Entries should agree with the Trial Balance Total.

Examples :- Presuming

“X” – Represents Opening Entries

“Q” – Represents Closing Entries

“P” – Represents figure carried over from Journal Entries Column to closing Entries.

R – Represents Trial Balance Total.

Then

$$(P + 2Q) - (X + Q) = R$$

Journal Total – (Opening Entries + Closing Entries) = Trial Balance Total.

CHAPTER – 8

REVIEW OF BALANCES

Para- 8.01 – GENERAL :

- (i) The review is an explanatory statement of the closing balances as exhibited in the Ledger under Debt, Deposit and Remittance heads of account.
- (ii) The accounts of the year are not complete until the balances in the Ledger under the Debt and Deposit heads and the outstandings under the Remittance heads have been verified. Accountant General should take steps to clear the outstanding balances and to settle any discrepancies notice in them as promptly as possible.
- (iii) The personal responsibility of the Accountant General for the Appropriation and Finance Accounts and the Audit Report extends also to the work connected with verification of balances which should be completed in time.
- (iv) Appropriation Account Section is responsible for submission of Finance Accounts to C&AG., but Book Section is directly responsible for submission of the “Review of Balances” showing the outstanding balances under “Suspense” and “Remittance” heads and difference between Ledger and Broad Sheet balances in respect of Debt, Deposit and Remittance Accounts and other connected statements to the C.&AG of India.

Para-8.02 – VERIFICATION OF BALANCES :

The verification of balances should be taken up by the Sections concerned, soon after the closing of Accounts for March Preliminary so that the discrepancies, if any, brought to the notice of the Office by the Departmental Officers may be set right before the close of the accounts for March Final. Each AAO/SO/Supervisor will be held responsible for seeing that necessary steps are taken in time in respect of the Accounts for which his department is responsible.

Para-8.03 – DUE DATE :

The review of balances should be submitted to the C&AG of India twice in a year. The main report may be sent on 15th of December showing the balances at the end of the previous financial year as they stood at the closing of the accounts for the month of August of the ensuing year and a follow up report by 15th of July showing the clearance as at the close of the accounts for March (Preliminary). Accordingly, the requisite material together with Appreciation Notes on the same should be furnished by the concerned Sections duly approved by the Group Officer, in the prescribed forms so as to reach the Book Section by 15th November or the main report and 30th June for the follow up report. The figures for the review of balances should be furnished by the Sections in round rupees, checked by Book Section, with reference to the relevant figures appearing in the Ledger and then accepted from the Sections concerned. The due dates should be strictly adhere to by all concerned.

Note : Due date for submission of materials for the Review of Balances, Main Report and follow up Report by the VLC and other Accounting Sections to Book Section would be fixed by the AG (A&E) from year to year.

Para – 8.04 – FORMS OF REPORT :

The Review of Balances should be prepared in three parts as follows :

Part – I : Balances under Suspense and Remittance Head.

Part –II : Differences between Ledger and Broad Sheet.

Part-III : Arrears in closing of Broad Sheets.

The forms in which the various statements of the review of balances are to be compiled are given at the end of this chapter.

Para – 8.05 – INSTRUCTIONS FOR FILLING UP THE FORMS :

- (i) In Part – I the balances under “ Suspense” and Remittance heads should be exhibited minor head wise and sub-head wise in the case of Suspense Accounts (Civil). The outstanding balances in respect of each minor head should be furnished under Debit (+), Debit (-), Net Debit and Credit (+), Credit (-), Net Credit with net balance under the minor head which must be agreed with the net figure exhibited in the Finance Accounts for the year. The percentage of amount cleared to the total amount shown in the column for “Outstanding Balance” should be furnished in the column provided for it. The exhibition of year wise analysis may be restricted only to three year preceeding the year to which the report relates. The first of the three years will include all the items up to that year while against the other two years of items pertaining to those years only will be shown.

The earliest year to which the outstandings pertain may be indicated in the remarks column. The reasons for the outstanding balances and the action taken for clearance of the outstanding balances should be indicated in clear, precise and categorical language in columns provided for.

The total of each minor head, major head, that of “Suspense” and “Remittance” and Grand total for “Suspense and Remittance” should invariably be struck and given in the Report.

- (ii) In Part-II the difference between the Ledger and Broad Sheet Balances under Debt, Deposit and Remittance heads should be given. Instructions for filling up Part-I of the report should be followed in this part also. The difference should be given major head wise and minor head wise, wherever necessary. The reasons for the difference and action taken to clear the difference should be precisely

explained in the column provided for. At the end of the statement, the entire differences under the Debt, Deposit and Remittance heads should be consolidated year wise. The analysis of the differences should be brought out in a tabular form for a three year period with first year of the three year period exhibiting the differences for all earlier year also.

(iii) Deleted.

(iv) Deleted.

(iii) In Part-III information should be suitably furnished in respect of any particular head, the Broad Sheet of which are incomplete. The number of Broad Sheets in arrears together with the date from which those are in arrears should be indicated in the statement. The total number of Broad Sheets required to be maintained as also the number of such Broad Sheets which have not been closed are to be indicated in the place provided for the purpose.

(vi) Deleted.

(iv) The Ledger balances are required to be indicted in the report under the outstanding balances even in those cases where Broad Sheets are incomplete, the amount thus included will be reflected under the differences between the Ledger and Broad Sheet figures and these differences will be wiped out, as and to the extent the Broad sheets are completed.

(viii) Deleted.

(v) The report should not show huge discrepancies between the Ledger and Broad Sheet figures. Effort should always be made to reduce the difference to the minimum possible. Similarly, the balances kept under Suspense and Remittance should be as low as possible.

(vi) The report due in December should show the net additions to the balances and differences etc. as at the end of the financial year. Effective control over the current items should be exercised so as to ensure that additions of the current items to the balances is kept very low.

(vii) The follow up report due in July of a year should show the position of the opening balance as on 1st of April of the previous year without taking into account the additions after that and the clearance of the latter.

Para 8.06 – APPRECIATION NOTES :

(i) Appreciation of the position of outstanding balances / differences and incomplete Broad Sheets, together with special steps taken to pull-up / Clear the arrears

should be clearly indicated in the report. The Appreciation Notes should thus be in three parts, each part dealing with each of the statements dealt with in the review of balances. Heavy Balances / differences and the old outstanding should be taken special care of in the Appreciation Notes. Instructions and guidelines issued in this regard should be strictly followed in drafting the Appreciation Notes.

The Appreciation Notes should critically bring out the reasons for the outstanding balances, differences and the concrete steps taken to reduce the balance / difference. Summarised statistical information regarding the percentage of clearance does not by itself help to appreciate the position in full. It should be supplemented by a narration of the specific reasons for the existence of balances / differences and the steps taken to clear / reconcile them, differences involved progress achieved etc. General remarks such as “Being pursued vigorously”, “under active correspondence” “Outstanding for want of details / vouchers” etc. should be avoided. In order to have effective and qualitative review some more detailed analysis bringing out particularly technical difficulties, if any, in achieving early clearance, strict observance or otherwise of the codal provisions / procedures by the staff and officers concerned should be given in the Appreciation Notes. The Appreciation Notes should, thus, be more informative and should indicate inter – alia the specific reasons of the outstandings, the difficulty met with in their clearance and the action taken to pursue them.

Where large balances relating to old periods are in arrears, it should indicate the earliest date from which it fell into arrears, the reasons leading to the arrears whether the reasons were pointed out by the Internal Audit Officer and what measures were taken to rectify the discrepancy. As regards external factors, the difficulties faced in clearing the balance for such a long time, the latest reference issued to the Departmental Authority or the State Government should also be indicated. Specific action taken in the case of a few large items may also be indicated in the Appreciation Notes.

- (ii) In order to pursue the appraisal reports on outstanding balances and Remittances to omit unnecessary details and to focus attention on really important items it has been decided by C.&AG of India to revise these reports to make them more meaningful for effective monitoring. The extent of revision is as follows :

The information to be furnished to the Headquarters Office under Part – I of the report may henceforth be restricted to the selected minor heads under the major heads 8658, 8782, 8786 as under.

MAJOR HEAD 8658 SUSPENSE ACCOUNT :

Minor Heads

- (i) Pay and Accounts Office Suspense

- (ii) Suspense Accounts (Civil) with particular reference to O.B. Suspense (Inclusive of unclassified suspense and Treasury Suspense).
- (iii) Cash Settlement Suspense Account.
- (iv) R.B. Suspense (H.Q.)
- (v) R.B. Suspense (C.A.O.)
- (vi) Departmental Adjusting Account (Figures to be segregated under two groups – Departmental Adjusting Account (Treasuries) and Departmental Adjusting Account (Inter Sectional transfers). The former would include such items as relate to the amounts placed under this minor – head by the Book Section for compilation of accounts, the latter would include figures kept under this minor head for inter Sectional transfers.

Details of balances under other minor heads relating to this major head need not be included in the report.

MAJOR HEAD – 8782 :

- (i) P.W. Remittances.
- (ii) Forest Remittances.
- (iii) R.B.I. Remittances.

MAJOR HEAD – 8786 :

Adjusting Account between Central and State Government]

Para –8.07 – INTERNAL TEST AUDIT :

The Main Reports due to be sent in December after compilation by Book Section, shall be test checked by I.A.D. Section. On the basis of such a test check, a certificate of the effect (a) that the return is complete i.e. that it is a full report of outstanding balances and differences between Broad Sheet and Ledger and (b) that the net balances reported by minor heads tally with the net figures in Finance Accounts, should be recorded in the report. If for any reason, such as non completion of Finance Accounts etc. it is not possible to do so with the Main report, the certificate in any case must be furnished on the follow up Report due in July.

In order to make the report more complete and accurate and to make the deficiencies in the report more explicit and specific the certificate to be furnished by I.A.D. should be supported by details in the pro forma as follows :

PROFORMA

PART – I – BALANCES

- (i) Total number of minor heads of account under which balances are shown in the relevant statement of the Finance Account.
- (ii) Total number of minor heads included.
- (iii) Details of sub head of account which do not figure in Part – I and balances debit to the heads of account.
- (iv) Particulars of heads of Account for which Broad Sheets are in arrears and the period of non maintenance of arrears.
- (v) Whether arrears in regard to item (iv) above were duly reflected in the half yearly arrears reports rendered to C & AG's Office.

PART – II

D I F F E R E N C E S

- (i) Number of minor heads of account which are included in the Part – II of the Report.
- (ii) Particulars of heads of account which are excluded from the report and reasons there of.
- (iii) Heads of account for which analysis of differences has not been maintained.

CHAPTER – 9
PUBLIC – DEBT

Para 9.01 – GENERAL :

Under Article – 293 of the Constitution, a State may borrow within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State subject to the condition that a State may not without the consent of the Government of India raise any loan, if there is still outstanding any part of the loan made to the State by the Government of India or in respect of which a guarantee has been given by the Government of India. A State Government may also obtain loans from Government of India, subject to such conditions as may be laid down by / or under any law made by the Parliament.

Para 9.02 – The sources from which the State Government can borrow fall under the following categories :

A – Internal Debt of the State Government –

1. Market Loans ;
2. Loans from Autonomous Bodies ;
3. Ways and Means Advances from the Reserve Bank of India.

B- Loans and Advances from the Central government.

Para 9.03 – MARKET LOANS :

These are long terms loans raised in the open market having a currency of more than twelve months. The State Government is empowered to float these loans in the open market. The subscription tendered towards such loans can be treated as loan after they are accepted by the Government. The following accounting procedure should be followed in respect of open market Loans.

<u>Transactions</u>	<u>Classification</u>	<u>Remark</u>
1. Subscription paid by tender of cash / Cheque	K-Deposits and Advances b-Deposits not bearing Interest 8449-Other Deposits 105-Deposits of Market Loans (Credit)	Initial credit to this head will be given by the Reserve Bank. Book Section will reconcile the balance under this head with the figure furnished by the Bank.
2. The refund of the difference between the amount tendered and the loan allotted	Same as above. (Minus Credit)	-
3. On allotment of the loans and issue	Debit the same as above and credit E-Public Debt,6003-Internal Debt	Book Section will transfer the allotted amount to this

of the scrips by the Reserve Bank of India	of the State Government Market Loans-(a)-Market Loans not bearing the interest . Each denomination of loan will appear as a distinct detailed Head.	head on receipt of intimation from the Reserve Bank and State Government
4. When a loan is notified for discharge by the Government	Debit-6003-Internal Debt of the State Govt. 101-Market Loans (b) Market Loans not bearing Interest- also see paragraph 9.04	The security payments will appear in C.A.S. Nagpur clearance Memos and these are to be classified in debit under 6003-under particular loan head.
5. Conversion of expired open market loan into fresh loan floated in the market after issue of scrips by the Reserve Bank of India.	Debit-E, Public Debt-6003-Internal Debt of the State Govt. 101-Market Loans (b) Market Loans not bearing interest (Denomination of the expired Loan) and credit Market Loan Bearing interest (Denomination of the loan floated) under the same head of account	Book Section will transfer the amount on receipt of the quarterly statement of accounts from the Reserve Bank and Government(also see para 9.07 (iv)

Para – 9.04 – EXPIRED MARKET LOANS :

The amounts representing unclaimed balance of loans notified for discharge and which have ceased to bear interest from the due date of discharge will be transferred by Book Section from the Sub-head – “ Market Loans bearing interest to the sub-head – “Market Loans not bearing interest” and will appear under corresponding detailed head under the latter sub-head. The unclaimed balances after 20 years from the date of discharge will be credited the head – “0075-Miscellaneous General Services – 800-Other Receipts”. Repayments of the amounts made subsequently is debited to “ 2075-Miscellaneous General Services – 800-Other Expenditure” vide Note – I under the major head – “6033-Internal Debt” of the State Government in the list of Major and Minor Heads of Account.

Para – 9.05 – REMUNERATION PAYABLE TO RESERVE BANK OF INDIA :

The market loans of the State Government are managed by the Reserve Bank of India. The remuneration due to the Bank for the management of the debt is payable every year and is debited to the head “2049-Interest Payments – 01 – Interest on Internal Debt – 305 – Management of Debt”.

Para 9.06 – ARRANGEMENTS FOR AMORTISATION :

- (i) Sinking Fund and Depreciation Funds have been credited by the State Government for several loans floated by them in the open market up to 1973-74. An account of these funds is maintained in the Loan Ledgers. The investments made there from in the securities, the interest realised on investment of these funds and payments made towards redemption there from are recorded there in.

The balance according to the Ledger maintained by this Office are communicated annually to the State Government for acceptance. The security wise details together with the interest realised there from are maintained in the register for Sinking Funds. The amortisation arrangements have, however, been dispensed with by the State Government from 1974-75 in respect of open Market Loans. The repayments on maturity of these loans are paid direct from the Consolidated Fund of the Government as and when fall due.

- (ii) The accounting procedure to be adopted in regard to the transactions connected with Sinking Funds which may be constituted by the State Government in connection with loans raised by them and also in regard to investment made out of Sinking Funds are laid down in Foot Notes (1) to (3) below the major head "8222-Sinking Funds" of the list of Major and Minor Heads of account.

Para 9.07 – ACCOUNTING OF INTEREST PAYMENT VOUCHERS AND OF SECURITIES DISCHARGED ON THE MATURITY OF LOANS :

The following procedure should be observed in connection with the accounting of these transactions.

- (i) The expenditure on account of interest payment warrants issued by the Reserve Bank of India, Public Debt Office is classified under the head "2049 – Interest Payments – 01 – Interest on Internal Debt – 101 – Interest on Market Loans". A separate detailed head is being opened for interest payments on each denomination of loan.
- (ii) The repayment of State Government Loans is ordinarily made by Payment cash at the Treasuries / Sub – Treasuries where the securities are presented within the State issuing where the securities are presented within the State issuing the loan, or at any offices of the R.B.I. Where Public Debt Office is situated. The securities of an existing loan or of a loan notified for discharge, can also be accepted as subscription to a new loan floated by the State Government. In case where expired loans are converted into new loans and such information is received from the Reserve Bank of India, Book Section will make the necessary adjustments in the accounts of the month in hand.
- (iii) In case of securities discharged finally at the Treasuries and payments made in the State, the discharged Securities when received from the Treasury Officers are transmitted to the Public Debt Office by Book Section after audit scrutiny. (Vide para 102 (B) (d) (3) of Government Securities Manual).

- (iv) The loans notified for discharge during the financial year should be retained under the Sub-head “ Market Loans bearing interest” during the year in which these are notified for discharge and all repayments made during the year should be shown in the same section. The unclaimed balance left over after making repayments during the year should be transferred to the sub-head “Market Loans not bearing interest” by pro forma correction in the closing balance of the two sub-heads at the end of the year.

Para 9.08 – LOANS FROM AUTONOMOUS BODIES :

The State Government obtains Loans / Cash Credit accommodation from certain statutory and Autonomous bodies such as :-

- (i) National Bank for Agricultural and Rural Development.
- (ii) State Bank of India.
- (iii) Life Insurance Corporation of India.
- (iv) The National Co-Operative Development Corporation.
- (v) The Khadi and Village Industries Commission of India.
- (vi) The Rural Electrification Corporation of India.
- (vii) The General Insurance Corporation of India.
- (viii) Messrs Indian Rare Earth Limited.

It should be ensured in respect of these loans that the consent of the Government of India under Article 293 (3) of the Constitution has been obtained where necessary.

Para 9.09

In respect of the loans obtained from National Bank of Agricultural and Rural Development for subscribing directly or indirectly to the share capital of Co-operative Societies and Central Co-operative Banks, the NABARD arranges to send the proceeds of the loan sanctioned by means of a bank draft to the State Government (Finance Department) and receives the repayment of the loan and interest thereon directly from the State Government, Finance Department by means of a bank draft. The Credit chalan and repayment vouchers are received in Book Section from Treasury – I Section for necessary noting in Loan Register. A separate subsidiary Loan Register has to be maintained for the purpose. The Loan transactions together with the balances there of should be watched through the Ledger maintained in Book Section. The subsidiary Loan Register should be submitted to the Branch Officer on 20th of every month for review. Since the initial accounts of these loans are maintained by Finance Department, they are responsible for the accuracy of the balance outstanding and for timely repayment.

Para 9.10

In respect of the loans from all other Autonomous bodies including the NABARD the Department of the Government and the Heads of Departments are responsible for the maintenance of initial accounts and the repayment of the principal together with the interest thereon on the due dates, keeping in view the following instructions :-

- (i) In regard to the Several loans obtained from Autonomous bodies by Government, copies of the order sanctioning the loan, the terms and conditions of the

- repayment and the approval of the Government of India under Article 292 (3) of the Constitution should be sent by the Departments concerned to the AG(A&E).
- (ii) On receipt of the loan amounts either in cash or through demand drafts or cheque, the receiving Department of the government should credit them into Government account under the head of account, “6003-Internal Debt of the State Government”. At the same time, full particulars of the credit such as reference to the order under which the loan is received, the date of credit in the Banks Demand Draft / Cheque No. and date etc. should be intimated to AG(A&E).
 - (iii) Stamped receipts for the amounts repaid to the Autonomous bodies should be obtained by the Departments concerned from the bodies for each repayment and the fact intimated to AG(A&E).
 - (iv) Monthly reconciliation of figures booked in the accounts of the Accountant General’s (A&E) Office with those of the Departmental Registers should be carried out by the concerned departments.
 - (v) The Department should communicate the acceptance of the balance to AG(A&E) at the close of the accounts of the year.

Para 9.11 – Book Section should maintain subsidiary Loan Registers separately for each category of these loans indicating the following details.

- (a) Number and date of the letter of the Autonomous Body sanctioning the loan.
- (b) Number and date of the Government of India’s sanction under Article 292(3) of the Constitution.
- (c) Amount of loan sanctioned.
- (d) Purpose of the loan.
- (e) Rate of interest.
- (f) Any other special features.

If any of the above particulars are wanting, suitable reference should be made to obtain the information. On receipt of the information regarding crediting the amounts received from the autonomous bodies, they should be linked up with the sanctions received and suitable notings made in the subsidiary Loan Registers.

Para 9.12- REVIEW OF SUBSIDIARY LOAN REGISTERS :-

The subsidiary Loan Registers should be submitted to the Branch Officer for review on the 20th of every month before submission, it should be ensured that the entries in the Register have been attested by the AAO/SO/Supervisor.

Para 9.13 –WAYS & MEANS ADVANCES FROM THE RESERVE BANK OF INDIA :

Besides long term loans, Government often take recourse to short term borrowings which are of purely temporary nature.

- (a) Ways and Means Advances :

- (i) Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a fixed minimum balance on all working days. The Bank informs the Government of its daily balance with the Bank at the close of each working day. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking a Ways and Means Advance from the Reserve bank. The Bank allows ordinary and special Ways and Means Advances up to a limit normally agreed upon between the Bank and the Government. The Bank has agreed to give special (secured) Ways and Means Advances up to an agreed limit against the pledge of Government Securities.

These advances carry interest at one percent below the Bank rate for the first 90 days, one percent above the Bank rate beyond 90 days and up to 180 days and two percent above the Bank rate beyond 180 days.

- (ii) On receipt of intimation of the issue and repayment of advances from Reserve Bank of India, a note should be made in the subsidiary Register maintained for the purpose. On receipt of the clearance memoranda, for the monetary adjustment pertaining to these transactions, Book Section will record classification on the same. The issue and repayment of these advances will be credited and debited respectively under the major head “6003-Internal Debt of the State Governments – 110-Ways and Means Advances from the Reserve Bank of India – Ways and Means Advances”. The interest payments should be debited to “2049-Interest payments – 01-Interest on Internal Debt-200-Interest on other internal debt – interest on Ways and Means Advances”.
- (iii) A complete account of the advances viz. Dates of issue of advance and discharge thereof, rate of interest and the amounts paid etc., should be noted in the Subsidiary Register and initiated by the AAO/SO/Supervisor. The Register should be submitted to the Branch Officer on the 20th of every month for review. The balances of this account should be watched through the Ledger maintained in Book Section.

(b) Shortfall and Overdrafts :

- (i) Even if after the maximum Ways and Means Advances, both ordinary and special is given, there is still a shortfall in the minimum cash balance and the shortfall is left uncovered, overdrafts (for drawals in excess of the prescribed limits) are allowed by the Reserve Bank to the State. The Bank charges interest on the shortfall on the minimum balance at one percent below the Bank rate and on overdrafts at the Bank rate up to and including the seventh day and at three percent above the Bank rate there after.
- (ii) (DELETED).
- (iii) The adjustments to be carried out in respect of the shortfalls in cash balance are made in this Office with reference to the instructions contained in the Comptroller and Auditor General Letter No.248-Admn.-II/73-62 dated 6th Feb.1963 and Letter No.1159-TA-2/73-62(III) dated 25th June 1965 (Copies given in Annexure to this chapter). The shortfalls in the cash balances of the State Government are adjusted by means of a consolidated transfer entry in the account of that month based on

the particulars furnished by the Bank in the statement showing the amount of shortfall and overdraft and balance of the State Government. This is done by maintaining a register where the shortfall as and when they come to notice and amounts repaid together with interest paid are noted as soon from the Bank's above statement. Any increase in the shortfall is treated as an additional borrowing and a decrease as a repayment of the credited and the amounts repaid debited to the head "6033-Internal Debt of the State Government-Ways and Means Advances from Reserve Bank of India", the difference being adjusted under "Reserve Bank Deposits".

The notings in the above Register of shortfall and over drafts should be initiated by the AAO/SO/Supervisor. The Register should be submitted to the Branch Officer for review on 20th of every month. The shortfall/overdraft is a running account from month to month. If any balance remain outstanding at the end of the month, the net increase or decrease in the shortfall/overdraft on the 1st of the succeeding month should be taken as the amount borrowed or repaid on that date.

Para 9.14 – BROAD SHEET OF INTERNAL DEBT OF THE STATE GOVERNMENT :

A Broad – Sheet for the transactions relating to "Internal Debt of the State Government" should be maintained by Book Section to ensure that the receipt and repayment of the Loans are correctly accounted for. The Broad Sheet should be closed on the 20th of every month and should be submitted to the Branch Officer for his review.

Para 9.15 – COMMUNICATION OF ACTUALS :

The monthly actuals booked under "6003- Internal Debt of the State Government" both receipt and payment should be communicated to the State Government every month in the following form :

Head of Account	Actuals for the Month	Progressive (1 st April to date)
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The actuals should be communicated to the State Government by 15th of each month in respect of transactions for the Second preceding month and their acceptance obtained.

Para 9.16 – ANNUAL STATEMENT OF BALANCES :

After the March Final account is closed, the balance outstanding against each sub-head of account under "6003- Internal Debt of the State Government" should be communicated to the State Government and their acceptance obtained.

SECTION – B

Para 9.17 – LOANS AND ADVANCES FROM CENTRAL GOVERNMENT :

Under Article 293 (2) of the Constitution, the Government of India may subject to such conditions as may be laid down by or under any laws made by Parliament make Loans to any State.

After departmentalisation of accounts, the Principal Accounts Officers of the Ministries / Departments to whom the loans relate are responsible for maintaining the detailed accounts of Loans for watching the recovery of the instalments of Principal and interest.

The Central loans and the repayments there of together with payment of interest thereon are accounted for in the books of Accountant General (A&E) coordinated and arranged by Book Section.

Consequent on the departmentalization of accounts relating to the Central Government with effect from 1st October 1976, the procedure to be adopted for receipt and repayment of loans from the Government of India and payment of interest thereon is given in the following paragraphs.

Para 9.18 – PAYMENT OF LOANS TO THE STATE GOVERNMENT :

- (i) The Ministries / Departments of the Government of India while according financial sanctions for payment of loans to the State Government authorise the Principal Accounts Officers of the Ministry / Departments concerned for making payment of loan by debiting the account of the Ministry / Departments. On receipt of sanction, the Principal Accounts Officer of the Ministry / Department concerned would advise the Central Accounts Section of R.B.I., Nagpur for crediting the balance of the State Government by debit to the Balances of the Central Government. A copy of the advice will also be endorsed to the State Accountant General and Finance Department of the concerned State Government. A copy of the sanction will also be endorsed to the Accountant General of the State concerned. On receipt of the sanction, it is to be noted in the subsidiary Loan Register, particulars of the terms and conditions such as rate of interest, number of instalments in which loan has to be repaid etc. should also be noted in the subsidiary Loan Register. When these particulars are not contained in the sanction itself, the Ministries / Departments concerned should be addressed and the particulars are obtained from them.
- (ii) On receipt of the advice from the Principal Accounts Officers of the Ministries / Departments, the Central Accounts Section of the Reserve Bank of India, Nagpur will credit the balance of the concerned State Government and pass on the debit to the Ministry / Department through its clearance Memorandum indicating therein the advice No. and date and amount after making necessary adjustment in the account of the concerned Ministry / Department maintained by them.

- (iii) On receipt of the clearance memorandum from the Central Accounts Section of Reserve Bank of India, Account Current Section should send the same to Book Section for recording necessary classification and return. The Book Section while recording classification on clearance memos should also note the date of credit of the loan in the subsidiary Loan Register. The account adjustment in the State Section of accounts will be done by Account Current Section through a transfer entry basing on the classification given on the clearance memos by Book Section by per contra debit to “8675 – Deposits with Reserve Bank of India”. The monthly account and the progressive balance of Central Loans are watched through the Ledger maintained in Book Section.

(Based on the instructions contained in G.I. Ministry of Finance, Department of Expenditure, Special Cell OM No.F.2(45)/76/SC dated 22.02.1977 (Separation Central) A/A-11-48 dated 07.05.1977 of AG Orissa Circular).

Para 9.19 – REPAYMENT OF LOANS AND PAYMENT OF INTEREST TO THE GOVERNMENT OF INDIA :

- (i) As per the procedure prescribed by the Government of India, Ministry of Finance, Department of Expenditure Special Cell OM No.F.2/(45)/76 Spl.Cell/5993 dated 11.1.1977 and also Government of Orissa Finance Department letter No.1250 dated 10.3.1981, it is the responsibility of the Accountant General (A&E) to arrange for repayment of the Central Government Loans on the due dates by issuing advice to the Central Accounts Section of the Reserve Bank of India at Nagpur for crediting the balance of the Central Government by debit to the balance of the State Government in Form A.C. – 4.
(Article 5.3 and 5.4 of Account Code for Accountants General).

The advice sent by the State Accountant General (A&E) to the Reserve Bank of India should clearly indicate the name of the Ministry and Department and the Principal Accounts Officer, in whose books the amounts are creditable. Copies of the advices sent by the Accountant General (A&E) to the Central Accounts Section of the Reserve Bank of India should invariably be endorsed to the Principal Accounts Officer of the Central Ministry / Department in whose accounts the amounts are adjustable together with a statement giving the following information :

- (1) Number and date of the sanction for the original loan.
- (2) Amount of the Loan.
- (3) Rate of interest applicable.
- (4) Repayment of Principal.
 - (a) Date on which due.
 - (b) Amount of repayment.
 - (c) Reasons for delay, if any.
- (5) Payment of Interest.
 - (a) Date on which due.

- (b) Amount paid and rate at which calculated.
- (c) Reasons for delay, if any.

- (ii) Though the Accountant General (A&E) will be initiating action for repayment of loans and advances and payment of interest, the Principal Accounts officers of the respective lending Ministries / Departments will be responsible for maintaining necessary loan ledgers and ensuring that the Central Loans and Advances to the State are repaid in the manner prescribed on due dates and payment of instalments of interest are also made correctly and on due dates. The detailed account of these loans will be kept by the Principal Accounts Officers. Cases of default or delay in payment of loan or payment of interest should be promptly taken up by him with the Government. The position will also be reported by him to the Controller General of Accounts, Ministry of Finance in such form and at such intervals as prescribed by him.
- (iii) To enable the Accountant General (A&E) to issue advices to Central Accounts Section of the Reserve Bank of India, Nagpur for repayment of loans and payment of interest thereon to the Central Government on the due dates by debit to the balances of the State Government, the State Government has to authorise the Accountant General (A&E) to carry out these adjustment on due dates. Accordingly, the Accountant General (A&E), Orissa has been authorised by the Government of Orissa as a standing arrangement to make timely repayment of loans and payment of interest to different Ministries of the Government of India until further orders. (vide G.O. F.D. letter No.FD-4/80-12050 dated 10.3.1981)
- (iv) Information in the following pro forma is, however, required to be furnished to the Finance Department by the Book Section in respect of each advice sent to the Central Accounts Sections of the Reserve Bank of India.

Year of Loan	Amount of Loan sanctioned	Name of the Ministry	Purpose of the Loan	Amount of Principal paid	Amount of Interest paid	Total (Col. 5+6)
1.	2.	3.	4.	5.	6.	7.

(Based on the C&AG's letter No.91-O&M/21-76 dated 25.3.1977, circulated vide separations (Central)AA-758 dated 30.3.1977 and Government of Orissa, Finance Department letter No.12050 dated 10.3.1981 (Dy. – Book-1889).

- (v) Soon after sending the advice to the Reserve Bank of India, Book Section will prepare the transfer entry for adjustment of the amounts of principal and interest advised for, in the accounts by debiting the final head of account and crediting "8658-Suspense Account-C.A.O.R.B. Suspense". Necessary suspense slips for the interest portion should be sent to the concerned accounting Section immediately after approval of the Transfer Entries by the Branch Officer.

On receipt of the clearance Memorandum from the R.B.I., Account Current Section should send the same to the Book Section for recording the classification. All repayments of Principal and payment of Interest to Government of India, advised by the Accountant General (A&E) and earlier classified in the transfer

entry prepared by Book Section under “8658-Suspense Account – CAORB Suspense” should then be cleared by deduct credit in the C.M. The monthly account of the loans and advances and the balance thereof should be watched through the Ledger maintained in Book Section.

Para 9.20 – SUBSIDIARY LOAN REGISTER :

Subsidiary Loan Register for all loans given by the Union Government to the State Government should be maintained in Form A and B prescribed in paragraph 4.38 of M.S.O. (T) Volume-I. The dealing Sr. Acctt/Acctt/Clerk should record particulars of each loan in the subsidiary Loan Register, each entry in the Register should be attested by the AAO/SO/Supervisor. This Register should be submitted to the Branch Officer review on 20th of every month.

Para 9.21 – WAYS AND MEANS ADVANCE FOR PLAN SCHEMES :

Under the existing arrangements, a substantial portion of the assistance to States for Centrally Sponsored Plan Schemes is paid to State Governments in instalments in the form of lump sum Ways and Means Advance by Plan Finance Division in the Department of Expenditure. These advances are adjusted when the Ministries / Departments concerned issue the final sanction for assistance to the State Government for Centrally Sponsored Plan Schemes in the form of loans and grants.

- (i) When sanctions for payment of Ways and Means Advances for Centrally Sponsored Plan Schemes are issued by the Plan Finance Division (Department of Expenditure, Ministry of Finance) these sanctions (of which copies are sent to the State Accountants General (A&E) are to be acted upon by the Principal Accounts Officers of the Department of Expenditure, who shall make payment of the amount sanctioned to the State Government under intimation to the State Accountants General (A&E) to enable them to take corresponding credits under the major head “6004” in the State Accounts. The adjustments should be made in the manner prescribed in the paragraph 9.18 *ibid*. It will be the responsibility of the Principal Accounts Officer of the Department of Expenditure to watch and ensure within the financial year, clearance of the Ways and Means Advances by adjustment against grants and loans to the State Government eventually sanctioned by the various Ministries / Departments for Centrally Sponsored Schemes concerning each. The sanction when received from the Ministry may be noted separately in the Loan Register.
- (ii) The Ministries/ Departments issuing final sanctions of the grants and loans to State Government for Centrally Sponsored Plan Schemes should clearly indicate therein that the Ways and Means Advances adjustable against the amounts to be released to States by the Plan Finance Division of the Department of Expenditure and endorse copies of each such sanction to the State Accountants General (A&E) apart from the State Governments and Principal Accounts Officer of the Department of Expenditure. All such sanctions should be noted in the Loan Register and the clearance watched separately.
- (iii) To ensure complete clearance of the Ways and Means Advances against each State, the Principal Accounts Officer of the Department of Expenditure shall on

complete clearance send an intimation to the State Accountants General (A&E) concerned giving relevant particulars to enable the Accountants General (A&E) to carry out in the accounts of the State corresponding final adjustment by credit to the head “1601” and / or “6004” in clearance of the Ways and Means Advance. The conversion of Ways and Means Advance for Plan Schemes into loans and grants made during the same financial year should be adjusted by minus credit under the minor head “Ways and Means Advances for Plan Schemes” in the State Books. Such conversion made in a subsequent financial year should be adjusted as debits in the State Books. The corresponding credit should be afforded to the heads of account under which the loans and grants have been sanctioned by the Ministries / Departments concerned.

- (iv) The portions of Ways and Means Advances, which were subsequently converted into regular loans by regular sanctions issued by the Ministries / Departments, should unless other wise specified in the sanction itself, be treated as if these were regular loans sanctioned with effect from the same date on which Ways and Means Advances were sanctioned by the Plan Finance Division of the Department of Expenditure and shall be regulated by terms and conditions for the repayment of loans and interest thereon, as laid down in the respective sanction of loans.
- (v) The adjustments required for the conversion of Ways and Means Advances into grants should be made immediately after the receipt of sanctions from the Government of India in this regard.
(G.I., Ministry of Finance, Deptt. of Expr.-Spl.Cell OM No.F-2(45)76-Spl.Cell dated 16.09.1976/D BKV-733).

Para 9.22 – OTHER WAYS AND MEANS ADVANCES :

- (i) Government of India in the Ministry of Finance, Department of Economic Affairs, generally sanction other ways and means advances to the States recoverable by adjustment against the State share of Union Excise Duties, Statutory Grants – in – Aid etc. payable during the year. On receipt of the sanctions for the payment of such Ways and Means Advances to the State, action should be taken to credit the amount to the State in the manner indicated in the para 9.18 *ibid*.
- (ii) Unless otherwise specifically stated Other Ways and Means Advances should be deemed to have been repaid on the date of issue of the letter sanctioning the payment to the State Government of their share of taxes, duties, grants-in-aid etc. Unless otherwise indicated in the sanction, Book adjustment for repayment of State share of taxes, duties and repayment of the Ways and Means Advances should be carried out in the month in which the sanction is actually issued. The adjustment would be by way of minus credit to the head “Other Ways and Means Advances” and credit to the head “Grant-in-Aid”. Interest on such Ways and Means Advances and the mode of payment of interest would be such as indicated in the order conveying the sanction of Ways and Means Advances.
- (iii) When a “Ways and Means Advance” under the Major Head – 6004 is converted during the same financial year or in a subsequent year into a loan *ab-initio* i.e. with effect from the date on which the original Ways and Means Advances was

granted and the terms and conditions of the loan are applicable with effect from the date of actual payment of the Ways and Means Advance, there is no change in the basic characteristic of the transaction. In such cases, the conversion, if done during the same financial year should be brought about in the manner indicated para 9.19 (iii) (iv) above. Where, however, this is done during the subsequent year, adjustments under the minor heads concerned should be done by pro forma correction of the balance only.

- (iv) The conversion of a regular loan or Ways and Means Advances under the category of “Other Ways and Means Advances” into a different loan from a date different from that on which it was initially paid should be adjusted by debit to the State Books under E-Public Debt-6004-Loans and Advances from the Central Government irrespective of the fact whether the conversion is made in the same or a different financial year.
- (v) The conversion of “Loans” and “Ways and Means Advances” under the category of “Other Ways and Means Advances” into grants should be adjusted in accounts by minus credit to the head “ Other Ways and Means Advances” and credit to “Grants”, if the conversion is made in the same financial year.
- (vi) No account adjustment should be made when a loan is converted ab initio into a loan for a different purpose and / or loan or different terms and conditions within the same or a subsequent financial year.

Para 9.23 – BROAD SHEET OF CENTRAL LOANS TO STATE GOVERNMENTS :

A Broad Sheet for the transactions relating to “Loan from the Central Government” on the State side should be maintained by Book Section to ensure that the payment of loans to the State Government and the repayments made by the State Government have been correctly accounted for. The payment and repayment of the loans made during each month as per the Subsidiary Loan Register, should be posted in the Broad Sheet and agreed with the figures in the Ledger. The Broad Sheet should be closed monthly on the 20th of the month in respect of the transactions for the second preceding month and submitted to the Branch Officer for his review.

Para 9.24 – COMMUNICATION OF ACTUALS :

The monthly actuals booked under “6004-Loans and Advances from the Central Government” both receipt and payment should be communicated to the State Government in the following form :

Major, Minor and Sub- head of Account	Actuals for the Month	Progressive (1 st April to date)
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The actuals should be communicated to the State Government by 15th of each month in respect of transactions for second preceding month and their acceptance obtained.

Para 9.25 – MONTHLY RETURNS OF CENTRAL LOANS TO GOVERNMENT OF INDIA, MINISTRY OF FINANCE :

On 15th of each month, a Return of Central Loans received and repaid during the previous month in the prescribed form, as well as interest paid, should be sent to the Under Secretary (by name) to Government of India, Ministry of Finance, Department of Economic Affairs, New Delhi (Ministry of Finance, Department of Economic Affairs letter No.14(23)B(S)-77 dated 05.11.1977.

Para 9.26 – ANNUAL STATEMENT BALANCES :

The balance outstanding against each sub-head of account under “6004-Loans and Advances from Central Government” should be communicated to the State Government once in a year after the close of the March (Final) account and their acceptance obtained.

Para 9.27 – PREPARATION OF DEMAND STATEMENT :

A demand statement has to be prepared in Book Section in the beginning of each financial year showing the number and amount of instalments towards repayment of loans under “6004-Loans and Advances from Central Government” together with due date for repayment and also amount of interest to be paid during the year. The statement is prepared taking into account the loans received from the Central Government during the previous years and still remained outstandings and the amount of loans received during the year as well. A copy of the demand statement is sent to the Finance Department of the State Government for verification and for the purpose of pointing out the discrepancy, if any.

Para 9.28 – VERIFICATION OF BALANCES IN FINANCE ACCOUNTS WITH REFERENCE TO THOSE SHOWN IN THE LEDGERS UNDER 6004 – LOANS :

At the time of preparation of Finance Accounts, it has to be verified that the balances of various loans under “6004-Loans” as shown in the statements 17 and 17-A of Finance Accounts are agreed with these balances shown in the Ledger Accounts.

CHAPTER – 10

INVESTMENTS

Para 10.01 – General :- A.G.(A&E) is responsible for keeping a watch over investment of funds forming part of the Public Account of the State. In accounting, the transactions pertaining to investments of Government Funds from Public Account, including investments of cash balances of Government, instructions contained in para 10.16 of the M.S.O.(A&E) Vol-I should be strictly followed.

Para 10.02 – Investments out of Reserve Funds :- The surplus money out of sinking funds and other Reserve Funds bearing interest are usually invested by the State Government in the securities of the Government of India and of the States and also in debentures of commercial concerns.

Para 10.03 : In cases where the amounts at credit of the Sinking Funds are invested, the amounts expended on the purchase of the securities should be debited to this head. The fund will be credited to the same extent when the securities are sold and any profit or loss arising out of the investment being transferred to the head “2048-Appropriation for reduction or avoidance of debt, Sinking Funds Loss/Gain on realisation of securities”. Interest realised on securities purchased on the investment amount should be credited and any payment of advance interest on securities purchased on that account should be debited to the head “Sinking Fund interest receipts / interest payments” unless the Government decides that receipts / payments should be taken to the Revenue Account under “0049 interest receipts / 2049 Interest payments”.

Para 10.04 – Maintenance of Accounts :- An Account of the investments of the Government of Orissa is maintained in Book Section. A Register of Investments in Government Securities and debentures etc. of commercial concerns should be maintained in the following form to record the investments and the realisation of interest thereon.

Name of the Sinking Funds :

Name of the Security and / or

Name of the concern.

FORM NO. – 1

Reference to sanction and year of Investment	Face Value	Purchase price	Market value year wise	Remarks
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FORM NO. – 2

Principal	Interest	Half-year ending (Due date)	Date of credit	Date of clearance	Remarks
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The Register of Investments should be submitted to the Branch Officer (Book) on the 20th of every month for review.

Book Section should give classification of all transactions pertaining to investments of Government in the relevant records and the accounts thereof should be watched through the Abstract of Debt, Deposit and Remittances and the Ledger maintained in Book Section. Annually a statement of balances should be sent to the State Government of verification and acceptance of balances.

Para 10.05 – Exhibition of Losses :- Capital losses arising out of the investments made out of the Reserve Funds of the State Government in debentures etc. of the commercial concern have to be adjusted against the fund itself by debit to the fund Account per contra credit to the Investment Account.

Para 10.06 – Procedure for Accounting of transactions connected with the Investment of surplus cash balances of the States :-

The State Government may operate on the head “8673-Cash Balances Investment Account” under Section “L-Suspense and Miscellaneous 9c) other Accounts” for the record of transactions connected with the temporary investments of their cash balances. Long term investments in industrial or commercial concerns etc., should not be accommodated under the minor head but routed through the consolidated Fund. In the state accounts this head is debited with the amounts expended on the purchase of securities. When any securities held in the investment account are sold the nominal value

of the cancelled securities is debited to “6003-Internal Debt” etc. by per contra credit to this head to the extent of the purchase price originally debited to it. The differences, if any, will be added to or deducted from interest on cash balance investments under “0049-Interest Receipts”. Similarly, any profit or loss arising out the transfer of securities held in the investment account is adjusted by addition to or deductions from the amount of the said interest, the sale proceeds being credited to this head to the extent of the purchase price.

Note :- The above procedure will only apply to transactions connected with the investment of cash balances in their own securities.

Para 10.07 – Interest derived from investment of State Cash balances in Treasury Bills or securities of another Government will be recorded under the minor head “Interest realised on investment of cash balances subordinate to “0049-Interest Receipts or State Governments”.

Para 10.08 – Maintenance of Accounts :- The Cash Balance Investment Account of the State Government in the securities should be maintained in the Book Section in the same form as for the investment out of Reserve Fund. In respect of purchase and sale of Treasury Bills the account should be maintained in the following form :-

Year			Date of Maturity				
Date of Purchase	Nominal Value	Purchase price	Date of discounting	Nominal value of the bill	Re-discounted	Sale proceeds	Remarks

The Register of Investments of Cash Balance in securities and the Register of Investment of Cash Balances in the Treasury Bills should be submitted to the Branch Officer (Book) on 20th of every month for review.

Book Section will be responsible to furnish classification of these transactions in the relevant records and the accounts thereof should be watched through the consolidated Abstract of Debt, Deposit and Remittance and the Ledger maintained in Book Section. Adjustments in respect of interest realised on the investment of Cash Balances will be made by Book Section. Annually a statement of balances of the Cash balance investment Accounts should be furnished to the State Government after the closure of the March (Final) Accounts for verification and acceptance.

CHAPTER – 11
MISCELLANEOUS

Para 11.01 – AGREEMENT OF DEBITS AND CREDITS UNDER “ADJUSTING ACCOUNT BETWEEN CENTRAL AND STATE GOVERNMENTS”

(i) As per the provisions contained in Article 5.2 and 5.3 of the Account Code for Accountants General and Para 936 of MSO(T) wherever items relating to the Central Government appear in a departmental schedule of the State or vice versa when transactions pertaining to the Central / State Government originate in State / Central Accounts, necessary adjustments through the head “Adjusting Account between Central and State Governments” in the Central / State Section of the accounts are to be carried out. A transfer entry should be prepared in the same month’s account in the other Section of accounts by operating upon the head “Adjusting Account between Central and State Governments by per contra debit or credit to the relevant account head, either directly or through the Departmental Suspense head, ensuring that the totals of debits and credits under the head “Adjusting Accounts between Central and State Governments appearing in the Central Section of Accounts agree with the totals of credits and debits appearing in the State Section. All adjusting transfer entries should be made over to the Book Section before the due date for closing the transfer Abstracts.

(ii) Consequent upon the Departmentalisation of Accounts effect from 1.10.76, the sphere of operation of the Major Head “Adjusting Account between Central and State Governments” has been some what limited. This head of account is operative in respect of receipt / payment of central pensions under 0071 contributions and recoveries towards pension and other retirement benefits / 2071 Pensions and other retirement benefits, receipt / payment of pension to freedom fighters under 0235 social security and Welfare / 2235 Social Security and Welfare and receipt / payment of pensions in lieu of resumed Jagirs etc. under 0075 / 2075 Miscellaneous General Services. In respect of other Central transactions both receipts / payments relating to the Ministry / Department accruing at a banking Treasury (for which daily statements with supporting documents will be received from the banks) and at non Banking Treasuries / Sub-Treasuries (the Treasury will prepare receipt / payment schedules Ministry / Department wise) are incorporated in the State Section of the Treasury Accounts under separate suspense heads subordinate to

the head “8658 Suspense Accounts-101-Pay and Accounts office suspense-Transactions adjustable by Ministry / Department of.....” for eventual clearance by cash settlement on receipt of the Treasury Accounts in this office, the transactions should be booked under the suspense head referred to above in the State Section. At the end of the month, the schedules supported by chalans and vouchers should be sent to the Principal Accounts Officer concerned and cash settlement should be made (by sending or receiving a bank draft for the net amount) for clearance of the suspense accounts (based on CAG’s letter No.2477Ac/Sep/164-76 dt. 7.12.76).

(iii) Accounting of miscellaneous receipts and payments relating to Central Government adjusted in the banking and non-banking Treasuries :-

As the Reserve Bank of India will maintain Separate Accounts General-wise account of the transactions taking place at non Banking Treasuries / Sub-Treasuries in respect of the transactions referred to in Sub-Para (ii) above and as the responsibility of effecting monetary settlement by Accountant General by issue of weekly advices to the Central Accounts Section of the Reserve bank of India would continue even after departmentalisation of accounts of the various Ministries/ Departments, the head of account “Adjusting account between Central and State Government” would still appear in the State Section of accounts. The Book Section will therefore, maintain a register called the “Reconciliation Register of figures” under the head “Adjusting Account between Central and State Government”. This register will serve the purpose of working sheet to see if the net figure (difference between receipts and payments) under adjusting account in the State Section of Account agrees with that in the Central Section. Difference, if any, will be analysed, and the concerned accounting section requested for speedy clearance. The register should be submitted to the Branch Officer for review on the 15th of every month. (Based on Note-1 circulated with (C & A G’s letter No.2477A.C./Sep/164-76 dt. 7.12.76).

Para 11.02 – DISTRIBUTION STATEMENT :

After the accounts of the year are closed, a statement showing the distribution of charges of the State Government between voted and charged is to be prepared. This should include the progressive figures up to March (Final) including entries under each Major Head.

Para 11.03 – STATEMENT OF TRANSACTIONS :

To facilitate the work in Appropriation Accounts Section, a statement in the form as at present appearing in the working sheets showing the revenue and expenditure (exhibiting separately charged and voted expenditure) should be furnished by the VLC Section to Book Section by 15th July. The Book Section should prepare similarly statement in respect of Debt, Remittances etc. heads. After consolidating the statements in the order of the Major Heads as in the working sheets and checking, the Book Section, should obtain Accountant General (A&E)'s approval and send them to Appropriation Accounts Section positively by 1st August.

REVIEW OF BALANCE (STATE) FOR THE YEAR.....PART – I

Head of A/C	Year	Outstanding amount(Rs.)	Balance items	Closing amount(Rs.)	Outstanding items	Percentage of clearance	Reasons for which outstanding	Action taken for clearance	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.

PART - II

DIFFERENCE BETWEEN LEDGER AND BROAD - SHEET

Head of A/C	Year	Outstanding amount(Rs.)	Balance items	Balance amounts (Rs.)	Outstanding items	Percentage of clearance	Reasons for which outstanding	Action taken for clearance	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.

PART – III
Report on incomplete Broad – Sheets
Total No. of Broad Sheets maintained

	Broad Sheets in arrears		
Section	Head of Account	No. of Broad Sheets in arrears	Remarks
1.	2.	3.	4.