



सत्यमेव जयते

District Level Engagement

Strengthening Accounting at the Grassroots

(For Drawing & Disbursing Officers)



SUPREME AUDIT INSTITUTION OF INDIA

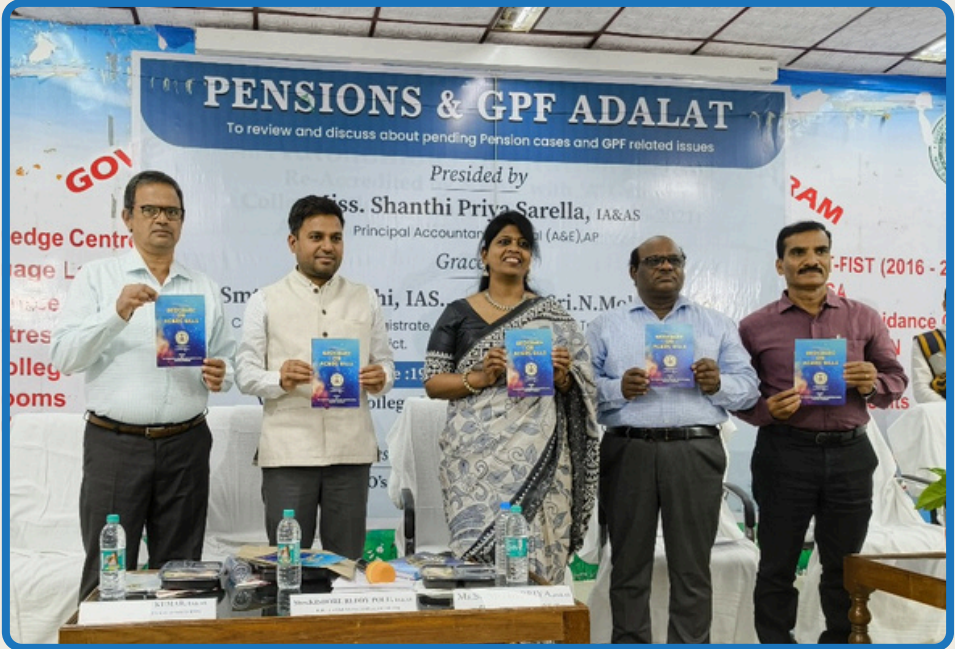
लोकहितार्थं सत्यनिष्ठा

Dedicated to Truth in Public Interest

Issued by

**PRINCIPAL ACCOUNTANT GENERAL (A&E),
ANDHRA PRADESH, VIJAYAWADA**

Launching Booklet on AC & DC Bills.....



FOREWORD



**Ms. S. SHANTHI PRIYA, IA&AS
PRINCIPAL ACCOUNTANT
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ANDHRA PRADESH**

It gives me great pleasure to present this brochure on “Strengthening Accounting at the Grassroots”, aimed at sensitizing Drawing and Disbursing Officers (DDOs) on their vital role in financial management.

DDOs form the first line of accountability in Government expenditure and are the key link between Departments, Treasuries, and the Accountant General’s Office. Sound budgeting, accurate classification, and timely compliance by DDOs not only ensure transparency but also strengthen the fiscal discipline of the State.

This brochure highlights important guidelines on budget preparation, processing of bills, accounting issues, operation of PD accounts, treatment of loans and recoveries, as well as statutory deductions like GST-TDS and IT-TDS. These practical points are intended to serve as a ready reckoner for day-to-day functioning and to minimize errors that could otherwise lead to unavoidable audit observations.

All Drawing and Disbursing Officers are encouraged to make diligent use of this resource and contribute towards improving financial accountability and efficiency at the grassroots level. Together, through better compliance and adherence to financial rules, we can build a stronger foundation for public financial management.

**Sd/-
Principal Accountant General (A&E),
Andhra Pradesh**

1. Budget Preparation

1

DDOs should observe the viability of Expenditure of previous year while preparing the Demand for Grants for probable expenditure during the financial year for recurring and non-recurring expenditure.

2

Avoid un-necessary increase of demand over 15-20 percent from previous year, which results in excess expenditure/savings.

3

Budget Estimate should be made realistically at DDO level.

4

Accurate budgeting at DDO level will help the State Government in its fiscal management.

5

No lump-sum provisions without clear purpose.

6

Budgetary provisions should always be on Gross basis.

7

Expenditure of a Capital nature should be distinguished from Revenue expenditure in the Budget Estimates.

8

According to section 379 of the Andhra Pradesh Public Works Department Code:



Capital Expenditure should bear the expenditure incurred with:

- all the charges of the first construction and equipment of a project.
- charges for maintenance on sections not opened for working.
- subsequent additions and improvements as may be sanctioned by competent authorities.



Revenue Expenditure should bear the expenditure incurred with:

- all charges for maintenance.
- all working expenses for upkeep of the project.
- All replacements and for minor additions or improvements, as it may be considered desirable to charge.



Proper budgeting reduces excess/savings and helps fiscal management.

2. Accounting points for processing of Bills

DDOs play a vital role as they are the initial points for processing withdrawal of money from the Government exchequer. DDOs/Treasury Officers must ensure:

- ✓ Competent Authority sanction is within delegated financial powers.
- ✓ Budget provision is available under appropriate head of account and checking of unspent balance in the relevant budget head.
- ✓ Proper accounting classification (major, sub-major, minor, sub-heads, detailed/object head) of Expenditure. Receipts need to be classified under proper heads as per the nature of receipts.
- ✓ Claim is genuine, does not involve duplicate payment and pertains to the current financial year, unless specifically allowed.
- ✓ Verification of all required supporting documents (invoices, vouchers, bills, attendance registers, sanction orders, work completion certificates, etc.) are attached in original, legible, and duly signed by authorized persons.
- ✓ Bill should be prepared in the prescribed Bill Form (e.g. Grants-in-Aid, Abstract Contingent, Fully Vouched Contingent etc.).
- ✓ Arithmetical calculations are computed accurately for deductions like TDS, GST, or other recoveries and correctly computed under proper heads.

3. Common Accounting Issues



Recoveries of Overpayments/Unspent Balances

Same FY

↳ Reduction of expenditure under the concerned Service Head.

Previous FY

↳ Book under “911 - Deduct Recoveries of Overpayments”, below the concerned major/sub-major head without affecting the gross expenditure of the current year.



Accounting of Government Receipts

As per Article 266(1) of the Constitution of India:

- All revenues received by the Government,
- All loans raised (Treasury Bills, Loans, Ways & Means Advances), and
- All repayments of loans to the Government

Must be credited to the “Consolidated Fund of the State”.



No receipt should remain outside the Consolidated Fund.



Use of Minor Head 800

Minor head 800 - Other Expenditure is to be operated only in the case of non-availability of proper Minor Head in List of Major and Minor Heads of Account of Union and States.



Incomplete Vouchers

DDOs should submit bills with all supporting documents (i.e. vouchers/sub-vouchers/ deduction schedule/sanction letters etc.).



Royalty Receipts

Adhere to the newly opened Heads of Accounts for booking royalties at the Minor Head level, as notified by the CGA in consultation with the concerned Ministries and on the advice of the CAG. These are as follows:

i. Major Head-0802-Petroleum
Minor Head -103-Royalties

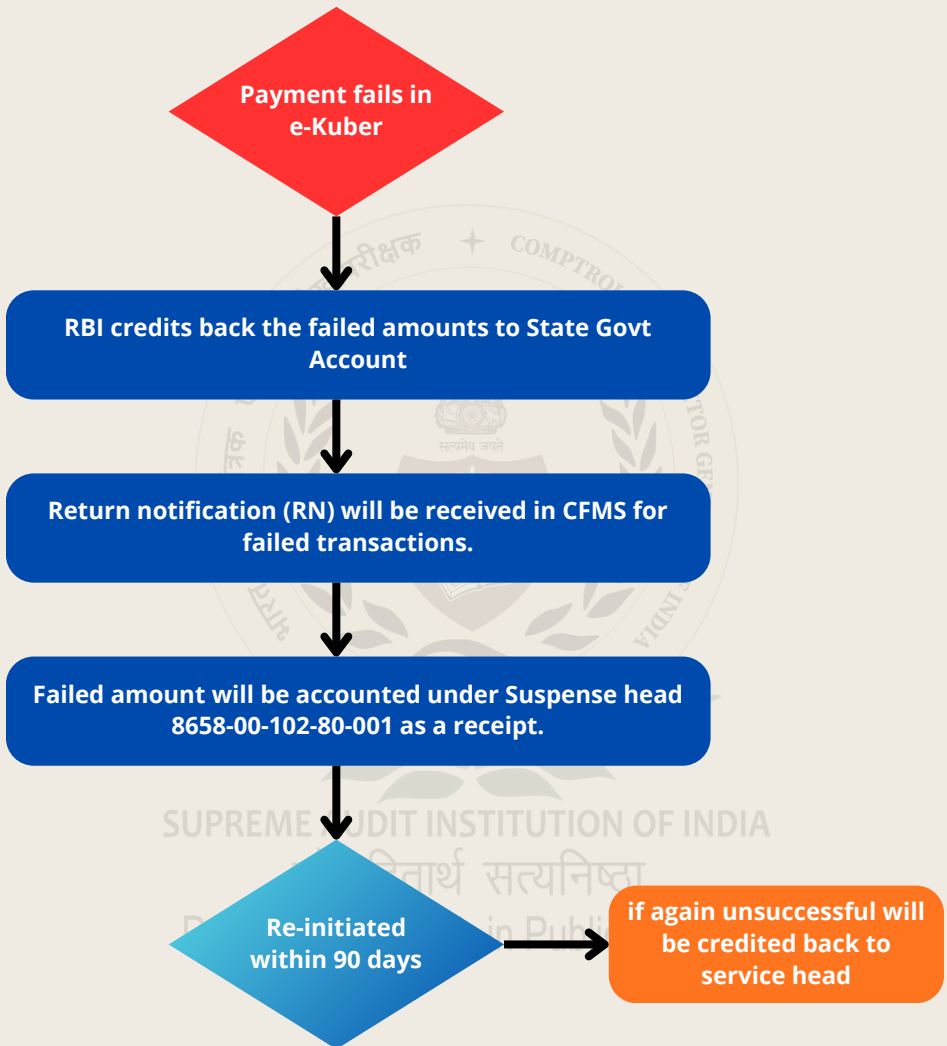
ii. Major Head 0852-Industries
Sub-Major Head-01-Iron and Steel Industries
Minor Head-106-Iron Ore Royalties

iii. Major Head- 0853-Non-ferrous Mining
and Metallurgical Industries
Minor Head-108- Major Mineral Royalties
Minor Head-109- Minor Mineral Royalties

- Ensure that royalty receipts are booked under the proper Minor Heads (Petroleum, Iron Ore, Major/Minor Minerals) as prescribed by the CGA from time to time.
- Credit 2% of royalty receipts to NMET (8449-123).



Failed Transactions (e-Kuber)



DDO/Treasury Officer should ensure obtaining correct beneficiaries' data to avoid the occurrence of failed transactions.

4. Personal Deposit Accounts

Guidelines for Deposit & PD Administrators

(As per G.O. Ms. No. 99, Finance (Cash & Debt Management), Dt. 14.08.2019)

Public Accounts - Overview



- Public Accounts consist of deposits, advances, suspense, remittances, provident funds, reserve funds etc.
- Government functions as a banker - money received is to be repaid/spent for specific purposes.
- Not subject to vote by Legislative Assembly (unlike Consolidated Fund).

Personal Deposit (PD) Accounts



- Operated under 8443 - Civil Deposits, Minor Head 106 - Personal Deposits only.
- Example: Nadu-Nedu funds, Toilet maintenance fund.

Deposit Accounts



- Held for purposes like Revenue Deposits, Security Deposits, Local Body Deposits, Education Deposits, Court Deposits etc. Eg: 8448-Local Deposits, Criminal Court Deposits, Civil Court Deposits etc.

Key Guidelines for PD Administrators



- Withdraw only via PD Disbursement Bill (no self-cheques).
- All salary & vendor payments via DBT mode only.
- No transfer of funds to personal/office bank accounts - No diversion of funds.
- Ensure sanction orders & invoices uploaded in CFMS.

Guidelines for Deposit Administrators (8448-Local funds)



- Bills must be supported by sanction orders & invoices.
- All payments only in DBT mode.
- No self-drawals (except petty recoupment).
- Verify sanction orders & ensure compliance.
- Apply scrutiny in line with rules (salary strength, sanction authenticity).
- Ensure lapsing of inoperative accounts (>3 years) as per Codal provisions.

5. Irrigation Charges

Book under correct heads

- '0700-Major Irrigation-101-Sale of water for irrigations purposes',
- '0701-Medium Irrigation-101-Sale of water for irrigations purposes',
- '0702-Minor Irrigation-01-Surface Water-101-Receipts from Water Tanks',
- '0702-Minor Irrigation-02-Groundwater-101-Receipts from tube wells'.



Do NOT use Minor Head 800

6. Loans

Misclassification of Loan Category

- Ensure correct Head of Account (HoA) while effecting recoveries.
- Avoid Alternate Memoranda (AMs) at later stages causing unposted credits.
- Wrong categorization leads to financial, regulatory & compliance risks.

Dissemination of Information

- Circulate annual loan balance statements to all concerned officials.
- Obtain and forward Certificates of Acceptance without delay.
- Avoid returning statements – trace & redirect to officials at present postings.

7. Alteration Memorandums

(Ref: Article 52 / Annexure-C, Chapter 3, AP Accounts Code Vol-I, 2014)

Correction of accounts is Admissible after closure of accounts only if error affects:

- Debt, Deposit or Remittance heads of account.
- Receipts and disbursements of another Government.
- Transactions of a Commercial Department.

Other errors:

- Correction not needed.
- Suitable note against original entry is sufficient.

Receipts:

- If refund is not possible, the action that is to be taken in favour of the remitter, had the remittance been made into correct head of account may be allowed to the remitter without correction of head of account.
- To be done only after completing all necessary checks.

Example:

- Excise Department agreed to the above process
- Registration Department → To consult CFMS regarding possible rectification (e.g., auto-link between challan details and registration software).

8. Guidelines for Hiring of Private Vehicles

(As per G.O. Ms. No. 87, Finance (HR.VI-TFR-VA), Dt. 01-06-2017)

Eligibility for Vehicles



Government Vehicles: Provided to Secretaries, HoDs, Collectors, District Judges, Joint Collectors, SPs, RDOs, DSPs performing law enforcing duties.



Other Eligible Officers: If no Govt. vehicle is provided, they may hire vehicles with Govt. approval and Finance concurrence.



PSUs / Autonomous Bodies / Societies / Universities: Use their own vehicles if available. Purchase of new vehicles requires Govt. approval.

Approved Hire Charges

Vehicle Cost	Hire Charges	Eligible Officers
Above ₹15 lakh	₹60,000 p.m. (₹15/km over 2,500 km)	Secretaries, HoDs, Collectors, District Judges, SPs, Joint Collectors
₹10–15 lakh	₹45,000 p.m. (₹12/km over 2,500 km, for touring officers)	Joint Directors+, Dy. Secretaries+, RDOs, DSPs
Below ₹10 lakh	₹35,000 p.m. (₹10/km over 2,500 km, for touring officers)	MROs up to Dy. Directors

Mandatory Conditions for Hiring



- Only registered taxi vehicles can be hired.
- Pollution Control Certificate must be produced every 6 months.
- Vehicle owner must submit valid permit, fitness certificate, insurance, road tax documents.
- Driver must hold a Professional Driving License with badge.
- Hiring must be done through competitive tender process.

Responsibilities of DDOs



- Ensure compliance with eligibility & hire charge norms.
- Verify vehicle and driver documents before hiring.
- Maintain proper records of agreements & bills.
- Obtain Finance Department concurrence where required.
- Monitor and certify monthly hire claims.

Accountability



- DDOs are personally responsible for ensuring compliance.
- Any deviation may attract audit objections.

9. Guidelines for GST-TDS Deduction

(As per Section 51 of CGST Act, 2017 & AP State Govt. Instructions)

Applicability of GST-TDS

GST-TDS is applicable on contracts / works / services where:

- Total value of supply exceeds ₹2.5 lakh (excluding GST).
- Supply is made to Government Departments, Local Authorities, PSUs, Boards, Societies etc.

Rate of GST-TDS

- Deduct 2% (1% CGST + 1% SGST) if supply is intra-state.
- Deduct 2% IGST if supply is inter-state.

Responsibilities of DDOs (TDS Deductors)

- Deduct GST-TDS at the time of making payment to supplier.
- Deposit deducted TDS in GSTN portal (www.gst.gov.in) by 10th of next month.
- File Form GSTR-7 monthly (auto-populates supplier credit).
- Issue TDS Certificate (Form GSTR-7A) to supplier within 5 days of deposit.
- Maintain proper records of deductions, challans, and returns.

Steps for Compliance



Registration:

Every DDO acting as GST deductor must have a GSTIN (37XXXXXXXXXXZD).



Deduction:

Identify eligible bills, deduct GST-TDS before payment.



Deposit:

Remit GST-TDS to Govt. electronically through CFMS Bill itself, No drawl to DDO current account is recommended to pay TDS.



Filing:

File GSTR-7 return by 10th of following month.



Certificate:

Download and provide Form GSTR-7A to supplier.

10. Guidelines for TDS on Salary & Arrear Payments

(As per Income Tax Act, 1961 & CBDT Instructions)

Applicability

TDS on salary is mandatory under Section 192 of the Income Tax Act.

Deduction applies on total salary income, including:

- Regular Salary.
- Dearness Allowance & Other Allowances.
- Arrears of Pay / DA / Pension.
- Leave Encashment, Gratuity (taxable part).
- Perquisites & Honorarium.

Rate of TDS

- Unlike fixed-rate TDS, salary TDS is based on slab rates of the employee's estimated annual taxable income after exemptions & deductions.
- DDO must compute tax liability for the full financial year, spread deductions monthly or at the time of payment.
- Arrear Payments: While releasing arrears, DDO must add the arrear amount to current year's income & recalculate tax liability.
 - Employee may claim relief under Section 89(1) by submitting Form 10E online.



It adjusts the tax by recalculating as if the arrears were taxed in the year(s) to which they belong.

Responsibilities of DDOs

- Deduct TDS at the time of payment, not at the time of accrual.
- Consider declarations, proof of savings, exemptions, deductions from employee (HRA, 80C, 80D, etc.).

Steps for Compliance

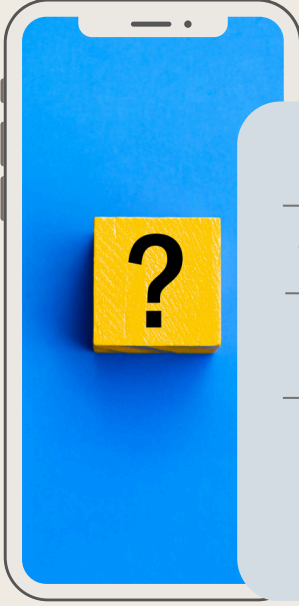
- **Registration:** Ensure DDO office is registered with TAN (Tax Deduction Account Number).
- **Computation:** Calculate estimated annual income of each employee including arrears, allowances & perquisites.
- **Deduction:** Deduct TDS at the average rate applicable on taxable income as per slabs.
- **Deposit:** Remit TDS to the Government electronically through CFMS Bill.
- No drawal into DDO current account is permitted.



DISCLAIMER

This booklet is meant only for simplified understanding and reference. It does not substitute the original rules, notifications or official government documents, which shall prevail in case of any discrepancy.

FOR QUERIES & FEEDBACK 🔍



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FOR MORE DETAILS

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