



GOVERNMENT OF KERALA

# **THE KERALA ACCOUNT CODE**

**VOLUME III**

**FOURTH EDITION (REVISED)**

**2013**

Issued by the Authority of the Government of Kerala

**FINANCE DEPARTMENT**

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GOVERNMENT OF KERALA  
**2013**

## **PREFACE**

Consequent on the formation of Kerala, the Treasury, Financial and Account Rules in vogue in the former Travancore-Cochin area and in the territories transferred from Madras required unification. While unifying the rules, action has also been taken to revise the existing rules to bring them in conformity with Constitutional requirements. The revised rules are accordingly issued in three Codes, namely the Kerala Treasury Code, the Kerala Financial Code and the Kerala Account Code.

The Kerala Account Code is issued in three Volumes. It contains the Comptroller and Auditor-General's rules issued in his Account Code. The rules and orders issued by the State Government on matters on which the Auditor-General's rules vest powers in the State Government to frame or issue rules and certain rules of local interest based on the rules now in force in the State which are not inconsistent with the basic principles laid down by the Auditor-General have been incorporated as Local Rulings, Illustrations etc., under the relevant articles. Portions in the Central Account Code which are not applicable to this State, for example, Takavi Works and Cemetery Works have been omitted.

This volume contains the Auditor-General's directions regarding the initial and subsidiary accounts to be kept by Public Works Officer's and the accounts to be submitted by the Public Works Officers to the Audit and Accounts Office. Though the Auditor-General's Code contains directions regarding the accounts to be kept by the Forest Department Officers also, they have been omitted from this volume. The inclusion of these directions will be considered as soon as steps are taken to compile a unified Forest Code.

The forms prescribed in this volume are included in the 'Book of Forms' which is issued separately.

The directions and rules contained in this Code supersede the corresponding rules and instructions in force till now on matters with which this Code deals. Amendments to the Auditor-General's rules included in the Kerala Account Code Volume III can be made only by the Auditor-General with the approval, where necessary, of the President. The State Government have power to alter the local rulings relating to matters in respect of which the Auditor-General's rules vest power in the State Government to frame rules. Any Officer who notices any error or omission in this Code should report it to the Chief Engineer and if the Chief Engineer considers that there is a real error or omission requiring amendment, he should submit suitable proposals to the Government in the Public Works Department through the Accountant General. The Public Works Department will forward such proposals with their remarks to the Finance Department for necessary action

**P. S. PADMANABHAN,**

*Finance Secretary.*

## **PREFACE TO THE THIRD EDITION**

The second edition of this code was issued in 1965 and directions regarding the accounts to be kept by the Forest Departmental Officers could not be included in that edition since there was no unified Forest Code at that time.

The Kerala Forest Code Vol. II was issued in 1973. In the present edition, the Forest Code is included as Part III. This revised edition includes also amendments to the Auditor-General's rules issued since 1965.

Another important change effected in this volume is the reclassification of head of accounts on the basis of Reforms in the Structure of Budget and Accounts brought into effect from 1974-75. The relevant Articles and the Appendices of this volume have been suitably modified effecting substantial changes and replacing the old Articles.

Thiruvananthapuram,  
4-11-1976.

**K.V. RABINDRAN NAIR,**  
*Finance Secretary.*

## **PREFACE TO THE FOURTH EDITION**

The third edition of this Code was issued in 1976. All the amendments up to 31-12-1990 have been incorporated in this edition. The forms included in this volumes are available in the "Book of Forms". The Departments and officers may bring to the notice of the Finance Department any omission or discrepancy noticed in this volume.

Thiruvananthapuram,  
28-2-1992.

**M. MOHAN KUMAR,**  
*Commissioner & Secretary (Finance).*

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# **THE KERALA ACCOUNT CODE**

## **Volume III**

### **DEPARTMENTAL ACCOUNTS**

#### **PART I GENERAL**

#### **CHAPTER I GENERAL**

##### **A. Introductory**

The directions given below shall apply to departments of Government whose initial and subsidiary accounts are compiled in whole or part departmentally, the accounts so compiled being rendered monthly or periodically to the Account and Audit Offices.

##### **B. Public Works Department**

2. The directions in accordance with which the initial and subsidiary accounts should be kept in the Public Works Department and the forms in which the compiled accounts of the department should be rendered to the Accountant General, have been prescribed in detail in the following chapters of this volume. These directions are supplementary to the directions contained in Volume I which are applicable to the department unless there be something repugnant in the subject or context and except to the extent that they are modified by the directions in the following chapters.

3. The forms of initial and subsidiary accounts prescribed should be regarded as standard or model forms which may be modified by Government according to local requirements in consultation with the Accountant General concerned. Similarly, the Accountant General may introduce such changes in the details of accounts returns as he may deem necessary.

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*Local rulings, illustrations, etc., under Article 3*

The forms and returns embodied in this Code are those prescribed by the Government in consultation with the Accountant General to suit local requirements. Any proposal to amend any of the accounts forms or to introduce a new form should be submitted to Government through the Accountant General.

**C. Other Departments**

4. Whenever an order is passed by competent authority, *vide* Article 33 of Volume I, transferring any Public Works to the administrative control of a department other than the Public Works Department and that department itself arranges for the execution of those works, the detailed classification of the transactions connected with the works so transferred should be such as the Accountant General may determine in consultation with the Comptroller and Auditor General, subject to such exceptions as may be authorised by the Accountant General with the previous concurrence of the Comptroller and Auditor General, the transactions should be accounted for in the forms and in accordance with the directions prescribed in Chapters III and IV for similar transactions of the Public Works Department.

5. In the case of all other departments of the Central and State Governments whose initial and subsidiary accounts are compiled departmentally, the orders and instructions contained in the relevant departmental Code, Manual or Regulations, in so far as they provide for the forms of initial and subsidiary accounts kept in any department, shall be continued to be followed unless the Accountant General considers it necessary to replace the existing forms or any of them by some other forms or form. In the event of any difference of opinion between the Accountant General and the departmental authority concerned, the question should be referred by the Accountant General to the Comptroller and Auditor General for issue of necessary directions.

6. The directions regarding the accounts to be rendered to audit by the departments mentioned in paragraph 5 and the forms in which such accounts are to be rendered have been issued separately and incorporated in the manuals of the Audit Officers concerned.

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7. Whenever the activities of a Government department are such as to require the maintenance of initial and subsidiary accounts not covered by the directions contained in Articles 5 and 6 the forms of the accounts should be such as may be Government after consultation with the Accountant General and subject to the previous concurrence of the Comptroller and Auditor General.

#### **D. Definitions**

8. Unless there be something repugnant in the subjects or context, the terms defined should be interpreted in the following chapters and forms in the sense herein explained.

(1) *Advance Payment*.—Means a payment made on a running account to a contractor for work done by him but not measured.

(2) *Assets*.—In the accounts of works this term indicates all outstanding or anticipated credits, which have to be taken in reduction of final charges, Example—recoveries of advances or recoverable payments, and sale proceeds of transfer value of surplus materials.

(3) *The Bank*.—Means any office or branch of the Banking Department of the Reserve Bank of India, any branch of the State Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (Act II of 1934), and any branch of a subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (Act 38 of 1959), which is authorised to transact Government business as agent of the State Bank of India or any other agency appointed by the Reserve Bank of India.

(4) *Cash*.—The term ‘cash’ includes legal tender coin, notes, cheques, deposit-at-call receipts of scheduled banks and drafts payable on demand. A small number of ten paise revenue stamps may be kept as part of cash balance.

(5) *Competent Authority*.—The term “Competent Authority” means the Government or other authority to whom the relevant powers may be delegated by the Government.

(6) *Completion and Completed*.—The expression “completion of work” may be understood to include “abandonment of a work” and “completed work” to include “abandoned work”.

(7) *Contingencies (Works)*.—When used in respect of the accounts of works, the term “Contingencies” indicates the incidental expenses of a miscellaneous character which cannot be appropriately classified under any distinct sub-head or sub-work yet pertain to the work as a whole.

(8) *Contract and Contractor*.—The term “Contract” means any kind of undertaking, written or verbal, express or implied, by a person, not being a Government servant, or by a syndicate or firm, for the construction, maintenance or repairs of one or more works, for the supply of materials; or for the performance of any service in connection with the execution of works or the supply of materials. The term “Contractor” means a person, syndicate or firm that has made such an undertaking, but often its use is restricted to contractors for the execution of works or for services in connection therewith.

(9) *Deposits Works*.—This term is applied to works of construction or repair the cost of which is met, not out of Government funds, but out of funds from non-Government sources, which may either be deposited in cash or otherwise placed at the disposal of the Divisional Officer. Works executed for Municipalities and other public bodies fall under this category when the cost is chargeable either to cash deposits made for the purpose, or to their credit balances at treasuries.

(10) *Direct and indirect charges*.—“Direct Charges” are those charges pertaining to a project, work or job which are incurred directly for its execution and are included in the regular accounts of it. “Indirect Charges” are those charges which pertain or are incidental to a work, project or workshop job or manufacture job, but which are not incurred directly and solely in connection therewith and thus cannot be taken directly into such detailed accounts of it as are incorporated in the regular accounts of the expenditure of the Department.

(11) *Direct and indirect receipts*.—“Direct Receipts” are those items of revenue receipts which are realised in connection with a work or project either by officers of the Public Works Department or other departments and are brought to account directly as appertaining to the work or project. “Indirect Receipts” are those receipts which pertain, or are incidental to a scheme or work, but cannot be taken directly into such detailed accounts of it as are incorporated in the regular accounts of the receipts of the Department.

(12) *Division and Divisional Office.*—These terms are used to denote respectively the executive charge held by a Divisional Officer [paragraph (13) below] and the head office of such a charge. Thus, the office of an independent executive sub-division is a divisional office for the purpose of this volume, as also that of the Superintendent of a workshop working independently of a Divisional Officer.

(13) *Divisional Officer.*—This term is applied to an executive officer of the Public Works Department who is not subordinate to another executive or disbursing officer of the department, even though the executive charge held by him may not be recognised as a “division” by the Government concerned. Thus, the Officer-in-charge of an independent subdivision is also treated as a Divisional Officer for the purposes of this Code.

Disbursing officer of other departments, if they spend Public Works Funds and are required to render their accounts direct to the Accountant General, are also included in the term Divisional Officer in this Code.

(14) *Final payment.*—Means the last payment on a running account made to a contractor on the completion or determination of his contract and in full settlement of the account.

(15) *Government.*—Means the “Central Government” in respect of matters relating to Central Divisions and sub-divisions and “State Government” in respect of those relating to State Divisions and Sub-divisions.

(16) *Imprest.*—This term represents the standing advance of a fixed sum of money given to an individual to enable him to make certain classes of disbursements which may be entrusted to his charge by the Divisional Officer or the Sub divisional Officer.

(17) *Intermediate payment.*—Is a term applied to a disbursement of any kind on a running account, not being the final payment. It includes a “Secured advance” and an “on account payment” (other than the final payment on a running account) or a combination of these.

(18) *Issue rate.*—This term denotes the cost per unit fixed in respect of an article borne on the stocks of the Department at a valuation for the purpose of calculating the amount creditable to the sub-head concerned of the

stock account (i.e. the sub-head under which the article is classified) by charge to the account or service concerned, when any quantity of that article is issued from stock “handling charges” and “storage charges” will be included in the “Issue Rate” by adding a suitable percentage based on the carriage and other incidental charges of the previous year, and storage charges as reviewed and fixed at the beginning of a year.

(19) *Labour*.—When a separate “Materials Account” is kept for one or more sub-heads of an estimate and the term “Labour” is used in connection with such an account, it denotes all charges pertaining to each of those sub-heads, other than (1) the cost of materials issued direct and (2) carriage and incidental charges in connection with the materials.

(20) *Liabilities*.—When used in respect of accounts of works, this term includes all anticipated charges which are adjustable as final charges, but have not been paid, or adjusted, regardless of whether or not they have fallen due for payment, or adjustment or having fallen due, have or have not been placed to the credit of the persons concerned in a suspense head subordinate to the accounts of the work concerned.

(21) *Local loan works*.—This expression indicates works executed by the Public Works Department on behalf of a Municipality, Port Trust or other Corporation, when the cost of the works is to form part of a loan given to it by Government for the purpose.

(22) *On account payment or payment on account*.—Means a payment made a running account to a Contractor in respect of work done or supplies made by him and duly measured. Such a payment may or may not be for the full value of work or supplies; if it is an intermediate payment, it is subject to the final settlement of the running account on the completion of the contract for the work or supplies.

(23) *Operation*.—Used in respect of the accounts of manufacture and workshop transactions, this term indicates the charges incurred on the manufacture operations connected with the general requirements of works or for a specific work or job.

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(24) *Out-turn*.—Used in respect of the accounts of manufacture and workshop transactions, this term denotes the value of the furnished products (or of the work done in cases in which the articles wrought are not supplied departmentally) of manufacture operations connected with the general requirements of works or for specific work or job.

(25) *Progress*.—Means the up-to-date quantities of work done or supplies made.

(26) *Quantity*.—In the accounts of works this expression is used to describe the extent of work done, supplies made or services rendered, when these can be measured, weighted or counted.

(27) *Rate*.—In estimates of cost, contractors' bills and vouchers generally, rates means the consideration allowed for each unit of work, supply or other service. Except in case of lump sum contracts, every bill or other demand for payment should, as far as possible, set forth the unit rate at which payment is to be made.

*Note*.—Lump sum contract is not in vogue in this State.

(28) *Rate of cost and inclusive rate of cost*.—Rate of cost means generally the total cost of a work or supply divided by its quantity. In the accounts it represents the recorded cost per unit, as arrived at by dividing the up-to-date final charge on a sub-head, by the up-to-date progress thereof. Inclusive rate of cost means the rate of cost of the entire work relating to a sub-head, including the cost of materials if recorded separately in the accounts.

(29) *Recoverable payment*.—Means a payment to or on behalf of a contractor which does not represent value creditable or payable to him for work done or supplies made by him, and has therefore to be made good to Government by an equivalent cash recovery or short payment of dues.

(30) *Running Account*.—Is a term applied to the account with a contractor when payment for work or supplies is made to him at convenient intervals subject to final settlement of the account on the completion or determination of his contract.

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(31) *Secured advance*.—Is a term applied specifically to an advance made on the security of material brought to site of work to a contractor whose contract is for finished work.

(32) *Storage charges*.—Means expenditure incurred after the acquisition of the stores, on staff employed for handling the store materials (in custody) and the maintenance charges of the store godown or yards. The establishment charges of the staff of the stores entrusted with the duty of keeping initial accounts shall also be included in the storage charges. These storage charges are added on a percentage basis to the issue rate, so as to form part of the issue rate. [See clause (18)]

(33) *Sub divisional Officer*.—This designation is applied primarily to an officer, whether a gazetted officer or not, who holds the charge of a recognised subdivision in subordination to a Divisional Officer, but when the immediate executive charge of any works or stores has not been constituted into a regular Subdivisional charge, but is held by the Divisional Officer himself, the latter it also treated as the Subdivisional Officer in respect of such charge. When a Divisional Officer holds the immediate charge of a recognised subdivision in addition to his own duties as the executive head of the division, he is treated as the Subdivisional Officer in respect of the charge of the subdivision.

(34) *Sub-head*.—In the accounts of works and in working estimates, this term is used to describe the subdivisions into which the total cost of a work (or of its sub-works if it is a large work) is divided for purposes of financial control and statistical convenience. The several types of work that have to be executed in the course of construction or maintenance of a work or sub-work, (e.g. excavation, brick-work, concrete, wood work, etc.) are treated usually as the sub-heads of it.

(35) *Sub-work*.—In the case of large work consisting of several buildings or smaller works, or groups thereof, the term sub-work is often applied to a distinct unit of the same if that unit is sufficiently large or important to be kept distinct for the purposes of accounts; for example, the outer wall, the solitary cells, the cook-houses, the jailor's quarters etc., in the case of a large Central Jail. In the case of Irrigation, Navigation, Embankment, Drainage and

Water Supply Projects, the head works, main line, each branch of a canal, each group of distributaries relating to each branch separately, the Drainage and Protective Works, the Water Course Scheme and Special Tools and Plant, all form separate sub-works.

(36) *Supervision charges.*—This term is ordinarily applied to the charges which are levied, in addition to book value and storage charges, in respect of stock materials sold or transferred, and are intended to cover such items of the expenditure incurred on the stores as do not enter their book value and are not included in the storage charges. [See paragraph (32)]

(37) *Suspense Accounts.*—This term is applied primarily to certain heads of accounts falling under the minor head “Suspense” of a major head of expenditure, which are reserved for the temporary passage of such transactions as must at once be taken to the account of the sanction or grant concerned, but cannot be cleared finally either because the relevant payment, recovery or adjustment is awaited, or because it is necessary to keep an effective watch over the values of any stock materials, until their final disposal. The charges under suspense account are taken in enhancement of the charges under the major head of expenditure concerned, and the receipts in reduction thereof. For suspense accounts within the account of works. [See Article (136)]

(38) *Value.*—This term used in connection with the sale of stock materials (vide Article 55) or their issue to works (vide Articles 127 and 128) includes storage charges.

(39) *Work.*—The term ‘work’ when by itself, is used in a comprehensive sense and applies not only to works of construction or repair but also to other individual objects of expenditure connected with the supply, repair and carriage of tools and plant, the supply or manufacture of other stores, or the operation of a workshop.

(40) *Works expenditure and works outlay.*—These terms are used to indicate respectively the expenditure, and the capital charges on the special services connected with the construction, repair and maintenance of works. The charges falling under these categories may be met when under rule, any receipts are taken in reduction of the charges, but they do not include the cost of the general services, tools and plant and establishment or any charges not taken to final heads of account but kept under one of the suspense accounts.

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*Local rulings, illustrations etc., under Article 8.*

(i) *Accountant General.*—Means head of an office of Accounts and Audit subordinate to the Comptroller and Auditor General of India whether known as Accountant General or Comptroller or by any other designation, who keeps the accounts of Government and when used in relation to the Public Works Department, the head of the office to whom the accounts of the division are rendered.

(ii) *Book transfer.*—This term is applied to the process whereby financial transactions which do not involve the giving or receiving of cash, or of stock materials are brought to account. Such transactions may either affect the books of a single accounting officer, or they may involve operation on the books of more than one accounting officer whose accounts are ultimately incorporated in the accounts of the Government. They usually represent liabilities and assets of Government brought to account either by way of settlement or otherwise but they may also represent corrections and amendments made in cash, stock or book transfer transactions previously taken into account.

(iii) *Commercial Departments.*—Are Departments maintained mainly for the purposes of rendering services or providing supplies of certain special kinds on payment for the services rendered or for the articles supplied. They perform functions which are not necessarily Governmental functions. They are required to work to a financial result determined through accounts maintained on commercial principles.

*Note:*—Government has the power to decide whether a particular department or particular activities of a department shall be regarded as a commercial department or undertaking.

(iv) *Detailed Head.*—Is the lowest accounting unit under which transactions of the Government are recorded in the accounts (*See Article 10 and note there under*)

#### **E. Miscellaneous**

9. The transactions of Railways, Post and Telegraphs and Defence Department, though they form part of the transactions of the Central Government should be kept separate from other Central transactions. (For classification in the accounts of the Public Works Department, *See Article 15*).

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## PART II PUBLIC WORKS ACCOUNTS

### CHAPTER II CLASSIFICATION OF PUBLIC WORKS

#### RECEIPTS AND EXPENDITURE

##### A. General

10. The major and minor heads prescribed for the classification of public works receipts and expenditure are set out in \*Appendix 2 to Account Code, Volume I. Subject to any specific directions contained in this Code, the sub-heads, detailed heads or †units of grants and appropriations will be determined by Government according to local requirements in consultation with Accountant General.

*Note:—1* For departmental purposes, Public Works Officers usually divide a detailed head into a number of “service heads” and the latter into a number of “departmental heads” but for purposes of account, the terms sub-head and detailed head should be used for all divisions subordinate to a minor head.

*Note:—2* In the case of Irrigation, Navigation, Embankment, Drainage and Water Storage Works, the subdivisions into which the minor heads “Works” is divided for departmental purposes are called “sub-works” and the further subdivisions of the latter “detailed heads”.

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\*The list of major and minor heads issued by the Comptroller and Auditor General of India is printed separately a Appendix 2 to the Account Code, Volume I. The portions of this Appendix relating to State transactions are reproduced in Appendix A to the State Budget Manual.

†For the units of appropriation, see the Annual Detailed Budget Estimates.

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*Local rulings, illustrations etc., under Article 10*

The following 'sub works' and detailed heads have been opened by the State Government under the minor heads 'works':—

- (a) *sub works*
  - (i) Head Works
  - (ii) Main Canal and Branches
  - (ii) Distributaries
  - (iv) Drainage and Protective Works
  - (v) Water Courses
  - (vi) Special Tools and Plant
  - (vii) Losses on stock

(b) Each of the above sub-works is further subdivided into the following detailed heads which can be fixed to suit the requirements of each project:

- (a) Preliminary expenses
- (b) Land
- (c) Works
- (d) Regulators
- (e) Falls
- (f) River and Hill Torrent Works
- (f) (i) Other Cross Drainage Works
- (g) Bridges
- (h) Escapes
- (i) Navigations
- (j) Mills
- (k) Buildings
- (l) Earth work
- (l) (i) Boundary and Service Roads
- (m) Plantations
- (n) Tanks and Reservoirs

(o) Miscellaneous

(p) Maintenance

(*Vide* also Appendix 3 to the K.P.W.A. Code)

11. In the case of Irrigation and other works for which separate capital and revenue accounts are kept, the allocation of expenditure between capital and revenue should be determined in accordance with such principles and methods as may be prescribed by Government in consultation with the Accountant General.

*Local rulings, illustrations etc., under Article 11*

1. The rules framed by the Government in consultation with the Accountant General in regard to the allocation of expenditure between capital and revenue are embodied in Appendix I.

2. This Appendix contains also the rules for the allocation of expenditure relating to commercial departments and undertakings and for the financing of capital expenditure generally.

12. A transaction of receipt or expenditure should be classified under the final or the debt or remittance head to which it pertains, if that be known, but if the exact head cannot be ascertained at once, the transaction should be classified temporarily under "Public Works Deposits" if a receipt, or under "Miscellaneous P.W. Advances", if a charge.

*Local rulings, illustrations etc., under Article 12*

1. The terms of receipts and expenditure whose classification cannot be ascertained at once should be classified under "Miscellaneous Deposits" under the debt head "P.W. Deposits" and "Other Items" under "Suspense—Miscellaneous P.W. Advances" respectively.

2. Action should immediately be taken to get the particulars or other details necessary for the classification of the transactions under final heads, and adjustments to final heads effected within three months.

13. Deleted.

### **B. Transactions with other Government and Departments**

14. The general directions under which one department of the public service may raise debits against another department under the same Government or any department under another Government for services rendered or articles supplied to it are contained in Chapter 4 of the Account Code, Volume I.

15. In State Divisions, all transactions other than those of Railways, Posts and Telegraphs and Defence, originating on behalf of the Central Government should be classified initially under the appropriate Central head of account but in the compiled accounts they should be collected together under the head “Adjusting Account between the Central and State Government”. Transactions originating in State divisions on behalf of other State Government and those originating in Central Divisions on behalf of all State Governments, should be classified both initially and finally under the heads “Interstate Suspense Account—Government of.....” and “Adjusting Account between Central and State Governments, Government of.....” respectively. Similarly, all transactions originating in a Central or State Division, on behalf of Railway/ Posts and Telegraphs/Defence should be classified both initially and finally under the head “Adjusting Account with Railways.....Railways”/ “Adjusting Account with P & T.....D.A.G. P & T.....”/ “Adjusting Account with Defence.....C.D.A.....” as the case may be. The requisite adjustment against the balances of the Government concerned, Railway, Posts and Telegraphs or Defence, as the case may be, will be made by the Accountant General himself through the Central Accounts Sections of the Reserve Bank. In the Central Divisions such Central transactions other than those pertaining to Railways, Posts and Telegraphs and Defence, as are adjustable in another accounting circles should be classified under the Exchange Account head concerned [vide Appendix 2 to (Central) Account Code, Volume I].

16. All other remittance transactions, whether originating in the division or in another division or department of another Government, should be accounted for under the heads. “Transfers between Public Works Officers” or “Public Works Remittances” as the case may be [vide note (1) under the major head 8782—in Appendix 2 to the (Central) Account Code Volume I] unless the Accountant General Directs otherwise.

*Note:*—Transactions on account of cheques drawn on or remittances made to, treasuries should be treated as originating as “treasuries”.

17. In the case of works done as a standing arrangement for other departments when the cost is debitible to those departments, the prescribed classification applicable to the connected transactions will be intimated by the Accountant General to the Divisional Officers concerned.

### **C. Inter-divisional Transfers**

18. Service rendered or articles supplied by one division to another under the same Government will not be charged for except in the following cases:

- (i) Stores, if they are issued from a stock or material account or if their transfer affects a work for which a separate capital or revenue account is kept.
- (ii) Other services, if they affect the accounts of (a) any work for which a separate capital or revenue account is kept, (b) a work in progress, or (c) suspense or deposits.

*Local rulings, illustrations, etc., under Article 18*

1. Ordinary tools and plant transferred from one division to another will not be charged when they do not fall under any of the categories mentioned in (i) above. They will be transferred numerically.

2. Hire charges will not be charged for Plant and Machinery lent by one division to another for temporary use, when they do not come under any of the categories in (ii) above.

19. When the cost of a service undertaken on behalf of another division of the same Government is debitible to that division, the connected receipts and charges should be classified under the head "Transfers between Public Works Officers" and passed on for adjustment finally in the accounts of the latter division.

### **D. Revenue Receipts**

20. Public Works revenue should be brought to account in accordance with the classification prescribed by the Comptroller and Auditor General of

India, *Vide* Article 10.....Distinction should be made between receipts which are finally creditable to Government as revenue of the department and transactions which represent merely such cash or other value received as has either to be repaid eventually or to be utilized to meet the cost of some service to be rendered or already rendered or to be taken in reduction of expenditure previously incurred. Receipts of the latter class should be credited to the debit, deposit or expenditure head concerned.

*Note:*—Should Government deem any source of revenue not specifically mentioned in the minor heads provided, to be of sufficient importance to justify the keeping of a separate account of it, a detailed head for the purpose may be opened under the minor head “other receipt”.

*Local rulings, illustrations, etc., under Article 20*

1. The security deposits of contractors which have to be refunded on completion of the contract have to be credited to ‘Deposit’.

2. Deposits for work to be done have to be utilized to meet the cost of the work and have therefore to be credited to ‘Deposits’.

3. Recoveries towards ‘sales on credit’ have to be taken in reduction of the debit under “Miscellaneous Works Advances”.

4. Recoveries towards expenditure previously debited to a capital major head have to be taken as Receipts and Recoveries on Capital Account in reduction of expenditure under the capital major head concerned.

5. The following heads have been opened under “1054—Roads and Bridges—800—Other Receipts”—“98—Sales and lease rent of avenue trees” and “97—other items”.

6. When the fines collected for damaging toddy-yielding Government trees are credited to the Public Works Department, the rewards payable to officers of the Excise Department, for detecting the cases may be disbursed as refunds of revenue in this department, under the authority of the Executive Engineer of the division.

7. The sale proceeds of trees felled in the compound of a public office should be treated as other receipts of the Public Works Department, if the felling is done in the course of execution of works by the Public Works Department.

In other cases the sale proceeds of the usufruct of trees and trees felled should be credited to the department to which the cost of maintenance of the compound is charged.

8. The usufruct of trees in the compound of residences which are occupied either on payment of rent or rent-free may be allowed to be enjoyed by the occupants provided the compounds are maintained at their cost and the pay of the gardeners and all garden expenses are borne by them. Otherwise, they should be credited to the Public Works Department. The receipts from the sale of trees or their branches will be credited to the Public Works Department.

9. The fees charged by the Executive Engineers of divisions for testing the lighting conductors attached to explosive magazines should be credited to the State revenues under the head "0059—Public Works".

21. Refunds of revenue actually collected and brought to account under "0059 Public Works" or # "133—Irrigation, Navigation, Drainage and Flood Control Projects" or "1054—Roads and Bridges" when made in cash, should be accounted for under the minor head "Deduct—Refunds" of the Revenue major head concerned. All other refunds of revenue, such as refunds of rents adjusted by short assessment or short realisation in a subsequent month and repayments or receipts and recoveries on capital account, should be taken as reduction of revenue receipts or of "Receipts and Recoveries on Capital Account", as the case may be, under the heads concerned.

## **E. Works Expenditure**

### **I. ORIGINAL WORKS OF REPAIRS**

22. Subjects to any general or special orders issued by Government in this behalf in consultation with the Accountant General, the following principles should be observed in classifying the expenditure between "Original Works" and "Repairs".

1. Original works should comprise all new construction, whether of entirely new works or off additions and alterations to existing works, except as hereinafter provided; also all repairs to newly purchased or previously abandoned buildings required for bringing them into use.

2. Repairs should include primarily operations undertaken to maintain in proper condition buildings and works in ordinary use and also new works in circumstances indicated in clause (3).

3. When a portion of an existing structure or other work, not being a road, road surface, road bridge, causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or remodelled (whether or not the change involves any dismantlement) and the cost of the change represents a genuine increase in the value of the property, the work of replacement or remodelling, as the case may be, may be classed as "Original Works" the cost (which should be estimated if not known) of the portion replaced or remodelled being credited to the estimate for "Original Works" and debited to "repairs". In all other cases the whole cost of the new works should be debited to "repairs".

4. When an existing portion of a road, road bridge, causeway, embankment, ferry approach, protective or training work in connection with a road is to be replaced or remodelled (whether or not the change involves any dismantlement) and the change represents a genuine increase in the value of the property, the cost of replacement or remodelling, as the case may be, should be classified as "new works" and the cost or value of the portion replaced or remodelled should not be debited to "repairs".

5. In addition to all repairs and renewals in material similar to that pre-existing, the following items of road work should be classed as "repairs".

- (i) ordinary repairs and maintenance including surface painting and necessary addition of stone chips, gravel or sand, but not including asphaltic concrete, premix asphalt macadam, bitumen grout, semi-grout, mix-in-place, cement concrete, or cement macadam;
- (ii) special repairs including the work of replacement of a damaged bitumen semi-grouted surface by bitumen semi-grouted surfacing and periodical renewals; and
- (iii) petty and miscellaneous items of work in any material which are classed ordinarily as "new works", provided that the works in question do not in the opinion of the competent authority form

part of any comprehensive scheme or project covered by a works estimate.

*Local rulings, illustrations, etc., under Article 22*

The following rules have been issued by a Government in consultation with the Accountant General:

1. The capital value of any portion of a building which is abandoned or dismantled without replacement should be written off the total capital value of the building, in any *pro forma* account of its cost.

2. The cost of restoration or special repairs to a building shall not be added to capital cost or present value unless such restoration or repairs add to accommodation or involve replacement of the existing type of work by work of a more expensive character.

*Illustration.*— The cost of replacing bamboo hurdling by teakwood reepers, or lime plastering by cement plastering should not be added to the capital cost of a building. But the cost of replacing country tiles by Mangalore tiles, or a mud compound wall by a wall of brick in mortar plastered with cement, or a cement floor by tiles should be dealt with in accordance with clause (3) in the above Article.

*Exception.*— Petty and miscellaneous items of work in any material, as hereinafter described, which ordinarily should be classed as “new works” should be debited to “repairs” upto ₹ 4,000 in anyone case, provided that the works in question do not in the opinion of the Superintending Engineer, form part of any comprehensive scheme or project covered by a works estimate.

- (a) Super-elevation at curves.
- (b) Widening the formation or carriageway of a road, widening a drain or cutting back a hill-side, to improve vision at curves, provided that acquisition of land is not involved in any case.

- (c) Improvements of alignment or gradients or changes of grade at Irish bridges or dips carried out at the time of renewing a surface provided that acquisition of land is not involved in any case.
- (d) Improvements to or reconstruction of the surface of a road in some different material where it is desirable to carry out such improvements or reconstruction at the time of renewing a surface.
- (e) The construction or reconstruction of road surfaces in different materials for the purposes of experiment.
- (f) The reconstruction or remodelling of bridges, culverts, causeways, embankments, ferry approaches, protective or training works in connection with a road.

*Note:*—Item (f) includes replacement of boats and other apparatus connected with ferries.

3. When the book value of the portion dismantled is dealt with under clauses (1) and (3) in the above Article, the cost of dismantlement should be charged to “Repairs” and the value of the dismantled materials treated as follows:

- (a) If they are sold, the proceeds shall be credited against maintenance and repairs of the work during the year.
- (b) If they are brought on stock, the estimated value shall be credited to maintenance and repairs as under (a) and debited to stock.
- (c) If they are utilized in the construction of a new work on the same building, the estimated value shall be credited to maintenance and repairs as under (a) and debited to the new work if it consists of original work; should the work consist of repairs no charge shall be credited or debited for the materials.
- (d) If they are re-utilized in the construction of a new work on a different building, the estimated value shall be credited to

maintenance and repairs of the building from which the materials have been removed as under (a) and debited to the new work under original works, or repairs as the case may be.

When the capital value of a building or a portion of a building is written off under Local Ruling I above, the proceeds under (a), (b), (c) and (d) above shall be credited to revenue.

When land with buildings thereon is acquired and the latter have to be dismantled, the proceeds under (a), (b), (c) and (d) above shall be credited in reduction of the capital cost of the land instead of to “Repairs” or “Revenue”.

The transactions under these rules if foreseen shall be provided for in the estimates.

4. When an entire structure is reconstructed owing to the occurrence of fire, flood or other calamity or owing to wear and tear, the cost of reconstruction should be treated as capital cost and on completion the Government will decide what amount should be written off from the original capital cost.

## II. CIVIL WORKS

23. The general principles to be followed in the classification of public works expenditure are laid down in Article 33 of the Account Code, Volume I.

*Local ruling under Article 23*

Article 33 of Account Code, Volume I is reproduced below:—

Expenditure on public works where the works are under the administrative control of the P.W.D. shall be classified in accounts according to the following principles.

(i) Expenditure on the construction of Government non-residential buildings, for administrative and office purposes and other buildings which exclusively relate to function under Central Service as distinct from that on the construction of buildings for functional purposes like schools, colleges, hospitals etc., will be accounted for under the major head “2059 Public Works” or “4059 Capital outlay on Public Works” as the case may be.

(ii) Expenditure on the construction of buildings for purely functional purposes, such as those for schools, colleges, hospitals etc., will be accounted

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for under the relevant major heads closely connected with the functions such as “2202. Education/4202 Capital outlay on Education, Sports, Art and Culture”, “2210 Medical & Public Health/4210. Capital outlay on Medical & Public Health” etc., as the case may be.

(iii) Expenditure on maintenance and repairs of all Government non-residential buildings, whether the administrative office or functional purposes will however, be accounted for under the major head “2059 Public Works”.

(iv) Expenditure on Government residential buildings will be accounted for under the major head “2216. Housing/4216. Capital outlay on Housing” in the revenue or capital section as the case may be, in the sector ‘Social and Community Services’.

(v) Expenditure on roads and bridges, being in the nature of communication services, will be accounted for under the major head “3054. Roads and Bridges/5054. Capital outlay on road and bridges” in the revenue or capital sections as the case may be in the sub-sector “Transport and Communications” of the sector “Economic Services”.

*Note:—1* Where the buildings etc., are not the administrative control of the P.W.D. it is open to Government to prescribe that expenditure on construction and upto certain monetary limits, may be incurred by the Civil Departments (i.e. departments other than the Public Works Department) concerned. In such cases, where the expenditure can be identified with the programme (Minor head) relating to the function (Major head) it should be accounted for under the detailed head “Works” below the minor head. Where the minor head is not identifiable, it should be classified under the residuary minor head “other expenditure” of the relevant major head.

*Note:—2* Expenditure on the staff quarters (construction as well as maintenance) forming part of a scheme or project such as those of Doctors or Nurses in a hospital, will normally be accounted for as expenditure of the programme under the relevant functional Major head (‘Medical’ in the example cited above) and not under the Major head ‘Housing’. If however Government finds it difficult for administrative

reasons, to follow this principle, in the case of maintenance expenditure the expenditure on maintenance may be debited to “2059 Public Works”. As a corollary, the rent receipts will go to ‘0216 Housing’ in such cases.

24. In State Public Works Divisions, transactions relating to Central Civil Works, which are to be accounted for finally in the books of the Accountant General to whom the divisions render accounts should be classified under the Central final heads concerned, those relating to other works of the Central Government, under the remittance head concerned. For purposes of adjustment against the balance of the Central Government or the Railway fund, the amounts involved should be included in the account of the head “Adjusting Account between Central and State Government” or “Adjusting Account with Railways”, as the case may be, *vide* Article 15.

*Local ruling under Article 24*

The State Public Works Department is executing the following works on behalf of the Central P.W.D.:— Constructions and Developments, Maintenance and Repairs of National Highways, the expenditure on which together with supervision charges at 9% of the works expenditure is being debited under “5054—Capital outlay on Roads and Bridges” and “3054—Roads and Bridges” respectively, in the Central Section of the accounts, in the books of the Accountant General, Kerala State. The monetary settlement for this expenditure is being affected through the accounts under the head “Adjusting Account between Central and State Governments”.

### **III. IRRIGATION, NAVIGATION, EMBANKMENT AND DRAINAGE WORKS**

25. All works of Irrigation, Navigation, Embankment, Drainage and Water Storage should be classified primarily into the following two sections:—

(a) *Irrigations works*.—This section should include water storage works also.

(b) *Navigation, Embankment and Drainage Works.*—This section should include receipts and charges relating to water-ways, navigable canal embankments and other agricultural and drainage works undertaken primarily not for irrigation purposes but for the general improvement of the country or for general administrative purposes.

26. Omitted.

27. Works expenditure on Irrigation Projects which under the prescribed rules of allocation, is debit to the capital account should be classified under the sub-major heads 'A. Irrigation Projects' (Commercial) and 'B. Irrigation Projects' (Non-commercial) as the case may be of the major heads @ '533 Capital Outlay on Irrigation, Navigation and Flood Control Projects'. That which is chargeable to the Revenue Account should fall under the prescribed detailed heads 'works', 'Maintenance' of the relevant sub-head subordinate to the project minor head of the sub-major heads 'A. Irrigation Projects (Commercial)' or 'B. Irrigation Projects (Non-commercial)' as the case may be of the major heads & '333. Irrigation, Navigation, Drainage and Flood Control Projects'.

28. The expenditure on a work or project which is classed as Productive by orders of Government should be recorded in two sections separately for capital and revenue charges. For unproductive work also, the arrangement should be similar where it is desirable or possible to maintain accounts on a quasi-commercial basis. When however, a work of this class is too small to justify the maintenance of a separate account on such a basis, all expenditure upon it should be treated as a revenue charge, the work being classified as one for which no capital accounts are kept. In the category of unproductive works should also fall 'Miscellaneous Expenditure', which is expenditure upon the preliminary survey of new project and also the cost of famine surveys required for the preparation of famine programme.

29. The minor heads subordinate to the sub-major heads mentioned in Article 27 should be divided ordinarily into the following subdivisions:—

- (1) Head Works
- (2) Main canal and branches

- (3) Distributaries
- (4) Drainage and Protective works
- (5) Water Courses (for “Works” only)
- (6) Special tools and plant (for “Works” only)
- (7) Losses on stock

Under the minor head “Maintenance and Repairs” an eighth head “Compensation” may be opened. The detailed heads subordinate to these heads will be such as may be prescribed by Government after consultation with the Accountant General.

*Local rulings, illustrations etc., under Article 29*

For the detailed heads prescribed by Government see Local Ruling under Article 10 and Appendix 3 to the Kerala Public Works Account Code.

30. All works expenditure relating to main canal and branches may be divided into (1) Main line of a canal and (2) each of its branches separately; that relating to distributaries will also be grouped for the distributaries belonging to the main line of the canal and to each of its branches separately.

#### **IV. NON-GOVERNMENT WORKS**

31. Non-Government works should for purposes of classification be divided into three broad classes: (1) Deposit Works, (2) Local loan works and (3) Takavi works.

32. Expenditure incurred on Deposits Works should be debited against the amount advanced by the party concerned to the extent of that amount. Any excess over that amount and also any expenditure on a deposit work which has been authorised by competent authority in anticipation of receipt of money, should be classified under “Miscellaneous Works Advances” pending recovery. Expenditure incurred on District, Municipal, Cantonment and Port Trust Fund Works may, if authorised by Government, be debited to the head “Deposits of Local Funds.....” in cases where the balances of the fund form part of the Public Account of the Government concerned.

33. Expenditure on a local loan work including the portion of expenditure on a joint work, which is incurred against a sanctioned loan under orders of competent authority, should be classified under the head “6004—Loans and Advances from the Central Government” or under the relevant functional loan major/minor heads as the case may be.

34. Not printed.

*Local rulings, illustrations etc., under Article 31 and 34*

There are no Takavi Works in this State.

#### V. FAMINE RELIEF WORKS

35. The directions regulating classification of expenditure of public work undertaken for the purpose of famine relief, are given in Notes below the major head 2245 in Appendix 2 to the Account Code, Volume I.

*Local rulings, illustrations etc., under Article 35*

Notes 1 to 4 below the major head 2245 in the list of major and minor heads of accounts in Appendix 2 to the Account Code, Volume I are reproduced below:

- Note:—*
1. All expenditure incurred directly for the relief of distress shall be debited to this major head. Expenditure incurred indirectly due to any natural calamity shall be debited to appropriate functional major head.
  2. Public works undertaken for giving relief to people affected by natural calamities and treated as relief works will be recorded under the relevant minor heads under this sub-major head (C. Relief works). In cases where these works are not treated as relief works, the same will be classified in accounts, as ordinary public works expenditure and dealt with in accordance with directions indicated in Note No. (1) below the major head “2059. Public Works”.
  3. In the case of a Government servant already in the service of Government, pay and allowances, etc., shall be debited to the appropriate functional head when he is merely an addition to the existing establishment entertained for natural calamities work. If he is detached from regular service and employed mainly on natural

calamities relief, pay and allowances will be debited to this major head. The pay and allowances of an establishment specially entertained for and employed mainly on such relief will also be debited under this head (Direction and Administration).

4. This minor head (Other expenditure) will record expenditure prevention of cattle epidemic and other miscellaneous expenditure not identifiable with other sub-major/minor heads.

#### **VI. ROAD DEVELOPMENT WORKS**

36. The expenditure on works or portion or works, the cost of which is met from Central Road Fund, should be classified in accordance with the directions contained in Note I under 8224 Central Road Fund in Appendix 2 to the Account Code, Volume I.

*Local rulings, illustrations etc., under Article 36*

Note 1 under "8224—Central Road Fund" is reproduced below:—

*Note:—*1. This fund is constituted out of the proceeds of excise and import duties on motor spirits earmarked for road development. The amount sanctioned each year for transfer to this fund is credited to this head by contra debit to the major head '3054. Roads and Bridges' in the accounts of the Central Government. Out of this amount 80% is allocated to the States, etc., and the balance 20% is retained by the Central Government as ordinary reserve to which is also added receipts accepted from other sources which are treated as Special Reserves.

The accounting procedure for allocations from this fund and expenditure therefrom is as under:—

##### *A. Central Government and Union Territory Governments without Legislature*

Direct expenditure on roads, etc., incurred and to be met out of the allocations from the fund (Ordinary or Special) and the expenditure on the Roads Wing of the Ministry of Transport are initially debited to a major head '3054. Roads and Bridges' or any other appropriate head of account concerned and '3451. Secretariat—Economic Services' respectively. The debits under these heads are subsequently set off by transfer of equivalent amount from this fund.

### *B. State Governments*

The amounts allocated to the State Governments whether from the 80% allocation to the States or from the reserves are debited in the Central Books to the major head '3601. Grants-in-aid to State Governments'. This head is relieved simultaneously by a deduct entry by transfer of equivalent amounts from this Fund.

In the State Accounts, the amounts so received are credited to the Major head '1601. Grants-in-aid from Central Government'. Out of these amounts, the allocations other than those from reserves, are credited to major head '8449. Other Deposits—103—Subventions from Central Road Fund', by per contra debit to the major head '3054. Roads and Bridges' or any other appropriate head of account concerned. Such of the expenditure under this major head as is to be met out of the allocations other than those from the Reserves, is set off by transfer of the equivalent amounts from the deposit head mentioned above.

### *C. Union Territories with Legislature*

The amounts sanctioned to the Union Territories with Legislature are debited in the accounts of the Central Government to the major head '3602. Grants-in-aid to Union Territory Government'. This head is relieved simultaneously by transfer of equivalent amounts from this Fund.

In the books of the Union Territory Governments with Legislature these grants are credited under the major head '1601. Grants-in-aid from Central Government'. The expenditure in reimbursement of which these grants are made, is debited to the major head '3054. Roads and Bridges'.

### **F. Expenditure on stores**

37. (a) As a general rule the cost of the acquisition of stores should be debited to the final head of account concerned or the particular work for which they are required if either of these can be determined at once. Otherwise, it should be kept in a suspense account pending clearance as the materials are issued actually by debit to specific heads of account or work.

(b) In accordance with this general rule the cost of the supply of all stores required as tools and plant for the general use of the division should be debited at once to the minor head "Machinery and equipments" subordinate to the major head under which such charges for the divisions are classified, and special items of tools and plant which are required not for general purposes but

for a specific work should be debited to that work. The question whether a particular item of supply should be treated as ordinary tools and plant or special tools and plant should be decided by Government.

(c) Similarly, all road metal required for the maintenance of a road or section of a road should be debited at once to the subhead "Repairs (Communications)" under the major head concerned against the estimate sanctioned for the collection of it, and when road metal is required specifically for use in the construction of a road or other work, its cost should be debited to the estimate for such construction.

(d) In the case of other materials when the purchases are made for the requirements of works generally, the cost should be accounted for under the suspense head "Stock". Materials purchased specially for a work should, however, be debited to that work.

*Local rulings, illustrations, etc., under Article 37*

(1) In case of doubt the Chief Engineer should decide whether any item of tools and plant should be classified as ordinary or special.

(2) As an exception to the rules in clause (b) machinery and Equipment held in the District Stores are held as part of stock and are accounted for as such, as they are intended for issue to other divisions and departments. When these are issued to other divisions, the divisions receiving them will deal with them under the rules in Section II of Chapter III and classify them either as tools and plant or as stock.

#### **G. Direction and Administration and Machinery and Equipment**

38. Charges on account of general services, like establishment and tools and plant, should be classified in the accounts under the appropriate subhead under the minor heads "Direction and Administration" and "Machinery and Equipment" as the case may be of the major head under which the division is classified for the purpose and, save as provided hereafter, no attempt should be made ordinarily to include in the cost of an individual work or another major head of expenditure any portion of expenditure on account of those services. *See also Article 118.*

39. As an exception to the foregoing rule, the under-mentioned special establishments should be debited as indicated below:—

- (i) purely revenue establishment (Deputy Collectors, Ziladars,

Amins, etc.) employed entirely on the management of Irrigation, Navigation or Drainage Works, and on the assessment, etc., of connected revenue, to the subdivision “Working Expenses” of the major head & “333—Irrigation, Navigation, Drainage and Flood Control Projects”;

- (ii) establishment employed on large irrigation surveys for new projects, to the surveys concerned; under the relevant sub major head below the major head & “333—Irrigation, Navigation, Drainage and Flood Control Projects”;
- (iii) establishment employed on famine relief works, to the head “2245—Relief on account of Natural Calamities”;
- (iv) establishment employed in workshops of a quasi-commercial character, to the workshop concerned under the major head under which its maintenance charges may be classified.

*Note:*— If in any division of a circle of superintendence, the charge of this special establishment cannot be allotted accurately to either of these two heads, the entire revenue establishment of the circle should be treated as “joint revenue establishment—under the relevant sub major head below the major head & “333” though it will be classified, in the first instance, in accordance with the general rule in Article 38.

*Local rulings, illustrations, etc., under Article 39*

There is no establishment as in category (i) above in this State.

40. Subject to such general or special orders issued by Government in this behalf, pay and allowances of such temporary establishment as is employed upon the actual execution as distinct from the general supervision, of a specific work or upon the subordinate supervision of departmental labour, stores, and machinery in connection with such a work may be debited to the account of that work.

41. The cost of special tools and plant, i.e., tools, plant, machinery, etc., obtained to meet the special requirements of a particular work or project and of a nature not usually to be found in the general stores of the State or Administration should be treated as a direct charge to that work or project; *vide* Article 37.

42. When the charges on account of establishment and tools and plant of a division as a whole are met out of a single major head in the first instance, such charges may be distributed annually by the Accountant General over the several major heads concerned in accordance with such methods as may be prescribed by Government in consultation with the Accountant General. Similarly, the cost of special tools and plant (such as dredgers, etc.), debited to a single head in the accounts, may be distributed over the several subheads of works, in accordance with such methods as the Government may determine in consultation with the Accountant General.

*Local rulings, illustrations, etc., under Article 42*

The rules for the accounting and distribution of tools and plant charges prescribed by the Government in consultation with the Accountant General are contained in Appendix 2.

#### **H. Grants-in-aid**

43. The general directions for the classification in the accounts relating to contributions by the Central or State Government to Local Funds and Public Bodies and *vice versa*, are given in Article 34 of the Account Code, Volume I.

44. In the public works accounts, contributions made to local bodies, whether in cash or in the shape of work done by the Public Works Department on their behalf, should be debited as expenditure under the detailed head “contributions” below the relevant minor/major head corresponding to the programme/function closely connected with the object of the assistance.

45. When the Public Works Department entrusts to the agency of a District Board or other local body, the maintenance of Government buildings or roads without transferring the property to the local body, the payment made to it on this account should be debited to the estimate of the maintenance of the work and not classified as “contributions”.

*Local rulings, illustrations, etc., under Articles 43-45*

Article 34 (a) of the Account Code, Volume I is reproduced below:

34 (a) Contributions made by the Central or State Governments to District Boards, Municipalities, etc., or *vice versa* shall be debited as expenditure

or shown as receipts (as the case may be) under the head of account most closely connected with the object for which the contributions are made. Thus, a grant for the construction of a school shall be debited to '2202 Education', grant for construction of a drainage system to "2215— Water Supply&Sanitation" and a grant for the construction of a road to "3054—Roads and Bridges" and a grant given for general purposes, such as a grant to make good a deficit or compensation for revenue resumed, shall be classified under "2217—Urban Development" and "3604 Compensation and Assignments to Local Bodies and Panchayati Raj Institutions" respectively.

*Note:—*1 If the financial assistance given by the Central or State Government to a local body does not take the form of a grant of cash, but of expenditure in the Public Works Department equivalent to the whole or part of the cost of a work constructed by that department on behalf of the local body concerned, the contribution thus made should be debited as expenditure under the detailed head 'Contributions' below the relevant minor/major head corresponding to the programme/function closely connected with the object of the assistance.

46. When works already constructed or land already purchased are transferred, free of charge, to local bodies, no readjustment of the accounts of cost should be made unless Government otherwise directs.

*Note:—*This direction shall not apply to Irrigation, Navigation, Embankment and Drainage Works for which capital accounts are kept.

### **I. Suspense Transactions**

#### **I. GENERAL**

47. Suspense transaction should be classified under the minor head "Suspense" of the major head of expenditure concerned, unless they are required to be taken to the accounts or works, *vide* Article 136. The sub-divisions into which this minor head should be divided and the nature of transactions to be classified under each are described below:

#### **II. PURCHASES**

48. When materials are received from a supplier or through Indian Supply Mission abroad or from another division or department, their value should be credited to Purchases:—

- (i) immediately on their receipt, if they have been received for a specific work, so that, *per contra*, the cost may be included at once in the accounts of the work and those accounts, as well as the connected subsidiary accounts may take cognizance of the receipt and materials at the earliest opportunity (*See* Articles 127 and 128); and
- (ii) on closing the accounts of the month, if they have been received for stock and payment has not been made for them during the month so as to secure agreement between the quantity and value accounts.

49. When the actual value of the materials is not known, an estimated figure should be adopted, any difference being adjusted, as soon as known, by a *plus or minus* credit to purchases, as the case may be.

50. When the price of the materials is paid or adjusted by transfer, the payment should be debited to purchases, and the outstanding credit thus cleared.

*Note:*— If the amount admitted in payment exceeds the amount credited to purchases, the difference should be debited direct to stock or to the work concerned.

*Local rulings, illustrations, etc., under Article 50*

The general suspense head ‘purchases’ is not operated in the State Public Works Accounts with effect from 1-4-1961. Instead, the suspense head ‘purchases’ is operated as a distinct subhead within ‘work’ and ‘stock’.

### **III. STOCK**

#### **(a) General**

51. To the account head “Stock” should be debited all expenditure connected with the acquisition of stock materials and with all manufacture operations and the expenditure incurred on storage. To it should be credited the value of materials issued to works, sold, transferred, or otherwise disposed of, and the balance of the account will represent the book value of the materials in

Stock *plus* the unadjusted charges, etc., connected with manufacture *plus* the unadjusted expenditure on storage.

*Local rulings, illustrations, etc., under Article 51*

Materials acquired for stock are classified under the following sub heads:—

Small stores, building materials, timber, metals, fuels, painter's stores, house fittings and miscellaneous. The transactions connected with manufacture operations and land and kilns are accounted for under the subhead "Manufacture" and "Land, kilns, etc.," respectively.

**(b) Manufacture**

52. The manufacture transactions (detailed in Section VI of Chapter III) should be classified in accounts as follows:—

(a) "Operation" charges should be shown as receipts of Stock under the subhead. "Manufacture" charges representing value of stock materials issued to manufacture being treated simultaneously as issues of stock under the subheads concerned.

(b) All out-turn should first be brought formally on the stock account, by credit of its value to "Manufacture", and the simultaneous exhibition of the articles as receipts of Stock under the subheads concerned.

*Local rulings, illustrations, etc., under Article 52*

*Illustration:—*Timber issued from stock for manufacturing house fittings will be accounted for as issues under the subhead "Timber" and as receipts under the subhead "Manufacture" while house fittings manufactured will be shown as issue against manufacture and as receipts against the subhead "House fittings".

**(C) Land and Kilns**

53. When land is acquired for extracting road metal primarily intended for—

- (i) the maintenance of an existing road, or
- (ii) the construction of a new road or the raising in class of an existing road,

the following principles of classification should be followed in adjusting the charges connected with the land and quarries:—

(a) When the charges do not exceed ₹ 1,000 or such other limits as may be prescribed by Government in consultation with the Accountant General, the amount should be debited direct to “Repairs” or to “Original Works”, according as the quarry is intended to serve the purposes specified in clause (i) or (ii) above.

(b) When the charges exceed ₹1,000 or such other limits as may be prescribed by Government in consultation with the Accountant General and the road metal is required for the maintenance of an existing road or roads for a series of years the total initial outlay should be debited to the subhead “Land, Kilns, etc.”, of the Stock Account and this subhead should be relieved gradually, by debit to the collection estimates of each year, in the manner prescribed in Article 158 for similar charges connected with manufacture operations.

(c) When the charges exceed ₹ 1,000 or such other limits as may be prescribed by Government in consultation with the Accountant General and the road metal is required for the purpose specified in clause (ii) above a proper portion of the cost should be debited direct to the original work concerned. Any balance should be debited to the subhead “Land and Kilns, etc.”, of the Stock Account, and this subhead should be cleared eventually by debit to “Repairs” in the manner prescribed in Article 158 (b).

*Local rulings, illustrations, etc., under Article 53*

The State Government have fixed a limit of ₹ 1,000 for the purpose of this Article.

#### IV. MISCELLANEOUS WORKS ADVANCES

54. Transactions recorded under the head “Miscellaneous Works Advances” should be divided into following classes:—

- (1) Sales on credit.
- (2) Expenditure incurred on Deposit Works in excess of deposits received or in anticipation of receipt of money (Article 32).

(3) Losses, retrenchments, errors, etc.

(4) Other items.

*Note:—* No charges should be debited to this head on the ground of absence or insufficiency of sanction or appropriation except as provided in item (2).

*Local rulings, illustrations, etc., under Article 54*

Personal advances drawn from the treasury and audit retrenchments made from bills cashed direct at the treasury do not appear in the accounts of Divisional Offices. Advances made to contractors appear in the accounts of works.

55. When stores of any kind are sold or credit, their value (plus if recoverable, the Supervision charges) should be debited to Miscellaneous Work Advances under the subhead "Sales on Credit", so that (1) the accounts of stock or works from which the materials are issued may be kept correctly, and (2) the recovery of the value from the local body or individual concerned may be watched through the regular accounts.

*Local rulings, illustrations, etc., under Article 55*

1. When tools and plant are disposed of by sale or otherwise with the sanction of competent authority and the amount recoverable is not received within the month in which the articles are delivered it should be charges to 'Miscellaneous Works Advances' as a sale-on credit by credit to the minor head "Recoveries of Expenditure" under the relevant receipt major head.

2. No stores should be sold on credit without the specific sanction of Government in each case.

56. Under the heading "Losses, retrenchments, errors, etc"., should appear the following:—

- (a) deficiencies in cash or stock,
- (b) actual losses of cash or stock,
- (c) errors in accounts awaiting adjustments, and
- (d) retrenchments and losses of other kinds recoverable from Government servants.

57. The head “Other items” should be used for all debits, the allocation of which is not known or which cannot be adjusted until recovery or settlement is effected or write off ordered. The following are cited as examples:—(1) debits, the classifications of which cannot be determined at once, (2) recoverable debit not pertaining to the accounts of a work, and (3) recoverable outstandings pertaining to works, the accounts of which are closed.

*Note:*—The share of municipal taxes paid by Government on behalf of tenants of Government buildings should be debited to this head pending recovery.

*Local rulings, illustrations, etc., under Article 57*

1. Over payment to contractors detected when closing their accounts should be debited to this sub-head if the amount cannot be recovered in cash or settled otherwise.

2. All debit balances in the suspense accounts of annual maintenance works which are to be closed in the last month of a working year should be transferred to this sub-head to be relieved in the following month by retransfer to the suspense account concerned in the accounts of the maintenance estimate for the next working year.

Articles 58 to 61 deleted.

#### V. WORKSHOP SUSPENSE

62. Save as provided in Article 63 and 64 below, direct outlay on the jobs executed in a workshop should be passed through the suspense head “Workshop Suspense”. On the completion of a job, all outstanding charges on it should be debited as soon as possible, to the head concerned, but in cases where this cannot be done, as in the case of expenditure incurred in excess of the deposit received, the unadjusted amount should be transferred to the head “Miscellaneous Works Advances” pending settlement.

*Note:*— Incidental charges connected with the stock of materials should be dealt with under Article 64.

#### J. Workshops Transaction

63. Receipts and expenditure transactions in connection with workshops should be classified as follows:—

(a) Where capital accounts are kept of a workshop intended mainly for the needs of the Irrigation Branch (i.e., if the workshop is to be regarded as

being on a quasi-commercial basis), the capital expenditure should be classified under the relevant division and subdivision of the major head @“533” receipts representing recoveries of capital expenditure should be taken in reduction of such expenditure, while revenue receipts and working expenses should be classified under the minor heads opened under the corresponding division and subdivision of the respective sub major heads of the major heads #“133—Irrigation, Navigation, Drainage and Flood Control Projects”. &“333—Irrigation, Navigation, Drainage and Flood Control Projects” respectively divided so as to meet the requirements of the *pro forma* accounts of the shop;

(b) Where capital accounts are kept of a workshop intended mainly for the needs of Public Works Branch, all expenditure incurred upon it, whether of the nature of capital or of working expenses should be classified under the major head “2059” recoveries of capital expenditure should be taken in reduction of such expenditure; revenue receipts should be booked under the minor head, opened under the major head “0059”, entitled “Receipts from Workshops”, divided so as to meet the requirements of the *pro forma* accounts of the shop; and

(c) Where no capital accounts are kept of a workshop, for whichever branch intended, all expenditure should be classified under the respective sub-major head of the major head “333” or under the major head “2059” as the case may be, and all receipts, whether “recoveries of expenditure” or “revenue receipts” under the respective sub major head of the corresponding revenue major head #“133” or under the corresponding revenue major head “0059”.

*Local rulings, illustrations, etc., under Article 63*

The procedure indicated in clause (b) above is followed in respect of the Government Engineering Workshops.

64. All capital charges on building, plant and machinery and stock materials, and all revenue charges incurred on their maintenance and on the upkeep of the necessary general establishment, should be classified as ordinary public works transaction under the major head concerned in accordance with the preceding Article and under the general directions in this Code. These are charges which neither pertain to any individual job executed in the shop, nor are capable of direct apportionment amongst all the jobs, and their distribution over individual jobs should be made in accordance with the rule in Article 177.

### **K. Recoveries of Expenditure**

65. The general directions to regulate the exhibition of recoveries of expenditure are given in Chapter 5 of the Account Code, Volume I. The following Articles indicate their application to Public Works transactions.

66. Subject to the provisions of Article 75 of the Account Code, Volume I, all recoveries of expenditure appearing in the accounts of Public Works Offices should be treated as revenue receipts and not as *minus* expenditure.

Recoveries in respect of over-payments made during the current year, however should be adjusted ordinarily by deduction from the current year's charge under the detailed head previously over-charged.

67. Receipts and recoveries on capital accounts in so far as they represent recoveries of expenditure previously debited to a capital major head, should be taken in reduction of expenditure under the major head concerned. For convenience of accounting they should be treated as receipts in the first instance and classified as "Receipts and recoveries on Capital Account", the necessary transfer at the end of the month being made to the capital major head of expenditure in the lump sum.

68. Recoveries under stock and other suspense accounts and recoveries of expenditure upon works in progress should be treated as reduction of gross expenditure. The recoveries in the latter case should comprise sale proceeds of surplus materials and plant acquired especially for any work or of materials received from dismantled structures irrespective of whether the estimates for the works make allowances for such recoveries or not.

69. Recoveries on account of establishment and machinery and equipment charges should be treated as follows:—

(i) *Recoveries of establishment charges at percentage rates:*

In respect of establishment charges relatable to works done for other Governments, Local Funds, Private parties etc., the recovery should be made on percentage basis and credited as revenue under the minor head "Recovery of centage charges" below the major head "0059. Public Works". The Government have fixed the percentages for this purpose as the following rates:—

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Establishment	15%
Machinery and equipment	1½%
Pensionary charges	2%

[vide G.O. (P) 152/76/Fin. dated 31-5-1976.]

(ii) *Recoveries of machinery and equipment charges at percentage rates:*

The above rule will apply *mutatis mutandis* to the recovery and adjustment of the charges on account of machinery and equipment relatable to the works done for other Government, Local Funds, Private parties etc.

(iii) *Distribution of establishment and machinery and equipment charges in respect of common Public Works Establishments:*

The charges on account of the common establishment and machinery and equipment of the buildings and roads branch of the Public Works Department should be accounted for initially under the minor heads—“Direction and Administration” and “Machinery and Equipment” respectively below the major head “2059. Public Works”. The detailed procedure for the recovery and final adjustment of these charges are as follows:—

For works debitable to capital heads of accounts, the establishment charges should be allocated monthly in the Divisions on a percentage basis in proportion to the works outlay recorded under the capital major heads and adjusted as reduction of expenditure under the sub head “Deduct—Transfer of Establishment Charges on percentage basis to the capital major heads” below the minor head “Direction and Administration”. The percentage for the recovery of these charges will be fixed by the Government in such a manner as to remain current at least for the three years.

(iv) *Pro rata share of the charges for establishment:*

In the Revenue Accounts Section the pro rata distribution of the charges on establishment is necessary only in respect of works charged to “2216. Housing” and “3054. Roads and Bridges”. For the allocation of establishment charges, the residuary expenditure under ‘Direction and Administration’ should be worked out at the end of the year after the adjustment referred to in Article 69 (ii) above is carried out. The total expenditure under the minor head

“Maintenance and repairs” should also be taken into account for the *pro rata* distribution of the residuary establishment charges. From the residuary expenditure, the amount recovered during the year and credited to “0059. Public Works”—*vide* Art. 69 (i) above—should be notionally deducted and from this net amount a *pro rata* of the charges to “2216. Housing” and “3054. Roads and Bridges” should be made according to works outlay recorded under these major heads vis-à-vis the total revenue expenditure on Public Works in all major heads in the Revenue Account Section. The amount distributable to the major heads “2216” and “3054” should be treated as reduction of expenditure and adjusted under the deduct sub-head ‘Establishment Charge transferred *pro rata* to “2216. Housing”, “3054. Roads and Bridges” under the minor head “Direction and Administration”.

(v) *Pro rata share of the charges on machinery and equipment:*

The procedure for adjustment of pro rata share of establishment laid down in para (iv) above will apply *mutatis mutandis* in respect of the *pro rata* share of adjustment—machinery and equipment charges also.

(vi) *Recoveries of charges for leave and pension:*

When leave and pension contribution are levied separately, recoveries representing leave contribution should be credited to the receipt head corresponding to the functional head to which the establishment relates or where there is no corresponding receipt head to the minor head “Other receipts” under the residuary receipt major head in respective sections and recoveries representing pension contributions to the major head “0071. Contributions and recoveries towards pension and other retirement benefits’ under the minor head ‘Subscriptions and Contributions’. In cases in which the rates for leave and pension contributions are combined the recoveries should be treated as revenue and the whole amount credited under the minor head ‘Subscriptions and contributions’ below the major head “0071”.

70. Recoveries of outlay on water-courses other than those treated as Takavi works which are made by a general levy whether for a specified or indefinite period should be treated as follows—

(a) When the actual recoveries are to be set off against the outlay—as receipts on capital account of the project, if the levy takes the form of a lump sum recovery of cost in one or more years.

(b) When the actual recoveries are to be set off against the outlay—as revenue receipts of the project, if the levy takes the form of an enhancement of revenue the exact classification being determined by the form in which the recoveries are made.

*Note:*—Recoveries of outlay on water-courses, where such recoveries have to be set off against the outlay, may at the discretion of Government be taken in reduction of expenditure under the sub-head “Water-courses”.

71. The recoveries of expenditure which are finally creditable as revenue receipts should be recorded under the minor head ‘Other receipts’ of the major head concerned while those which are adjustable education of expenditure under the Capital major head should appear under the minor head “Receipt and Recoveries on Capital account” of the capital major head concerned.

*Note:*— Receipts on account of sale proceeds of land, building, special tools and plant or other assets purchased or constructed at the cost of a special project may at the discretion of Government be taken in reduction of expenditure under the appropriate sub-head subordinate to the capital major head concerned.

72. Recoveries on account of cost of audit and accounts in respect of works carried out on behalf of non-Government bodies or individuals are adjusted as revenue receipts.

#### **L. Deposits**

73. The following transactions should be classified under the head “Public Works Deposits”:

- (a) cash deposits of subordinates as security;
- (b) cash deposits of contractors as security;
- (c) deposits for works (other than Takavi work) to be done;
- (d) sums due to contractors on closed accounts; and
- (e) miscellaneous deposits.

*Note:*— The head “Miscellaneous Deposits” should also accommodate until clearance, all items of receipt, the classification of which cannot be determined at once, or which represent errors in accounting awaiting adjustment.

*Local rulings, illustrations, etc., under Article 73*

Credit balances in the suspense accounts of annual maintenance works which are to be closed in the last month of the working year should be transferred to the head "Public Works Deposits" for retransfer to the suspense accounts of the next working year's estimate.

74. Percentage deductions for security deposit made from contractor's bills should be credited to the head "Public Works Deposits—Cash deposits of contractors".

*Note:*— As an exception to this rule, when the security is exacted by withholding from payment the required percentage of the value of work actually measured and passed, the amount so withheld may appear in the suspense account "Contractors—Other Transactions" of the work concerned.

*Local rulings, illustrations, etc., under Article 74*

The State Government have prescribed that the security can be exacted by withholding from payment the required percentage of the value of work actually measured and passed, if the total amount recoverable on this account during the official year in any case is so small that its exclusion from the works outlay of the year is not likely to effect the grants appreciably. The limit prescribed for this purpose is Rs. 500 for each work.

**M. Miscellaneous Transactions**

75. The expense attendant upon the necessary examination of the soil for the foundation of works ordered by competent authority should be treated as outlay on works and not as contingent charge.

76. Municipal or other rates and taxes on non-residential buildings when debitable to public works—*vide* Art. 40 of Volume I, should be treated as expenditure on maintenance and repairs and debited to the maintenance estimates of the buildings concerned viz., '2059 Public Works—Maintenance and Repairs'. Taxes on residential building should be charges to the maintenance estimates of the buildings under the major head '2216. Housing' or '2059. Public Works' as Government may decide.

Except in the case of residential buildings, there should be no distinction between 'Ordinary Repairs' and 'Special Repairs'. Expenditure on

maintenance and repairs of non-residential buildings whether for administrative office or functional purposes should be classified under the minor head 'Maintenance and Repairs' below the major head '2059. Public Works'.

*Local rulings, illustration, etc., under Article 76*

The relevant portion of Article 40 of the Account Code, Volume I is extracted below:—

#### **MUNICIPAL RATES AND TAXES**

Municipal rates and taxes on Government buildings shall be adjusted as follows:—

(a) As a general rule, municipal rates and taxes on a non-residential buildings utilised for functional purposes, such as for schools, colleges or hospitals, if paid by the relevant departments dealing with those functions, would be adjusted in accounts as part of the sub-heads/minor heads concerned relating to the function, under the detailed head "Rent, Rates and Taxes". Where however, the whole or a part of the tax is paid by the Public Works Department in administrative control of the building, the payments may be debited to the maintenance estimates of the building concerned viz, "2059. Public Works—Maintenance and Repairs" in terms of Article 33 (iii).

(b) Taxes on non-residential buildings occupied by Departments other than the Defence Department, if paid by a department nominated by Government in this behalf and not passed on to the occupying departments shall be debited to "2070. Other Administrative Services—800—Other Expenditure".

(c) Taxes on residential buildings, if payable by Government shall be debited to the maintenance estimates of the buildings under the head "2216. Housing C—Government Residential Buildings—Maintenance and Repairs" or "2059. Public Works" in case the Government has decided to debit maintenance expenditure to this head.

*Note:—* In cases where the whole or any portion of the taxes which by local rule or custom are ordinarily leviable from the tenant, is paid by a department of the Government such payments are treated as part of the contingent expenditure of the department.

(d) Taxes both on residential or non-residential buildings owned or occupied by the Defence Department shall be debited to the defence services Estimates.

77. Every payment made to a member of the workcharged establishment whether on account of his wages or in recoupment of actual travelling expenses, should be debited to the work on which he is employed. *See* Article 40 also.

78. The following transactions recorded in the initial cash and stock accounts, which are counterbalanced either at once or after an interval by a similar transaction of the reverse character, should be classified as indicated below, care being taken to see that all such transactions are cancelled by each other in due course:—

(i) *Cash from treasury*.—A cheque drawn to replenish the cash chest should be debited to this head in the cash book, and *per contra* the amount of the cheque should be entered at once, as cash received, under the same head, a cheque drawn in favour of self being cash even though not cashed at once.

(ii) *Treasuries within division*.—Remittances of cash and stock by one accounting officer of the division to another should be debited or credited to this head when remittance is actually made or received.

### CHAPTER III ACCOUNTS TO BE KEPT IN PUBLIC WORKS OFFICES

#### SECTION I CASH ACCOUNTS

##### A. General

79. The directions in this section shall apply to cash transactions other than those relating to cash obtained on bills presented at treasuries. The payment on such bills will be brought to account by the Accountant General himself from the data furnished to him direct by treasury officers.

##### B. Cash Book

###### I. UPKEEP

80. An account of their cash transactions should be maintained in the Cash Book K.P.W. Form 1 by all Government servants authorised, as a regular arrangement, to receive money on behalf of Government, as well as by those entrusted with disbursements out of cash received by them in transfer from the divisional cash chest or obtained by cheques drawn on the treasury.

*Note*:—As an exception to this rule Government may authorise Divisional Officers not to pass through the Cash Book earnest money received from, and returned to contractors on the same day the tenders are opened, provided that the contractors concerned are required to give a stamped receipt for the money in the register of tenders maintained in the divisional office and that the register is to that effect treated as a subsidiary cash book and consequently as an accounts form.

81. The Cash Book should be treated as one of the most important account records of the department; the detailed instructions given in the notes on K.P.W. Form 1, should be observed strictly in practice by all concerned.

## II. BALANCING

82. The Cash Book should be balanced on the date prescribed for closing the cash accounts of the month, but when the transactions are numerous, a weekly or daily balance is recommended, and it is advisable that the cash be counted whenever a balance is struck, or at convenient intervals, as this affords an independent check on the accuracy of the postings. The results of such intermediate counting may be recorded in the form of a note (specifying the actual cash and also the outstanding balances of imprests and temporary advances) in the body of the Cash Book (column 8) so as not to interfere with the upto date totals; the actual balance of cash in the chest should be stated invariably in the note both in words and figures. The details of the actual cash found at the monthly counting should be recorded in K.P.W. Form 5 and a certificate of the reconciliation of the book balance with the actual one, recorded below the closing entries of the month.

83. Whenever, on the contents of the cash chest being counted; the balance as per Cash Book is found to be incorrect; it should, unless the error can be detected and set right at once, be rectified forthwith by making the necessary receipt or payment entry “To cash found surplus in chest” under “Public works Deposits” or “By cash found deficit in chest” under “Miscellaneous Works Advances” as the case may be.

## III. RECTIFICATION OF ERRORS

84. An entry once made in the Cash Book should in no circumstances be erased. If a mistake has been made and it is discovered before the copy of the Cash Book has been submitted to the Divisional Offices, the mistake should be

corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The disbursing officer should initial every such correction and invariably date his initials. When the mistake is discovered too late for correction in this way, an intimation of the necessary correction should be sent at once to the Divisional Office accompanied by a proposed transfer entry, if necessary. Except as indicated above, no correction of an entry once made in his Cash Book should be made by a Sub-divisional Officer unless authorised by the Divisional Office to do so.

85. The same principles should be observed in correcting errors noticed in the Divisional Cash Book. If the accounts of the month have been closed no corrections of errors in amount, classification, or name of work, should be made in that book, but a transfer entry should be prepared for the necessary correction, a suitable remark in red ink (quoting reference to the correction in accounts) being recorded against the original erroneous entry in the Cash Book.

### C. Imprest account

86. An account of imprest cash should be kept in duplicate by the imprest holder in K.P.W. Form 2 "Imprest Cash Account", in accordance with the direction given in that form. The counterfoil should be retained by the imprest holder and the original supported by the necessary vouchers should be forwarded to the officer from whom the imprest is held, whenever the imprest holder finds it necessary to have the account recouped, or when it is proposed to increase or decrease the amount of the imprest or to close the account altogether. The account should, in any case, be rendered to the officer from whom the imprest is held, in time to enable him to examine and incorporate the account in his Cash Book (*vide* notes on K.P.W. Form 1 and 2) before it is closed for the month on the date fixed for the purpose.

*Local rulings, illustrations etc., under Article 86:*

The imprest account is printed so as to facilitate copies being taken by carbon process. The fast sheet should be retained by the imprest holder and the detachable sheet sent to the officer from whom the imprest is held as prescribed in the above Article.

87. If any item in an imprest account appears to the recouping officer to be open to objection, that item may be entered in his Cash Book as "Item awaiting adjustment in the Imprest account of....." under

“Miscellaneous Works Advances” to be watched under that head until either the objection is removed or the amount is made good by the imprest holder.

*Local rulings, illustrations, etc., under Article 87:*

The imprest should always be recouped in full subject to the observance of the procedure indicated in this Article. The item of expenditure objected to will be classified under “Losses, retrenchments, errors etc.,” under ‘Miscellaneous Works Advances’.

#### **D. Temporary advance accounts**

88. When a disbursing officer makes a remittance to a subordinate officer to enable him to make a number of specific petty payments on a muster roll or other voucher which has already been passed for payment, the amount remitted should be treated as a temporary advance and accounted for in K.P.W. Form 2 in the same way as an imprest. The account of a Temporary Advance should be closed as soon as possible.

*Note:*—This shall apply also to cash taken out of the chest by the disbursing officer himself to make payment at a distance.

*Local rulings, illustrations, etc., under Article 88:*

When advances on transfer are made from the works imprest or other available cash in the hands of the disbursing officer pending recoupment, as soon as the bill for the advance is subsequently encashed, the transaction should be recorded as a temporary advance so that the amount may continue to form part of the cash balance for which the disbursing officer is responsible, but no detailed account need be kept in respect of these advances in K.P.W. Form 2.

#### **E. Settlement of accounts with treasuries**

89. As soon after the expiry of the month as possible, the Divisional Office should effect a monthly settlement with all treasuries in respect of the transactions of the entire division in accordance with such procedure as may be prescribed in the Treasury or Financial Rules of Government.

90. As Sub-divisional cash books are closed on various dates before the last date of the calendar month (*vide* Article 195), and the accounts of sub-treasuries are similarly treated, transactions recorded in the cash books of the Public Works Department for a month may be reported sometimes by the treasury in an earlier or a subsequent month. This disbursing factor should be borne in mind. Differences which are neither due to this cause, nor represent amounts of uncashed cheques should be settled expeditiously in consultation with the Treasury Officer concerned.

*Local rulings, illustrations etc., under Articles 89 and 90:*

(1) The accounts of sub-treasuries and subdivisions are closed on the last working day of the month in this State.

(2) The procedure for the monthly settlement of the transactions of the division with treasuries is prescribed in Rule 266 of the Kerala Treasury Code and Local Ruling under Article 61 of the Kerala Account Code, Vol. II. This is supplemented by detailed instructions issued by Government from time to time for the guidance of the Divisional and Treasury Officers.

## SECTION 2 STORES ACCOUNTS

### A. General

91. The four classes into which the Public Works Stores are classified, *vide* Article 37, should be divided into two distinct categories as shown below:—

(1) Stores debited to final heads—

- (i) Machinery and equipments
- (ii) Road metal
- (iii) Materials debited to works

(2) Stores debited to suspense—

- (iv) Stock.

92. Save as provided in this Volume the initial records of the stores which fall under category (1) will be kept in such forms and such manner as may be prescribed by Government with the object of controlling their balances until the stores are disposed of finally either by consumption on works or otherwise. The accounts of the stores, mentioned in

category (2) should be kept in accordance with the directions in Articles 94 to 103.

*Local rulings, illustrations, etc., under Articles 91 and 92:*

Rules prescribing the initial accounts of stores falling under category (1) and for their maintenance are contained in paragraphs 7.3.1 to 7.5.1 of the Kerala Public Works Account Code.

93. In all cases, the initial record of the detailed count or measurement of all materials received, the cost of which has to be paid for or adjusted by book transfer in the accounts of the division, should be kept in the Measurement Book prescribed in Article 123.

*Local rulings, illustrations etc., under Article 93:*

The initial records of stores received and issued are kept in the Goods Received Sheet form and the Stores Indent form. The receipt, issue and balance of stores debited to 'stock' are consolidated in the Bin card. The receipt of stores obtained for specific works is recorded in the Measurement Book.

In addition to the above records a 'Day Book' of receipts and issues is also required to be maintained in the stores.

## **B Stock**

### **I. GENERAL**

94. Unless Government directs otherwise, the records and returns of all stores kept or rendered by sub-divisions should take account of quantities only, the value accounts being maintained in the Divisional Office.

95. The stock account should be divided into the following sub-heads:— (1) Small Stores (2) Building Materials (3) Timber (4) Metals (5) Fuel (6) Painter's Stores (7) House Fittings (8) Miscellaneous Stores (9) Land, Kilns, etc., (10) Manufacture and (11) \*\*\*. Numbers (1) to (8) may be replaced locally by other suitable heads, if necessary.

*Local rulings, illustrations, etc., under Articles 94 and 95:*

The general suspense head 'Purchases' is not operated in the State with effect from 1-4-1961. But the head of account 'Purchases' is operated as a distinct subhead under 'Stock' or 'Work' as the case may be.

## II. INITIAL ACCOUNTS

96. All transactions of receipts and issues—in quantities only—should be recorded by each officer authorised to receive and issue stock on behalf of Government in “Registers of Stock Receipts—Issues”, K.P.W. Form 7, in the order in which and as soon as they occur.

*Note*:—1. These registers need not be kept in cases where a detailed account of any particular kind of stores is maintained in the form of card or leaf ledgers provided that suitable arrangements are made for the completion of the Abstracts of Stock Receipts and Stock Issues (Article 97).

*Note*:—2. Where this course is authorised by Government the issues of petty Stores by a sectional officer direct to works under his supervision may be shown in the accounts collectively once a month when the accounts of the month are closed.

*Local rulings, illustrations etc., under Article 96:*

The receipts and issues of the stores should be entered in Goods Received Sheet, K.P.W. Form 7A and Stores Indent, K.P.W. Form 6. A Bin card in K.P.W. Form 7 showing the receipt, issue and balance is also kept in the Store.

97. The receipt and issues transactions of the entire Sub-division, as entered in K.P.W. Form 7 should be abstracted monthly, by the Sub-divisional Office in a single “Abstract of stock Receipts” (K.P.W. Form 8) and in a single “Abstract of Stock Issues” (K.P.W. Form 9), in accordance with the instructions printed on these forms. No entries need be made in the Sub-divisional Office in any of the money columns in either part of the form, as these will be filled up in the Divisional Office, *vide* Article 98.

*Local rulings, illustrations etc., under Article 97:*

A summary of stock receipts and stock issues is prepared in the District Store/Divisional Office.

98. These abstracts should be completed in the Divisional Office in respect of (1) the values of quantities shown as received and issued, (2) the calculation of the storage charges on the issues and (3) cash or adjustment charges on account of manufacture operation, storage and incidental charges

such as those for carriage, loading and unloading of stock materials. The cash and transfer entry debits and credits to Stock should be agreed with the transactions pertaining to stock brought to account in the Cash Book and the Transfer Entry Book, *vide* Article 207. Carriage and other incidental charges should be debited to stock only when they are incurred in connection with the general stock requirements. These charges should be adjusted against the particular sub-head under which the item is classified or the sub-head "Storage" of the stock account according as the charges have been incurred before or after the acquisition and delivery of the stores at the godown.

99. The general account of receipts, issues and balances of the suspense head "Stock" for the entire division should be kept in the Suspense Register prescribed in Article 164.

### III. SUBSIDIARY ACCOUNTS

100. Sub-divisional and Divisional Offices will keep subsidiary Registers of Stock in such form as the Government may determine in consultation with the Accountant General, the object being to effect a periodical reconciliation, after verification of the quantity accounts with the general accounts (*vide* Article 99) and to revise the issue and Storage rates fixed by competent authority.

*Local rulings, illustrations, etc., under Article 100:*

The detailed rules in respect of these are incorporated in paragraphs 7.2.4 to 7.2.15 of the Kerala Public Works Account Code.

### IV. RECTIFICATION OF ERRORS

101. (a) Any errors that may be discovered in the Registers of Receipts and Issues or in the monthly abstracts before the accounts for the month are closed, should be set right by the Sub-divisional Officer. Such corrections should be made neatly by scoring out the incorrect figures or other entries and writing the correct one above them and they should be attested by dated initials. Mistakes noticed subsequently should not be corrected except in accordance with a formal transfer entry or under instructions received from the Divisional Office.

(b) Clerical errors in value accounts should be dealt with generally in accordance with the directions in Article 84. Corrections of errors discovered after the accounts of the month are closed, should be made, when permissible (i)

by entries of value (without quantities) in the stock accounts of the current month when no change is to be made in the head of account affected, and (ii) by transfer entries in other cases.

102. Other corrections which may be necessary as the result of stock taking or periodical revision of rates or declaration of stores as unserviceable should be effected in the following manner:—

(a) Both in quantity and value accounts, all additions to quantities should be treated as receipts, and reductions therein as issues a suitable remark being made in the entries in K.P.W. Forms 8 and 9. These entries must be made as soon as differences in quantities come to notice, but in the case of material to be declared unserviceable, no adjustment should be made until receipt of orders of competent authority.

(b) The net surplus or deficit resulting from the periodical revision of rates should be adjusted by making suitable value entries, without any corrections in quantities, in the abstracts of receipts and issues, K.P.W. Form 8 or K.P.W. Form 9 as the case may be, the values being classified in accordance with the principles enunciated below:—

(c) (i) The value of stores found surplus should be credited at once as a revenue receipt or a receipt on capital account, as the case may be.

(ii) The value of deficit should however, not be debited to final heads but kept under “Miscellaneous Works Advances” pending recovery or adjustment under orders of competent authority. When the loss is declared to be irrecoverable and its write-off ordered, a transfer entry should be prepared to clear the head ‘Miscellaneous Works Advances’ by debit to (i) the works for which the stores were collected specially, if the accounts thereof are still open, or (ii) the general head “Losses on stock” under one or more major heads as may be decided by competent authority on consideration of the objects for which the stores were stocked.

103. No correction should be made in the accounts in respect of stores declared to be in excess of requirements. Such stores should continue to be borne on the Stock account until transferred elsewhere or otherwise disposed of in the ordinary course.

### C. Special Tools and Plant

104. If the cost or depreciated value of any Special Tools and Plant obtained for, or used on, a project is required to be distributed over different units of the project, the forms of subsidiary accounts to be kept to facilitate that distribution may be settled by Government after consultation with the Accountant General.

*Local rulings, illustrations, etc., under Article 104*

The procedure prescribed for the distribution to several works and to the several sub-heads of a work the expenditure on "Special Tools and Plant" is given below:—

The cost of the Special Tools and Plant will initially be accounted for under the sub-head "Special Tools and Plant" subordinate to one of the Public Works major heads mainly affected. The depreciation, maintenance and working expenses etc., will be debited through regular accounts of the project on which the machinery is employed, necessary adjustments being made annually or at more frequent intervals as may be considered expedient in each case. The detailed head viz. "Gross Expenditure" and "Deduct—Recoveries" may be opened under the sub-head 'Special Tools and Plant' (the recoveries on account of depreciation, etc., being accounted for under the latter) so that the gross expenditure on Special Tools and Plant will always be readily available at all times.

In calculating the depreciation to be spread over the various works the total cost price of the Special Tools and Plant should be taken into account without deducting the anticipated salvage value as the latter is always uncertain and cannot be determined precisely until after completion of the project.

In calculating depreciation the estimated life of the machine should be taken to be the number of hours as given in the specification of the machine which provide only for active working hours and not for idle hours. These specifications in regard to the life of the machine may be changed suitably, if necessary, with reference to the climatic and other conditions of the locality in which the machines are to be used. The cost of the machines should then be divided by the number of effective working hours so ascertained and depreciation rates fixed accordingly. After working out the rates of depreciation in the manner indicated above, the depreciation should be charged to the

various sub-heads and units of work on which the machine is used. If the machine is completely used up i.e., it becomes unserviceable and if there is still a balance of not less than 5 per cent of the value of such plant left over under the sub-head "Special Tools and Plant" such unallocated portion of the depreciation should be charged to the works in the same proportion in which the depreciation was allocated in the first instance.

If the machine continues to be used after its anticipated life on the same works on which it was used previously, fresh depreciation need not be charged to these works. In case, however, the machine is transferred to another Division, Department or Government or is utilised on another Project in the same Division, the estimated value of the machine should be determined and credited to the accounts of the work or project originally debited. The residual balance, if any, under the sub-head "Special Tools and Plant" should then be transferred to the works on which the machine was used so that the works may show the true charge on account of the cost of the machine used on them.

### SECTION 3 TRANSFER ENTRIES

#### A. General

105. (1) Transfer entries, that is, entries intended to transfer an item of receipt or charge from the account of a work in progress or of a regular head of account to the account of another work or head, should be made:—

(a) in order to correct an error of classification in the original accounts;

(b) in order to adjust, by debit or credit to the proper head of account (or Work) an item outstanding in a suspense account or under a debt head;

(c) in order to bring to account certain classes of transactions which do not pass through the cash or stock account, e.g.

(i) for credit to "Purchase" on account of materials received for works from sources other than stock, *vide* Articles 127 and 128;

(ii) for credit to "Public Works Deposits" on account of balances due to contractors on closed accounts, *vide* Article 138;

- (iii) for credit to Revenue heads on account of revenue not recovered in cash;
  - (iv) for original debits or credits to remittance heads based on transactions not appearing in cash or stock accounts; e.g., transfer of tools and Plant to another division, department or Government when the value is recoverable from them;
  - (v) for credit to the heads concerned of the several percentages leviable under the rules, e.g., those on account of supervision (when not recovered in cash) establishment, tools and plant and workshop charges, *vide* Article 177;
- (d) in order to respond to a remittance transaction advised by the Accountant General or direct by the Division or Department concerned, if the corresponding debit or credit to the remittance head has not appeared already in the accounts;
- (e) in order to relieve the account of work in progress of—
- (i) items which have ceased to be debitable to the estimate for the work; and
  - (ii) suspense charges which can no longer be kept within the accounts of the work (*vide* Article 136); such transfer entries are necessary either when the accounts of any contractor or of the work itself are to be closed, or when any recoveries to be made (otherwise than in cash) have become due e.g., by the transfer of stores to any other work or account.
- (2) Sometimes it may be more convenient to classify items pertaining to several heads (or works), under a single head in the first instance than to classify them under each from the beginning. For example, when a joint work in which several parties are interested is undertaken, the individual transaction, relating to it may be taken to the accounts of a single party in the first instance but before the accounts of a month are closed, the necessary distribution over all the accounts should be effected by transfer entry.

### **B. Transfer Entry Orders**

106. For every transfer either a Transfer Entry Order should be prepared in K.P.W. Form 50 or an order recorded on another document, e.g., Survey Report

and Final Bill of a Contractor's closed account placed under "Public Works Deposits", which sets forth all the necessary particulars; *See* Article 212.

*Note:*—1. In cases in which submission to the Accountant General of the Transfer Entry Order with the monthly account, *vide* Article 232 is not required, the necessary order, if not initiated by a Sub-divisional Officer, may be signified by the Divisional Officer's initials against the entry in the Transfer Entry Book (Article 110).

*Note:*—2. A single transfer entry may cover a number of adjustments and corrections, provided that all the necessary particulars are set forth in respect of each.

107. A Transfer Entry Order may be initiated by the Sub-divisional Officer and should be so initiated by him in all cases falling within clauses (a), (b), (c) and (e), of Article 105 (1) which come within his cognisance.

108. The Divisional Officer should see that no transfer entry is made in the accounts unless admissible under the rules, that a transfer entry is made as soon as it becomes necessary and the Transfer Entry Orders in respect of transactions falling under clause (a), (b) and (c) of Article 105 (1) proposed by Sub-divisional Officers, are countersigned by himself in token of acceptance.

*Note:*— Transfer entries should receive the special attention of Divisional Officers so that habitual errors and misclassifications in the accounts of subordinate officers may not remain unnoticed.

109. All Transfer Entry Orders should set forth such explanations of the correction or adjustment proposed as establishes clearly the correctness and necessity of the entry.

*Note:*— In cases of corrections involving a reduction in the charges against the estimates of a work, not only should full particulars of the vouchers and accounts in which the erroneous charges originally appeared be specified, but also the circumstances in which the charges were allocated wrongly under the estimate for the work should be set forth clearly. It is not sufficient to state that the charges were classified erroneously in the first instance.

### **C. Transfer Entry Books**

110. All transfer entries which have been approved for action should be registered in the Transfer Entry Book, K.P.W. Form 51 maintained in the Divisional Office. Entries should be grouped separately for each month in the accounts of which they are to be incorporated. Before the book is closed monthly, the divisional office should see that no adjustments which are required to be made under any rule or order are omitted.

111. Though no transfer should be made from one sub-head to another in the accounts of a work except on the authority of a formal Transfer Entry Order approved by the Divisional Officer, the order should not be entered in the Transfer Entry Book but filed with the Works Abstract for month in which the transfer is effected.

## **SECTION 4 REVENUE RECEIPTS**

### **A. General**

112. Except in the following cases, revenue should not be credited to the head concerned until it is realised:—

(a) supervision charges on sales of stock on credit;

(b) sale proceeds of such articles of tools and plant as are creditable under the rules of Government to the minor head “Recoveries of expenditure” by debit to “Miscellaneous Works Advances”.

### **B. Register of Revenue**

113. Save as provided in Article 116 all revenue receipts of the division should be classified and abstracted in a Register of Revenue, K.P.W. Form 4 maintained in the Divisional Office. The receipts relating to each Irrigation, Navigation, Embankment or Drainage Projects for which a separate capital account is kept, should be separately, and all the other receipts pertaining to a major head should be booked collectively. In State, Divisions the receipts relating to transactions of the Central Government should be recorded in a separate register.

*Note:*—1. Revenue receipts pertaining to (a) Military Engineer Services, (b) Indian Air Force, (c) Railway works, (d) Posts and Telegraphs Department works and (e) Archaeological works of the Central

Government referred to in Article 215 should be posted in separated registers.

*Note:*—2. Revenue receipts Irrigation, Navigation, etc., works realised in the Civil Department and paid direct into treasuries under the rules of Government will be brought to account to the credit of the revenue heads concerned direct on the books of the Accountant General without being passed on the Divisional Officer for adjustment.

*Local rulings, illustrations, etc., under Article 113*

Central works of the categories mentioned in Note 1 are not executed by the State Public Works Department. The only classes of Central works executed by the State Department are those pertaining to the construction and maintenance of National Highways. The receipts arising from the execution of these works should be posted in separate registers.

114. In this register a column should be opened for each minor head of revenue (and detailed heads subordinate to it, as required) other than “Deduct—Refunds” for which a single deduction is made from the total revenue of month. The details of the amounts which make up the figure to be deducted should be recorded in a separate Register of Refunds of Revenue, which may also be in the same form as that of the Register of Revenue.

115. All receipts falling under the minor head “Receipts and Recoveries on Capital Account” should be abstracted also in the same form as that of the Register of Revenue, separately for each major head of expenditure, a separate account being kept for each project the expenditure on which is booked separately. Receipts falling under the minor head “Recoveries of Expenditure” should appear in the Register of Revenue for the major head concerned under three distinct detailed heads, namely (1) Establishment recoveries, (2) Tools and Plant recoveries and (3) Other recoveries.

*Local rulings, illustrations, etc., under Article 115*

Under Tools and Plant recoveries are included percentage recoveries on account of Tools and Plant and other item. In this State most of the establishment and tools and plant charges are met in the first instance under the single major head “2059 Public Works”, and three detailed heads mentioned in the above Article are therefore opened under the major head “0059—Public Works—Other Receipts”.

116. If in respect of rent receipts of the buildings, lands and special services subsidiary accounts are kept in a separate Register of Rents prescribed by Government, entries should not be made in detail in any of the registers mentioned in Articles 113 to 115. The monthly totals only (excluding the amounts realised by Treasury Officers under the same accounts circle) for each class of the rents for which separate detailed heads have been opened under the minor head "Rents" should be transferred from the Register of Rents to those Registers.

*Note:—* The amounts realised by deduction from pay bills cashed at treasuries subordinate to the same Accountant General as the Divisional Officer will be credited by the Accountant General direct in his books to the revenue heads concerned.

*Local rulings, illustrations, etc., under Article 116*

The rules regarding maintenance of the Register of Rents are contained in paragraphs 9-5-4 to 9-5-6 of the Kerala Public Works Account Code. Under paragraph 9-5-6, an abstract should be prepared at the foot of the register to show separately (i) cash realised in the division, (ii) recoveries by other disbursing officers adjusted in the Divisional Accounts, and (iii) recoveries at treasuries of the State adjustable in the Audit Office for both rents of buildings and rent of lands, etc. The total realisations in respect of (i) and (ii) should be transferred from the Register of rents to the Registers of Revenue realised.

## SECTION 5 WORKS ACCOUNTS

### A. General

117. (a) Expenditure on the construction or maintenance of a work may be divided broadly into two main classes, viz., (1) Cash and (2) Stock charges. As explained in Sections I and II of this Chapter these charges should be recorded in the cash and stock accounts respectively.

(b) In addition to the charges falling under these main classes, there are other transactions affecting the cost of a work. For example, there may be charges incurred in other divisions, departments or Governments, materials received from them or service rendered by them or there may be cash receipts such as are taken in reduction of expenditure in accordance with the directions in

(c) Further more, in the case of certain works, there are departmental charges known as Establishment, Tools and Plant and Audit and Accounts Charges which are levied on these works under the rules of Government and include in the cost of those works.

(d) All these transactions pass into the general accounts of the division in the manner described in Chapter IV and are thence incorporated in the accounts of the State. As, however, the units of classification adopted in the general accounts in respect of expenditure are the heads of account not designed to correspond with individual estimates for works, or contract accounts, separate accounts have to be maintained in Sub-divisional and Divisional Offices for recording (1) the cost of individual works, and (2) the transactions of individual contractors. These are known as Works Accounts.

*Local rulings, illustrations, etc., under Article 117*

Although the primary object of the accounts of works is to exhibit simply but accurately, the actual cost of work done, the rules frequently require the upkeep of separate accounts for the several component parts of a work which are not required to attain this object. There are two main reasons for this. In the first place, it is often desirable to have details which will satisfy the need for statistical information and for analysis of the comparative cost of various classes of work, of types of building, etc. The more important reason, however, is that in the case of larger works especially if the period of construction is a prolonged one, it would not be possible for the Divisional Officer to exercise efficient financial control over the recorded transactions of the cost of work if only the total cost were recorded in the accounts of work. The Divisional Officer's personal knowledge of the executive arrangements for the execution of a work, and of the actual progress of work, must be supplemented by a comparison monthly, of the cost as recorded in the accounts with the value received in the shape of work done. This monthly comparison is obviously impossible unless the total cost is split up into convenient parts in such a way that as far as possible, the cost of each distinct part may be compared with the work done thereon.

118. In recording the cost of an individual work in the accounts no attempt should be made to include in the cost any charges for general service like Establishment and Tools and Plant, the entire cost of which should be adjusted in the general accounts under the prescribed heads of classification. But, if any service connected with the working estimate for a work is rendered

by another division, department or Government and the claim made by it includes an authorised charge on account of such general services, such charge should be adjusted in the accounts of the work as part of the cost of the work in the same way as if the service had been rendered by a contractor.

*Note*:— The cost of special establishment employed on the acquisition of land taken up for a work when debitable to the Public Works Department should be treated as a part of works expenditure.

*Local rulings, illustrations, etc., under Article 118*

1. The above article does not apply to special tools and plant as their cost is included in the cost of the work.

2. Lump sum charges of establishment and tools and plant recoverable from other Government and departments for works executed for them as a standing arrangement should not be included in the accounts of the work but dealt with under the provisions in Appendix 2.

119. All initial accounts and vouchers connected with charges relating to works must specify invariably—

- (1) the full name of the work as given in the estimate.
- (2) the name of the component part (or “sub-head”) of it, if separate accounts are kept for the several component parts, and
- (3) any charges which are of the nature of recoverable payments and the names of the contractors or others from whom recoverable.

## **B. Detailed Records**

### **I. CASH CHARGES**

#### **(a) *Introductory***

120. Cash charges on works consist of payments to (1) labourers and members of work charges establishment of their wages , and others for work done or other services rendered.

#### **(b) *Muster rolls***

121. Save as provided below an account of labourers employed daily on each work, the amount of wages due to each and the amount paid and left

undisbursed during the month, should be kept in a muster roll in such form and according to such methods as may be prescribed by Government in consultation with the Accountant General.

*Local rulings, illustrations, etc., under Article 121*

The form of the muster roll and the rules for their maintenance prescribed by Government are embodied in paragraphs 10-2-4 to 10-2-7 of the Kerala Public Works Account Code and paragraphs 274 to 282 of the Kerala Public Works Department Code.

122. A muster roll need not be kept in exceptional and urgent cases, such as urgent silt clearance of canals or the closing of breaches, where labourers are employed casually for short periods. Nor need they be kept in the case of petty works and repairs done on petty works requisition when the entries of daily labour are few and can be endorsed on the form of requisition itself.

*Local rulings, illustrations, etc., under Article 122*

1. Even where a muster roll is not maintained in exceptional cases a casual labour roll in K.P.W. Form 20 should be maintained but payment thereon should not be made except by an officer not below the rank of a Supervisor.

2. When daily labour is engaged through a contractor and payment is made to him on the basis of labourers employed day by day the subordinate in charge of the work should submit a daily labour report to the Sub-divisional Officer indicating the number of labourers employed in each class each day so that the Sub-divisional Officer may keep a check on the expenditure and deal with the contractor's claim when received. A muster roll should not however be maintained in such case.

**(c) Measurement books**

123. A detailed account of actual measurement in quantities of work done otherwise than by daily labour or on lump sum contracts, and all supplies for specific works should be kept in a measurement book in such form and in accordance with such methods as may be prescribed by Government after consultation with the Accountant General.

*Local rulings, illustrations, etc., under Article 123*

The form of the measurement book and the rules for writing them up and for their maintenance as prescribed by Government are included in paragraphs 10-2-9 to 10-2-13 of the Kerala Public Works Account Code and paragraphs 283 to 287 of the Kerala Public Works Department Code.

124. Measurement Books may not be used in cases where, under the rule of Government, standard measurement books of buildings are maintained in order to facilitate the preparation of estimates for periodical repairs and are utilized for the purpose of preparing contractors' bills for such repairs.

*Local rulings, illustrations, etc., under Article 124*

The Article prohibits the use of measurement book in recording measurements for periodical repairs to buildings for which standard measurement books are maintained. When payment is however to be based on standard measurements, the Gazetted Officer or the sub-ordinate preparing the bill for payment should use the ordinary measurements book to certify that the whole of the work as per standard measurement in a book, the number of which should be quoted, has been done and that it has not previously been billed for in any form. Separate measurements books should be set apart for noting the details of such bills so as to facilitate the review of payments based on standard measurements.

**(d) Bills and Vouchers**

125. (a) All payments to members of work-charged establishment and to contractors and suppliers will be detailed in bills and vouchers drawn up on such forms and according to such methods as the Government may prescribe in consultation with the Accountant General.

(b) An account of items remaining unpaid on the passed bill of members of work-charged establishment, on the day fixed for closing the accounts of the month, should be kept in a Register of Unpaid Wages in K.P.W. Form 19-A.

(c) A separate running account should be maintained in respect of each contract. Transactions relating to two or more working estimates should not be brought on to the same running account. Transactions relating to two or

more separate parts of the same working estimates for which separate Works Abstracts are prepared, *vide* Article 134, should also appear in separate running accounts.

*Note:*—In exceptional cases where more than one working estimate is covered by a single contract, the contract agreement need not be split up but the estimates may be consolidated to facilitate the maintenance of proper accounts in respect of that contract. If this procedure cannot be observed, some special account procedure may be devised on the merits of each case in consultation with the Accountant General concerned. No consolidation of estimates or special accounts procedure is necessary where separate estimates covered by the single contract relate to different accounts heads or where separate estimates whether relating to different accounts heads or not, are covered by a single running rate contract as in the case of painting of roads etc., and where separate agreements are drawn on the basis of such rate contract with other details varied to suit the requirements of each job.

*Local rulings, illustrations, etc., under Article 125*

The forms of bills and vouchers to be used in the Public Works Department and the circumstances in which they can be used as also the procedure for their preparation, examination and payment are given in paragraphs 10-2-16 to 10-2-31 of the Kerala Public Works Account Code.

The procedure for the payment of unpaid wages of work-charged establishment recorded in a register maintained for the purpose is also given in paragraph 10-2-38 of the Kerala Public Works Account Code.

## **II. CHARGES ON ACCOUNT OF MATERIALS**

### **(a) *Introductory***

126. Issues of materials works, whether from stock or by purchase, transfer or manufacture, shall be divided into two classes.

(1) *Issues to contractors.*—Issues of materials to contractors with whom agreements in respect of completed items of works, i.e., for both labour and materials, have been executed.

(2) *Issues direct to work.*—Issues of materials when work is done departmentally or by contractors whose agreements are for labour only.

**(b) Issues to Contractors**

127. On the authority of the contractor's detailed acknowledgement of materials made over to him for use on works under the rules of Government, the cost recoverable from him should be debited at once to his personal account by charge to the suspense head "Contractors—Other transactions" (*vide* Article 136) in the accounts of the work concerned, the adjustment being made at such rates as may be determined by Government. This adjustment should be effected by affording credit to the head concerned, as indicated below:—

<i>Source of receipt of materials</i>	<i>Head of Account to be credited</i>
(1) Stock (including manufacture) . .	Stock
(2) Transfer from another work . .	Work concerned
(3) Transfer from another division, department or Government (4) Suppliers . .	Purchases
(4) Suppliers . .	Purchases
(5) Obtained through the Indian Supply Mission, London/Washington . .	Purchases
(6) Indian Charges on (5) . .	Head Concerned

If the amount thus credited differs from the charge made to the contractor's account, the excess of the former over the latter, should be treated as additional final outlay (plus or minus as the case may be) on the work, and a separate sub-head, entitled "Additional charges for materials issued to contractors", opened for the purpose in the accounts of works of which accounts are kept by sub-heads, *vide* Article 135.

*Note:*—1. The object of these rules is to ensure that the full amount recoverable from the contractor is debited to his account as soon

as the materials are delivered, so that (1) he may not receive payment, at full rates, for the completed items of works before the value of the Government materials used by him therein, has been charged to his account or, (2) his final bill for the work done may not be settled before the full value of materials recoverable from him has been debited to his account.

*Note*:—2. Issues from stock (including manufacture) should be accounted for through the stock returns. For other issues, a transfer entry should be prepared by the Sub-divisional Officer in K.P.W. Form 50 as soon as each transaction takes place.

*Note*:—3. The provisions of this Article shall not apply to tools and plant which are borne on the tools and plant lists of the Division and are, under the rules of Government, lent temporarily to contractors for use on Government works.

*Local rulings, illustrations, etc., under Article 127*

1. The cost chargeable to a contractor for materials issued to him in accordance with the rules in the Kerala Public Works Department Code should be charged to the Suspense head “Contractors—Other transactions” in the Works Accounts, and credited to the Suspense head “Material-at-site” by being posted in the “Issue” column, or where this suspense head is maintained, as in the case of minor estimates, as a minus debit to the final head. If the amount charged to the contractor’s account differ from that originally debited or debitible to the Suspense head “Materials-at-site” for the materials, then only the latter amount should be credited to the head “Materials-at-site” in the works and site accounts.

2. The issue of materials to contractors executing works is generally permissible only in the following circumstances:— (1) When it is decided to retain in the hands of Government the supply to the contractor of imported materials or (2) when in the interest of work or with the object of utilising existing stocks of materials it is desirable to retain in the hands of Government the supply of certain other materials as well and a condition to this effect has been inserted in the contract. In both cases the contract should specify (1) the materials to be supplied by Government for the use on the work, (2) the place or places of delivery and (3) the rates (including the storage rate when the materials are to be issued from stock) to be charged to

the contractor for each description of material. No carriage or incidental charges are to be borne by Government for moving the materials beyond the place where the contractor has agreed to take delivery thereof. Recovery shall be made from the contractor at this rate by deduction from the first bill authorising an on account payment to him for the work. Should, however, a lump sum recovery be undesirable in any case, the Divisional Officer may permit for recorded reasons the recovery to be effected gradually and as materials issued to the contractor are actually used in construction and the items of work in which they are used are paid for.

3. If at any time subsequent to the execution of a contractor the contractor desires the issue to him for use on the work materials which exist in Government stock but the supply whereof by Government was not provided for in the contract the materials should be used only with the express authority of the Divisional Officer who should specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. The rate charged should be the market rate prevailing at the time of the supply or the issue rate whichever may be greater and should include the storage charges and no carriage or incidental charges should be borne by Government in connection with the supply.

*Note*:—1. Sub-divisional Officers may authorise the issue of materials from existing stock not exceeding ₹ 50 in any month for any one contract.

*Note*:—2. Issue of stock materials to contractors for *bona fide* use on work are exempt from the usual charge of 20 per cent on account of supervision.

*Note*:—3. As the issue of materials to contractors under the foregoing rules is permissible solely for the *bona fide* requirements of Government works, Sub-divisional Officers should make such arrangements as may be deemed suitable for limiting the total issues to a contractor in connection with a particular work, to the reasonable needs of that work. This precaution is particularly necessary when the rates at which any materials are issued are lower than the prevailing market rates or the latter are expected to rise

appreciably. It can be watched that the aggregate of the quantities of any or all materials issued to a contractor from time to time, for use on a work is within the estimate requirements of the contract by means of the Materials-at-site. Account K.P.W. Form 31 if the top portion of the form is filled up.

**(c) Issue direct to works**

128. (a) In all cases materials issued direct to a work should, as soon as received, be brought to account as indicated below:—

<i>Source of receipt of materials</i>	<i>Head of account to be credited</i>	<i>Mode of effecting adjustment of cost</i>
1. Stock (including manufacture)	Stock	Through stock accounts at the end of the month
2. Transfer from another work	Work concerned	By special transfer entry in K.P.W. Form 50 prepared as soon as the materials are received
3. Transfer from another Division, Department or Government	Purchases	do.
4. Suppliers	do.	do.
5. Obtained through the Indian Supply Mission, London/Washington	do.	do.
6 Indian Charges on (5)	Head concerned	Through cash account or transfer entry, as the case may be.

The full value credited to the head concerned should be debited to the work (Article 129).

(b) In the cases of materials received direct from suppliers full details of the articles received should at the same time be entered in a measurement book with the full name of the work as entered in the estimate, *vide* Article 119.

*Local rulings, illustrations, etc., under Article 128*

The value to be credited will be as follows:—

<i>Source of receipt of materials</i>	<i>Value to be credited</i>
1. Stock (including manufacture)	At the issue rates
2. Transfer from another work	At a valuation made under Article 130
3. Transfer from another Division, Department or Government	At the rates charged by the Division, Department or Government concerned
4. Suppliers	At the rates payable to the suppliers

The full value credited to the head concerned and debited to the work should also be entered in the Materials-at-site Account when the works accounts are maintained by sub-heads.

129. (a) When materials are issued direct to a work their cost should either be treated as a final charge or debited to the suspense head “Materials” in the accounts of the work, as prescribed in Article 136.

(b) When the suspense head “Materials” is used, a detailed account of materials issued to, or returned from, the work will be kept in such form as Government may prescribe in consultation with the Accountant General in order that the total issues of each kind of materials may be watched with reference to the estimated requirements.

(c) Government will also lay down rules for the periodical verification of unused balances of materials debited to works and for the disposal of the verification reports.

*Local rulings, illustrations, etc., under Article 129*

The rules prescribing the form of account, its maintenance and the periodical verification of unused balances of materials etc., are included in paragraphs 10-3-12 to 10-3-19 of the Kerala Public Works Account Code.

130. If any surplus materials at site of works are transferred to works in progress or brought on to stock account, their value should be credited to the work to which they were issued originally and debited to the work to which they are transferred or to the stock account, as the case may be.

*Local rulings, illustrations, etc., under Article 130*

A list of surplus materials not disposed of should be maintained in the Sub-divisional and Divisional Offices with a view to keep a watch over the disposal of such materials, unless the Superintending Engineer considers this unnecessary.

**(d) Carriage and incidental charges**

131. (a) The cost of carriage of stock materials to site of work, and of all carriage charges in connection with the movement, from place to place, of other materials issued to or provided specially for a work should be debited direct to the account of the work, the exact classification of charge being as indicated below:

<i>Nature of issue of materials</i>	<i>Head to be debited in the account of the work</i>
I. Issues to contractors allowed under the terms of their contracts	
(a) To be promised place of delivery	The sub-head "Additional charge for materials issued to contractors or "Final charges" according as the accounts of the work are or are not kept by sub-heads
(b) Beyond the place of delivery, if incurred	The personal account of the contractor under the suspense head "Contractors-Other Transactions".
II. Issues to contractors allowed otherwise than under the terms of contracts	do.
III. Issues direct to works	The sub-head to which the cost of the materials is debited

(b) When surplus materials are returned from a work to stock, the cost of carriage should be borne by the work but if they are transferred to another work, the charge may be debited to either work as may be equitable.

(c) Incidental charges connected with the movement of materials issued to or provided specially for a work or returned from a work should be adjusted in the same way as the cost of carriage.

(d) In all cases the places from and to which materials are conveyed the distance, the quantity and the approximate weight should be stated clearly in the payment vouchers.

### III. BOOK ADJUSTMENT

132. The detailed rules governing these adjustments are given in Section 3 of this Chapter.

#### C. Consolidated Records

#### I. WORKS ABSTRACTS

##### (a) *General*

133. An account of all the transactions relating to a work during a month, whether in respect of cash, stock or other charges should be prepared in Works Abstract K.P.W. Form 27 if the accounts of works are or in K.P.W. Form 28 if they are not required under those rules to be so kept. In the case of petty works the accounts of which do not involve suspense transactions (e.g. advance payments, secured advances or other transactions of contractors) and for which the estimate, account and completion reports are prepared on a single form prescribed by Government, no separate works abstract need be prepared.

*Note:—* Percentage charges on account of establishment, tools and plant and account and audit, levied on works expenditure, should not be shown in works abstracts and register of works, though they are included eventually in the cost of works.

*Local rulings, illustrations, etc., under Article 133*

(1) For petty works costing not more than ₹ 2,500 each, the accounts of which do not involve suspense transactions and the estimate account and

completion reports are prepared in a single Form, K.P.W. Form 26 (Petty Works Requisition Account), no separate works abstract and register of works are necessary.

(2) (a) In the case of works executed through contractors where contract is for completed item of work the maintenance of work accounts by sub-heads will not be necessary. Sub-head accounting will also be confined to Major Works (i.e. works costing more than ₹ 50,000) where the contract is for labour rates only.

(b) When the Superintending Engineer dispenses with the maintenance of accounts by sub-heads for any work if he considers that the circumstances of the work render such accounts useless or impossible to maintain. In such cases a copy of the orders specifying the reasons should be forwarded to the Accountant General.

134. Ordinarily, there should be one works abstract for each working estimate. If, however, the estimate is for a large work which is divided into several sub-works, a separate works abstract may be prepared for each sub-work provided that no part of an estimate should be separated from the rest, if any contract for the execution of work connected with it covers also work connected with the other parts.

**(b) Sub-heads**

135. Subject to the following directions and subject also to such detailed rules as may be made by Government in this behalf the various sub-heads into which the final charges of a work should be distributed will be determined by the classification sanctioned in the abstract of the estimate.

(a) Miscellaneous charges of a general nature which do not pertain to any sub-head in particular, should be treated as separated sub-heads e.g., work-charged establishment, contingencies, etc.

(b) If any part of a work is pulled down and rebuilt to any serious extent, the extra charges for construction should be debited ordinarily to the sub-head concerned unless they are recoverable from the contractor under the terms of his agreement. But if the amount involved be so large as to affect seriously the cost or rate of the sub-head it should be debited to the sub-head "Contingencies" or with the sanction of competent authority, to a new sub-head additional to the original sanctioned sub-heads of the estimate.

(c) If any receipts or recoveries are credited under the rules to the account of a work of which accounts are kept by sub-head, a special sub-head should be opened in the works abstract for the reception of all such credits.

(d) In the case of works carried out on lump sum contracts the expenditure need not be booked by sub-heads if all the charges represent nothing but payments on a lump sum contract.

*Local rulings, illustration, etc., under Article 135*

(1) The detailed rules regarding maintenance of works by sub-heads are embodied in paragraphs 10-5-19 to 10-5-20 of the Kerala Public Works Account Code.

(2) In the accounts of major estimate a final sub-head entitled "Additional charges for materials issued to contractors" should be opened if the system of issue of materials to contractors has been adopted and the rates charged to the contractors therefore are either more or less than the actual cost to Government. This sub-head should be credited or debited with all profits or losses on this account. The carriage and incidental charges on account of materials issued to contractors should also be debited to this head if under Article 131 they are debitable to the work.

(3) In the case of works whose accounts are not kept by sub-head the receipts should be credited in reduction of final charges and the progress of the realisation of receipts should be watched through the 'Register of Recoveries' which should be posted from sanctioned estimates in respect of credits anticipated therein and from the accounts in respect of receipts realised from time to time.

136. In addition to the head "Final Charges", or the final sub-heads in the case of works of which accounts are kept by sub-heads the following suspense accounts should be opened in works abstracts to record transactions of a temporary character which are either not adjustable as final outlay in the accounts of the works concerned or of which the correct classification cannot be determined immediately:—

(1) "Materials" —for the record of the cost of materials issued direct to work.

*Note:—* When provision is made in the abstract of estimate separately for "labour" and "materials" under any sub-head, the account of the

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cost of all materials issued to the work from stock, or by purchase, manufacture or transfer, should be kept under a single head entitled “materials” the sanctioned amount of which should be taken to be equivalent to the aggregate provision for “materials” in the estimate. The “labour” divisions only will thus appear in the works abstract as separate sub-heads of final outlay. The charges booked under the suspense head “materials” should be transferred to the final sub-heads of works by the divisional office at the time of closing the accounts of the works. *Vide* Article 145.

(2) “Contractors—Advance Payments” for the record of advance payments and recoveries.

*Note:*— In the case of lump sum contract, payments for measured up additions and alterations, as well as for the work covered by the lump sum for which no detailed measurements are necessary, should be treated like advance payments and brought to account in the works accounts under the suspense head “Contractors—Advance Payments”. If a percentage or any other portion of the value of work done is withheld as security for the due fulfillment of the terms of the contract, the net amount remaining after the deduction of the portion withheld, should be entered as the advance payment.

(3) “Contractors—Secured Advances” —for the record of secured advances and of their recoveries.

(4) “Contractors—Other Transactions” for the record of all other debits or credits to contractors awaiting settlement.

*Note:*— If a running account bill or muster roll is only partly paid, the total amount due thereon as value of work done or supplies made should be brought to account in the works abstracts as final charges or as expenditure on the sub-heads concerned, and the amount remaining unpaid should be shown as a minus entry in the appropriate suspense column— “Contractors—Other Transactions” or “Labourers”.

(5) “Labourers” —for the record of unpaid wages of labourers and of their subsequent payment.

*Note:— See Note under item (4) above.*

*Local rulings, illustrations, etc., under Article 136*

In this State an additional sub-head 'Purchases' is opened within works account to record the liabilities on account of materials received but not paid for. A 'Register of liabilities' is also maintained to watch the clearance of this suspense account.

**(c) Record of progress**

137. Entries of "Progress" in the works abstract will be made according to such instructions as the Government may lay down in this connection.

*Local rulings, illustrations, etc., under Article 137*

Instructions for recording "Progress" in the works abstract issued by Government are included in paragraph 10-5-7 of the Kerala Public Works Account Code.

**(d) Liabilities against the work**

138. If a contractor delays receiving final payment for more than one month after his final bill has been passed, the account of the work as passed on the bill should be incorporated in the works abstract on the authority of the bill and the balance due to him should be removed from the accounts of the work by credit to the head "Public Works Deposits" to be dealt with thereafter under the rules of Government. If the final account of a contractor shows that he has already been overpaid or that the account closes with a balance due by him and if an immediate recovery is not practicable the balance should be removed from the works abstract by debit to the head "Miscellaneous Work Advances".

139. If any wages of labourers remain unpaid after the completion of a work, the accounts of the work may be kept open for a period of one month, which may be extended to three months at the directions of the Divisional Officer. Thereafter the accounts of the work should be closed, the balance under the suspense head "Labourers" being left unadjusted. If unpaid wages of labourers are claimed and paid subsequent to the closing of the accounts of a work, the accounts of the work may be re-opened at the discretion of the Divisional Officer.

*Local rulings, illustrations, etc., under Article 139*

- (1) If any wages of labourers remain unpaid after completion of a work

and the closing of its accounts, the amount should be shown in any Completion Report or Statement that may be prepared under the rules in the Kerala Public Works Account Code, by a special remark, as a liability against the work and it should be excluded from the total final expenditure on the work, so as to arrive at the amount actually brought to account.

(2) If unpaid wages of labourers are claimed and paid subsequent to the closing of the accounts of a work, the payment should ordinarily be charged against a fresh estimate under the same head of service as the original work, a suitable note, being recorded by the Divisional Officer against the closing entry relating to the original work in the register of works. Where however, it may prove more convenient, the accounts of the work may be re-opened at the discretion of the Divisional Officer.

(e) *Preparation, completion and disposal*

140. The works abstract should be prepared in the Sub-divisional Office in the first instance. It should be posted day by day from the cash book and the connected bills of contractors and suppliers, cash refunds and re-adjustment of final charges being posted as minus entries. At the end of the month, stock and adjustment transactions should be added and, in the detailed statements provided for the purpose, quantities of work executed should be posted in accordance with the instruction, mentioned in Article 137 and the closing balances of contractors, accounts should be detailed so that the correctness of the up-to-date totals under the suspense heads (1) Contractors—Advance Payments, (2) Contractors—Secured Advances and (3) Contractors—Other transactions should be proved. The closing balance arrived at under the suspense head “Labourers” in each case should be agreed with connected record of unpaid wages and its correctness should be certified over the dated initials of the Sub-divisional Officer. The works abstract should then be forwarded in original to the Divisional Office, where necessary completing entries will be made in respect of the direct charges and adjustments made by the Divisional Officer.

*Note:—1* The postings of stock and adjustment transactions may, if preferred be done entirely in the Divisional Office.

*Note:—2* Postings made in the Sub-divisional Office should be in black ink and all postings and corrections made in the Divisional Office in red ink.

*Note:—*3 Office copies of works abstracts need not be kept, as the originals are returned by the Divisional Office after completion. Before the works abstracts are sent to the Divisional Office the up-to-date totals should be entered in advance in the returns for the following month and these should be corrected, if necessary, on return of the works abstracts from the Divisional Office.

*Local rulings, illustrations, etc., under Article 140*

1. When the form of the works abstract contains the column “Materials at site” (*See* Local rulings under Article 136) the charges debitible to the work on account of materials should be posted in the receipts column of the suspense head “Materials at site” from the cash book and connect bills day by day or from the transfer entry book and stock registers at the end of the month, as the case may be. When materials are issued to contractors, the cost should be credited *then and there* under the sub-head “Materials at site—Issues” or under the final head in the case of minor estimates, by debit to the head “Contractors—Other Transactions” even though the debit to the work on account of materials may be made later on (*See* Local ruling under Article 127).

2. In the case of departmental works, the suspense head “Material at site” may be cleared at *the end of the month* through the “Materials at site accounts” by debiting the cost of materials to the respective sub-heads for which they have been issued by credit to the suspense head “materials at site”

3. The balance at the debit of the suspense head “Materials at site” in the works abstract should be reconciled with that in the detailed account in K.P.W. Form 29.

## II. REGISTER OF WORKS

### (a) *Form and preparation*

141. A permanent and collective record of the expenditure incurred on all works carried out during a year should be maintained in the Divisional Office in Registers of Works, K.P.W. Forms 38 and 39 (corresponding respectively to the two forms of works abstracts, K.P.W. Forms 27 and 28) in accordance with the instructions printed on these forms. These registers should be posted monthly from works abstracts when works abstracts are prepared under Article 134 for the

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sub-works or parts of an estimate, the transactions relating to each work abstract should be posted separately and an abstract for the entire work should be prepared on a separate folio or set of folios to compare the cost of the work and its sub-works with the provision in the estimate.

*Note:*—The maintenance of a register, in K.P.W. Form 26 for petty works for which the estimate, account and completion reports are prepared on a form prescribed by Government (vide Article 133) is optional.

*Local rulings, illustrations, etc., under Article 141*

The object of this register is to get an analysis of works and sub-heads so as to make it possible to determine the rate of cost of work and to foresee as far as possible excess over estimates.

142. Before the date of submission of the monthly accounts to the Accountant General, the posting of the registers of works should be completed and the registers should then be laid before the Divisional Officer for review. The monthly account of each work on which there has been expenditure during the month should be initialled (and dated) by the Divisional Officer in the column set apart for the purpose, in token of his having examined the entries and found them correct.

*Note:*—If the transactions of a division are very large, the Divisional Officer may allow an extra period of a few days for the completion of the registers of works, but the submission of the monthly accounts to the Accountant General and the completion of the works abstracts should not be delayed on this account.

*Local rulings, illustrations, etc., under Article 142*

1. Actual as well as probable excesses, whether in the total cost of a work or sub-head or in the rate of cost of a sub-head, should receive special attention, and work slips in K.P.W. Form 37 should be prepared and submitted in the Superintending Engineer—*See* paragraph 29 of the Kerala Public Works Department Code.

2. It should be seen with special reference to works on which there have been only petty or no transactions during the previous two or three months, if there are circumstances justifying the retarded

progress of expenditure. If any such works have been stopped or are known to be nearing completion, the delay in closing their accounts should be enquired into—*See* also Article 143. If the slow progress of expenditure is due to delays in measuring work done or in settling up bills, the cause at work should receive attention.

**(b) Closing of Accounts on completion of works**

143. It is an object of great importance to close the accounts of works as soon as possible after the actual work of construction is completed. If there is necessarily any delay in closing the accounts, it should be seen in particular that further charges are not incurred without the permission of the Divisional Officer.

144. Before the accounts of a work can be closed on its completion it should be seen that adjustments of cost necessary under the rules, have been made in the accounts, that all liabilities not originally brought to account have either been liquidated or since brought to account and that the balances under the suspense accounts “Contractors” and “labourers” have been cleared, *vide* Articles 138 and 139. If the whole or any part of the expenditure on the work is recoverable from another Government, Department, local body or individual, action should be taken to effect or complete the necessary recovery before the accounts of the work are closed.

145.(a) The suspense account “Materials” should be cleared and the total cost of materials should be distributed over the final sub-heads or other accounts concerned in accordance with such rules as the Government may lay down for the purpose.

(b) The sub-head “Additional Charges for materials issued to contractors” should received the special attention of the Divisional Officer who should, if necessary, investigate large closing balances under this head before he permits the accounts of the work to be closed. It is not necessary to clear this head by transferring the charges booked under it to other final sub-heads, but profits or losses which are not clearly traceable to known differences between the rate chargeable to contractor and the actual cost to Government should not be accepted as correct without closer examination.

*Local rulings, illustrations, etc., under Article 145*

The steps to be taken to clear the suspense heads “Materials-at-site” are detailed in Articles 129 and 130 and the local rulings thereunder, as also in paragraphs 10-3-14 to 10-3-16 and 10-3-19 of the Kerala Public Works Account Code.

146. The accounts of annual maintenance estimates should be closed in the month fixed by Government concerned, as the last month of the working year for the purpose. Ordinarily, it will be possible to complete all repair works and to settle the accounts of contractors and other suspense accounts, before the expiry of the working year. If, in any exceptional case any work remains to and done be it is proposed to carry it on to completion, action should be taken as described below:

(1) The expenditure incurred in the next working year should be treated as expenditure against the annual maintenance estimate for that year.

(2) The suspense accounts of the work should be closed in the last month of the working year, by transferring the balances of all those accounts to the general suspense accounts “Public Works Deposits” or “Miscellaneous Works Advances” as the case may be, which should be relieved in the following month by retransferring the balances to the suspense accounts concerned in the accounts of the maintenance estimate for the next working year. All unsettled liabilities and assets should then be treated as those pertaining to the next working years’ estimate.

147. When the work is completed and the accounts of it have been settled and written up as indicated in Articles 144 and 145, a double red ink line should be ruled below the final entries and a note made in red ink “Works completed in 20...” This note should be signed by the Divisional Officer in token of his satisfying himself that all action has been taken under those Articles. It will be the authority for treating the accounts of the work as closed, and a work should not be reported as completed in the Divisional Accounts unless this authority has been placed on record.

*Local rulings, illustrations, etc., under Article 147*

When a deposit work is completed and the accounts on the work has been closed steps should be taken promptly to refund the unexpended balance if any, of the deposit with the approval of the Divisional Officer.

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148. If the total expenditure on the work is in excess of the sanctioned estimate and the excess is passed by the Divisional Officer under his powers the words "Excess passed by me" should be added to the completion note recorded under Article 147. If, however, the excess is such that the Divisional Officer cannot pass it within his powers the completion note in the register of works should be amplified thus:—

"Work completed in.....20.....Completion Report/Statement submitted with this Office Letter No.....dated....."

*Note:*—The completion Report/Statement will be submitted to competent authority in the form prescribed by Government.

*Local rulings, illustrations, etc., under Article 148*

When the Divisional Officer has no power to pass an excess over a sanctioned estimate, a Detailed Completion Report in K.P.W. Form 42 should be prepared or the item should be included in a consolidated Completion Statement of Works and Repairs in K.P.W. Form 43 as may be required under the rules required under the rules of the Public Works Department Code. The orders passed subsequently by the competent higher authority on the excess reported in the completion report or statement should also be noted in the register of works to complete the record.

**(c) Correction of errors after the closing of accounts**

149. Should an error or omission in the recorded expenditure of a work come to light after its accounts have been closed, the accounts may be re-opened in order to rectify the error or omission unless the amount involved is not more than ten rupees (or any other limit prescribed by Government) in which case a note of the error or omission should be made in the relevant documents concerned.

**III. CONTRACTORS' LEDGER**

**(a) Form and use**

150. The accounts relating to contractors should be kept in the Contractors' Ledger, K.P.W. Form 41, a separate folio or set of folios being reserved for all the transactions with each contractor for whom a personal account is maintained, *vide* Article 151.

151. Except in the following cases, a personal account should be opened in the ledger for every contractor, whether or not a formal contract has been executed:—

(a) if the work or supply entrusted to him is not important and no payment is made to him except on a First and Final Bill on completion of the work; if any materials are issued to the contractor or any payments are made on his behalf, a ledger account should be opened.

(b) if under the rules of Government, a consolidated monthly account for “on account payments” to petty contractors employed on the same work or section of a work is prepared in preference to a separate bill for each payee, a single ledger head “Petty Contractors”, should be opened for the running accounts of all such contractors.

*Local rulings, illustrations, etc., under Article 151*

The procedure referred to in clause (b) of the above Article is not in vogue in this State.

**(b) Posting**

152. Except when a contractor’s account is to be closed and the procedure prescribed in Article 138 is observed in respect of unpaid bills, the value of work done or supplies made by a contractor should not be credited to his account until his bill has been passed and payment made thereon. Debit entries in the ledger should be made only on the basis of transactions recorded in the accounts and the postings should be made from the supporting cash, stock or adjustment vouchers; liabilities not yet liquidated should be excluded altogether. The value of materials issued to a contractor should be debited to his account on the authority of his acknowledgement; *See* Article 127.

*Note 1:*— Security deposits of contractors should not be included in their personal accounts in the ledger, *vide* Article 74.

*Note 2:*— When a deduction made from a contractor’s bill for one work is creditable to the account of another work, and such credit is in connection with his contract for the latter work, two distinct sets of entries should be made in the ledger, one for the payment made on account of the former work, and the other for the recovery creditable to the latter, as if that recovery had been made in cash.

*Note 3:*— If there are several contracts in connection with a work or account, the transactions relating to each should be distinguished, preferably by quotation of the number and date of agreement or work order.

*Note 4:*— If a petty contractor's account has to be removed from the combined ledger head "Petty Contractor's Account" [*vide* Article 151 (b)], to separate personal account for him, the total value of work done up-to-date and the total payments up-to-date should be debited or credited respectively to the "Petty Contractor's Account" and taken on to the personal account as credits and debits.

*Local rulings, illustrations, etc., under Article 152*

1. The Contractor's Ledger should be written up in the Divisional Office. It is unnecessary for the Subdivisional Officer to maintain a similar ledger in his office. But if he maintains one the Divisional Office may not require him to furnish extract therefrom.

2. As the Subdivisional Officers are responsible for the clearance from works accounts of all outstandings against contractors a list of balances due to and from piece workers and contractors should be maintained by them and this may preferably be done in the same form as the Contractor's Ledger.

**(c) *Balancing and reconciliation***

153. The ledger accounts should be closed and balanced monthly. The closing balance of each personal account should be in such details as to show in respect of each separate work or account of the amount outstanding under each or the three suspense accounts, (1) Advance payment, (2) Secured advances and (3) Other transactions with a quotation, in each case of the last Running Account Bill and of all the vouchers supporting unadjusted outstandings under "Other Transactions", not incorporated in the last Running Account Bill.

*Note:*— The petty contractor's ledger account should also be closed and balanced in the same way, the balances being recorded as pertaining wholly to the suspense head "Other Transactions".

*Local rulings, illustrations, etc., under Article 153*

The Divisional Accountant should be held responsible for the correctness of the contractors' ledger and for securing agreement month by month between the balances detailed in the works Abstracts and the corresponding balances of

the accounts in the ledger. He should further see that there is no indication of a transaction pertaining to a running account having been settled on a form of bill not permitted to be used for the purpose.

154. Periodically, all the personal accounts in the ledger should be examined and it should be seen (1) that balances do not remain outstanding for a long time without justification and (2) that, in the case of running accounts, bills are prepared at reasonable intervals.

*Local rulings, illustrations, etc., under Article 154*

Entries in column "Total value of work or supplies", in K.P.W. Form 41 not bearing the initials of the Divisional Accountant, should be reviewed in particular to ascertain the cause of delay, if any, in the preparation of final bills. This examination must invariably be made before a volume of the ledger is laid aside on completion so as to ensure that all outstanding accounts in it are carried forward to a new volume.

**(d) *Scrutiny of accounts by contractors***

A contractor requiring a copy of his running account bill or an extract from his account in the contractors' ledger should be furnished with the same. He should be encouraged to look into his account in the ledger and sign it in token of his acceptance of it.

**SECTION 6 MANUFACTURE ACCOUNTS**

**A. General**

155. When materials are manufactured departmentally either for the general requirements of works or for a particular work, a separate account called a Manufacture Account, should be kept of the transactions connected with each manufacture under a distinct sub-head "Manufacture" of the suspense head "Stock"; *vide* Article 95.

*Note:—*The accounts of road metal digging are not treated at manufacture accounts, but the charges connected with land and quarries acquired for such operations should be dealt with in accordance with Article 53.

156. Save as provided in this section, the detailed accounts of the expenditure on a particular manufacture process should be maintained in the same way as the accounts of a work (*vide* Section 5) and, in addition, an

account should be kept of the quantities and values of the products of the manufacture. The two sections of the accounts are known, respectively, as the "Operation" and the "Out-turn" accounts.

*Local rulings, illustrations, etc., under Article 156*

A manufacture account is essentially a suspense account, as the cost of the operations cannot be cleared finally until they are closed.

### **B. Operation accounts**

157. To manufacture account should be debited directly (1) the value of raw materials issued from stock or obtained otherwise, (2) the cost of the labour employed and (3) other incidental charges connected with the operations.

158. The following directions should apply to certain incidental charges:—

(a) Capital charges, such as the cost of land, kilns, special plant, etc., incurred in connection with a manufacture operation which does not extend beyond a single season, should be debited wholly to the account of the manufacture.

(b) Capital charges in connection with a manufacture operation extending over more than one season should be debited, in the first instance to a special account under the sub-head "Land, kilns etc.," of the stock account, *vide* Article 95. To this account should also be debited the cost of repairs and renewals of the kilns, etc. All these charges should be recovered in suitable instalments by debit to the "Operation" accounts of the several seasons, the number of instalments and the amount for each season being determined in each case under the orders of competent authority.

*Note:—* When the land, kilns, plant, etc., acquired for departmental manufacture operations are leased to a contractor of the division or other person, the rent recovered should be credited to this special account and not to Revenue.

(c) If the manufacture is undertaken on behalf of other divisions, departments or Governments or local bodies or individuals, a charge should be made on account of establishment and tools and plant, if leviable under the rules of Government, for outlay on works undertaken on their behalf.

(d) Save as provided in clause (c) above no charge should be made on account of general establishment and ordinary tools and plant charges or on account of interest on the capital cost of land, kilns, plant, etc., unless Government directs otherwise.

*Local rulings, illustrations, etc., under Article 158*

1. The decision as to the suitable instalments whereby the “Land, Kilns, etc.” accounts is to be cleared periodically, as given by the authority sanctioning the initial charge, should be recorded in the Priced Stores Ledger K.P.W. Form 11 and not deviated from without the further orders of the authority.

2. All the charges referred to in clause (d) of the above Article should be included in any *pro forma* accounts of the manufacture operations of the division which may be prepared, under the orders of the Government, with a view to compare the cost of articles manufactured departmentally with the rates charged by suppliers.

### C. Out-turn accounts

159. To a manufacture account should be credited the value of the manufactured articles and of the surplus materials sold or otherwise disposed of.

*Note 1:*—The rates of valuing manufactured articles will be such as may be fixed by competent authority.

*Note 2:*—If the rate, at which any article of out-turn manufactured for a particular work is valued, turns out to be different from the issue rate of a similar article already in stock, the value of the two articles may be averaged for the purpose of stock accounts unless Government decides otherwise, allowance being made necessarily for the different quantities at the different values.

*Local rulings, illustrations, etc., under Article 159*

1. The rates for valuing manufactured articles should be so fixed as to represent, as accurately as possible, the actual cost of manufacture per unit, but should not exceed the market rates.

2. If the rate, at which any article of out-turn, manufactured for a particular work, is valued, is different from the issue rate of a similar article already in stock, the two articles should appear as distinct items in the stock accounts.

3. No storage charge is leviable in respect of materials manufactured on behalf of other divisions, departments, local bodies and individuals, which are formally passed through the stock account under Article 52. *See* also Article 158 (c).

160. A detailed Out-turn Account for each month should be prepared in K.P.W. Form 36, Out-turn Statement of Manufacture, and should be attached to the works abstract for the operation. The account should show month by month the quantities and values of each class of articles manufactured and also the corresponding figures shown in the estimate (if any).

#### **D. Consolidated accounts**

161. The record of monthly transactions connected with manufacture operations should be kept in the Divisional Office in a separate Register of Manufacture, K.P.W. Form 40 instead of the ordinary forms of the registers of works (*vide* Article 141).

#### **E. Closing of accounts**

162. The accounts of manufacture operations should not remain open indefinitely. If the operations are seasonal, the accounts on each season should be kept separate and closed as soon as the operations are closed. In cases in which operations are continuous, the accounts should be closed periodically or at least once a year

163. Before the accounts are closed, the difference between the "operation" and "out-turn" should be adjusted under the orders of competent authority. If the orders issued have the effect of enhancing or lowering the value of the out-turn already brought to account the adjustment should be made by a suitable entry (without any fresh quantities) in the Out-turn Statement, K.P.W. Form 36; in other cases, the loss or gain, as the case may be, should be taken to the expenditure or revenue head concerned by a regular transfer entry, which will affect the "operation" account only. In all cases, the total "operation" and "out-turn" should equal each other when the manufacture account is closed.

#### *Local rulings, illustrations, etc., under Article 163*

Except when the manufacture account shows a "loss" the adjustment of difference between "operation" and "out-turn" can be made under the orders of the Executive Engineer. When the accounts show a loss, the same should be written off under the orders of the competent authority.

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**SECTION 7 ACCOUNTS OF DEPOSITS AND SUSPENSE  
TRANSACTIONS**

**A. Accounts of heads other than “Workshop suspense”**

164. Subject to the provisions of Articles 165 and 166 below a detailed account of the transactions relating to the suspense heads “Stock” and “Miscellaneous Works Advances” should be maintained in the Divisional Office in a register called the Suspense Register, K.P.W. Form 62, separate sets of folios being reserved for each of the several classes of items under the heads concerned (*vide* Articles 48 and 54). The account of the debt head “Public Works Deposits” should also be kept in the same form.

165. In respect of items relating to deposit works (including item falling under the class “Expenditure incurred on deposit works in excess of deposits received”) which are accounted for in detail in the Schedule of deposits works (*vide* Article 219), a single entry for the monthly transactions relating to all such works should be made both in the Deposit and the Suspense (Miscellaneous Works Advances) Registers, as the case may be.

166. As the detailed accounts for individual transactions relating to stock are kept in K.P.W. Forms 7A to 9 prescribed in Section 2 of this Chapter, the monthly totals only in respect of each sub-head of stock should be posted in the Suspense Register, the transactions of the several sub-divisions being detailed as separate items and the totals of all sub-divisions as another. Transfers within the division should be accounted for against a single item “Deduct Transfers within Division” before the total for the entire head “Stock” is struck.

*Local rulings, illustrations, etc., under Article 166*

1. The head “Stock” is opened in all divisions in which stocks of materials are maintained for general purposes. In divisions in which no stocks are maintained, this account should be opened only when any manufacture operations are undertaken.

2. The clearance of balances under “Transfers within Division” should receive special attention.

167. Deleted.

### B. Accounts of workshop suspense

168. The detailed accounts of the transactions under this head will be kept in a suitable form to be settled by Government in consultation with the Accountant General so as to show the cost of each job or operation and its adjustment from time to time.

*Local rulings, illustrations, etc., under Article 168*

The transactions under the head “Workshop Suspense” in the case of the Government Engineering Workshops are accounted for in accordance with special procedure of accounting prescribed by Government in respect of that shop. In respect of other workshops the transactions are accounted for in accordance with the rules in Chapter 14 of the Kerala Public Works Account Code.

169. The recorded expenditure on a job should be removed from the suspense head only when, and to the extent that, an adjustment is effected against the deposit received or against the service or other head concerned; *vide* Article 176. This removal should be effected by a credit to the account of the job. But when any charges are transferred from one job or operation to another, the transfer should be made by *plus* and *minus* debit entries.

### C. Unadjusted balances

170. In the accounts for March each year, the outstanding items in the Deposits Register and the Suspense Account “Purchases” under ‘Stock’ which under the rules of Government are to be treated as lapsed, should be credited to the Revenue head concerned. Any subsequent repayment of such an item should be treated as refund of receipts under the head to which the item was credited and the repayment should be noted in the Deposits or Suspense Register against the entry for its credit to Government.

*Local rulings, illustrations, etc., under Article 170*

The rules relating to the lapsing of balances under “Deposits” and under ‘Purchases’ and their subsequent repayment are contained in paragraphs 13-2-5 (c) (i), 15-4-1 and 15-4-2 Kerala Public Works Account Code.

171. \* \* \* \* \*

172. Items or balances under the suspense head “Miscellaneous Works Advances” which becomes irrecoverable, should not be removed from the accounts until a competent authority has sanctioned their being written off for balances under the head “Workshop Suspense” *See* Article 62.

*Local rulings, illustrations, etc., under Article 172*

The powers of subordinate authorities to write-off irrecoverable balances are given paragraphs 367 to 369 of the Kerala Public Works Department Code.

## SECTION 8 WORKSHOP ACCOUNTS

### A. General

173. The directions in this Section shall not apply to the accounts of small shops kept in divisions for the execution of repairs to tools and plant or of small manufacture jobs. The accounts of works, executed in such shops should be kept in the forms prescribed for repair works, or manufacture operations, as the case may be; *vide* Sections 5 and 6.

174. Larger workshops, with special plant or machinery should be treated as separate sub-divisions, or divisions, for account purposes. When such workshops are of the character of quasi-commercial undertakings, the system of accounts shall be that prescribed locally for similar undertakings. When they are run mainly for departmental purposes, the accounts should be kept in accordance with the general directions laid down in this Section. In either case, the exact forms to be used and the procedure to be observed will be settled by Government in respect of each workshop in consultation with the Accountant General concerned.

*Local rulings, illustrations, etc., under Article 174*

1. The P.W.D. Engineering Workshops are intended for all Government Departments. The rules in this Chapter will apply to all workshops run mainly for departmental purposes only—*vide* also Chapter 14 of the Kerala Public Works Account Code.

2. If the execution of a job for another division or department is likely to extend beyond one financial year, the limit of the cost which may be incurred in each official year should also be settled beforehand.

### **B. Detailed accounts of jobs**

175. Subject to the provisions of Articles 63 and 64, all direct charges pertaining exclusively to any job should be debited at once to the accounts of that job under the suspense head "Workshop Suspense" and those of a general nature should be treated, in the first instance, as general charges (under one or more suitable headings) and apportioned subsequently amongst the job concerned in accordance with a definite procedure.

*Note:*—All liabilities should be taken into account, even though undisbursed, so that the general charges may be allocated correctly month by month, and the recorded expenditure on each job may represent, as far as possible, the actual cost up to date.

*Local rulings, illustrations, etc., under Article 175*

1. In the case of Public Works Workshop the following will be the main items of direct charges:—

- (i) cost of labour actually employed;
- (ii) cost of materials used;
- (iii) cost of castings;
- (iv) share of the running charges of machines;
- (v) a share of running charges of forges;
- (vi) a share of the general charges actually incurred; and
- (vii) incidental charges such as packing and carriage.

Items (iii), (iv) and (v) will appear only when these sections of the workshop serve the general needs of all the sections of the workshop.

2. The debits under the suspense head on account of general charges will be relieved by distribution of the same to the job in hand at a fixed percentage on the cost of labour fixed with reference to the average of the actuals of the previous years and gain or loss resulting therefrom being credited or debited in the accounts of the State.

176. In the case of jobs of all classes, the cost of operations should be cleared or adjusted in transfer (*vide* Article 169), as the case may be, month by month but in the following cases the accounts of a job may be settled once a year in March, or in an earlier month if the job is completed earlier (*vide* Article 62).

(a) When the total cost during the year is not larger than ₹ 500 or any other limit that may be fixed by Government in consultation with the Accountant General.

(b) When the monthly settlement of account is inconvenient to indenting division or department.

*Note:*—When the estimated cost of a job is recovered in advance, it should be kept in deposit in the first instance, and the adjustment of actual cost made under this Article should be effected against the deposit, the unexpended balance being returned under the rules of Government only when the job is completed and the account of it settled.

*Local rulings, illustrations, etc., under Article 176*

1. For the purpose of settlement of the accounts of a job once a year in March or in an earlier month if the job is completed earlier a limit of ₹ 100 has been fixed by the State Government.

2. When an employee of the division is exempted under the rules in the Kerala Public Works Department Code from paying the estimated cost of a job in advance the cost of the operations should be charged monthly to the head “Miscellaneous Works Advances” pending recovery which may be made by deduction from his pay.

177. In addition to the direct charges mentioned in Article 175, to the account of each job may be debited, not through the workshop suspense account but directly under the head of account concerned, suitable percentages to cover the indirect charges determined by Government. The following are the examples of the charges usually levied:—

- (a) Supervision charges.
- (b) Interest on the capital cost of buildings, plant and machinery.
- (c) Maintenance charges of buildings, plant and machinery.
- (d) Depreciation of buildings, plant and machinery.
- (e) Establishment charges (including the percentage fixed by the Central Government for Audit and Accounts Establishment).
- (f) Profit.

*See* also Article 64.

*Note*:—The percentage realised on account of establishment charges should be treated as reduction of expenditure or as revenue receipts as the case may be, in accordance with the directions in Article 69. All other percentages should be treated as revenue receipts.

*Local rulings, illustrations, etc., under Article 177*

The percentage for supervision charges should be calculated on the value of material issued to each job. The other charges are ordinarily calculated on the total cost of labour and stores pertaining to the job. The percentage on account of profit usually charged in other cases is not charged on jobs executed for other divisions of the State.

178. The indirect charges mentioned in Article 177 should be brought to account whenever the settlement of the account of direct charges is effected under Article 176.

### **C. Annual account**

179. *Pro forma* accounts of each workshop will be prepared annually in such form and in such detail as may be prescribed by Government in consultation with the Accountant General.

*Local rulings, illustrations, etc., under Article 179*

The rules framed by the State Government in consultation with Accountant General for preparing the *pro forma* accounts of a workshop are contained in paragraph 14-3-1 of the Kerala Public Works Account Code.

## **SECTION 9 TRANSACTIONS WITH OTHER DEPARTMENTS AND GOVERNMENTS**

### **A. General**

180. When a transaction has to be cleared by a book transfer the transfers should be effected by debiting or crediting it to the remittance or other head concerned in the cash or stock accounts if it appears therein, or by an entry in the Transfer Entry Book; *See* Articles 14 to 29 also.

*Note*:—1. Such percentage charges on account of supervisor and establishment and tools and plant as may be leviable under the rules should also be included, by a transfer entry, in the amount transferred.

*Note*:—2. The cost of workshop jobs need not be adjusted monthly, *vide* Article 176.

### **B. Transactions originating in the Division**

181. When a transaction originates in a public works division, the necessary transfer should appear ordinarily in the accounts of the division for the month in which the transaction occurred, but in the case of work done in workshop the cost should be adjusted in accordance with the directions in Articles 175 to 177.

182. In respect of work done in a division for other departments or Governments, the intimation of transfer will be given after audit (*See* Notes below), by the Accountant General to the Accounts Officer concerned, or to the department for which the work is done, if in the same State. The division undertaking the work should bring the transactions to account under the remittance or other head concerned, and submit vouchers to the Accountant General in the same way as for works of the division itself.

*Note*:—1. For the purpose of this Article work done should include jobs executed workshops.

*Note*:—2. The provision regarding audit before intimation of transfer may be relaxed in the case of any item appearing in the accounts for March and requiring adjustment with another Government, *vide* Article 234.

*Note*:—3. The above procedure will apply *mutatis mutandis* in regards to adjustment of expenditure on works done in a division on behalf of other divisions, if the system of cash settlement of inter-divisional transactions has not been introduced. When cash settlement of inter-divisional transactions has been introduced the claims should be settled by the divisions amongst themselves without the intervention of the Accountant General. The requisite vouchers should however, be sent to the Accountant General with the monthly account. If, as a result of audit, it is noticed that an excess payment has been made

the responding division will claim the amount of excess from the originating division by operating on the suspense head 'Cash Settlement Suspense Account'. On the contrary, if short payments are noticed in audit, the originating division will sent supplementary claim for the balance of the other division.

*Local rulings, illustrations, etc., under Article 182*

The Division undertaking the work on behalf of other Departments, or Governments should prepare separate Schedule of works expenditure in respect of such works grouping separately for each Government, Department concerned the works on which expenditure has been incurred during the month. Entries relating to each work should be made separately for works expenditure and percentage charges (for Establishment Tools and Plant and Audit and Account charges, etc.) one line being used for each of these two charges and a third for the total charges on the work. As in the case of other works debited to final heads in the Division separate schedule dockets should be prepared for each work to which the vouchers required to be submitted to the Accountant General should be attached.

183. \* \* \* \* \*

**C. Transactions originating in another Department or Government**

184. Transactions originating in another Department or Government should as a rule be adjusted in Divisional Accounts only on receipt of intimation of the debit or credit through the Accountant General. The following are, however, exceptions in which the adjustment may be made without receipt of intimation from the Accountant General:—

(1) recoveries of rent realised on behalf of the Public Works Department by Disbursing or Accounts Officers of other accounts circles, provided these entries are supported by certificates (signed by the disbursing or the Accounts Officer, as the case may be), to show that the amounts adjusted in the accounts have been realised from the parties concerned;

(2) \* \* \* \* \*

(3) any other transactions authorised by the Accountant General.

*Local rulings, illustrations, etc., under Article 184*

No other exceptions have been authorized by the State Government under this Article.

185. The Divisional Officer should examine every transfer advised to his Division for adjustment, but should be reject a transfer because the voucher is not in order, or is wanting. Nor should a transfer sent for adjustment be partly accepted and partly rejected; it may be rejected altogether if it does not pertain clearly to the Division; otherwise it should be accepted provisionally in full and the dispute, whether as to the amount or as to other particulars of the transaction, should be settled separately in communication with the officer who advised the transfer.

*Note:*—Railway debits for amounts due on warrants and credit notes passed on by the Accountant General for adjustment in the Divisional Accounts, should be accepted in full, subject only to readjustment later on, of under or over charges. The adjusting officer is not responsible for the correctness of the charges with reference to the railway tariffs but only for proper scrutiny with reference to the propriety of the charges, as against the head of the service concerned; the calculations made by the Railway Accounts Department which are test-checked by the Railway Audit Department should be accepted as correct.

*Local rulings, illustrations, etc., under Article 185*

Debits and credits advised for adjustment and which cannot be adjusted to final heads pending clarification should be adjusted under “Miscellaneous Works Advances—Other items” and “P.W. Deposits—Miscellaneous Deposits” respectively.

186. When a charge is transferred to another department or Government for adjustment, the transfer must be supported either by the necessary vouchers, completed in all respects, or by a certificate (signed by the Accounts Officer of the department originating the transfer) to the effect that payment vouchers have been audited and passed in accordance with the rules. Divisional Officers, are therefore, responsible for obtaining proper vouchers in support of all charges to remittance heads in their accounts.

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**D. Settlement of accounts**

187. In cases in which advices and acceptance of transfer are exchanged direct by Divisional Officers of two accounts circles those officers shall be jointly responsible for clearing remittance transactions expeditiously in direct communication with each other. If an item cannot be accepted, and the intimation of its rejection issues too late to reach the originating officer with in the month in which he has brought it to account, the officer who is called upon to adjust it, should also inform his own Accounts Officer' of the number and date of the originating Officer's advice of transfer and if his own intimation of objection, giving him also brief particulars of the debit or credit, and the grounds of objection.

188. In cases in which no advices and acceptances of transfer are exchanged, the Divisional Officer should examine, as expeditiously as possible the transfers which his Accountant General intimates to him for adjustment in the Divisional Accounts, and report all his objections to the Accountant General, whether the transfer is brought to account provisionally or rejected.

189. The directions given in Articles 187 and 188 shall apply also to transfer transactions, not relating to the execution of works, with (1) Railways, (2) Military Engineer Services and (3) Posts and Telegraphs Department (Telegraph Section).

190 to 194 [Deleted]

**SECTION 10 OTHER DIRECTIONS****A. Monthly closing of the accounts**

195. The initial accounts of cash and stores which are maintained in Subdivisional Offices under the directions contained in Section 1 and 2, should be closed on the 25th or such earlier date between the 19th and the 25th as may be fixed by the Accountant General for the purpose, in order that the accounts returns of the Subdivisions may reach the Divisional Office in sufficient time for the compilation of the monthly account of the division and its submission to the Accountant General by the prescribed date.

*Note:*—In cases where Sectional Officers are authorised to maintain separate initial accounts of stock in their charge, which have to be incorporated

in those of the Subdivisions, they may be permitted, except in March, to close their monthly accounts three days before the date of closing fixed for the subdivision. This limit of three days may be relaxed by the Accountant General in exceptional cases.

*Local rulings, illustrations, etc., under Article 195*

The initial accounts of subdivision should be closed on the last working day of the calendar month—*vide* paragraph 21.1.3. of the Kerala Public Works Account Code.

196. The cash and stock accounts of the Divisional Office should be closed on the last working day of the calendar month. The Transfer Entry Book of the month should be closed as soon as possible after expiry of the month, but before this is done, all necessary transfers, e.g., those relating to the levy of the prescribed percentages for establishment, tools and plant, supervision charges, etc., should be made.

#### **B. Review of unsettled accounts**

197. The several registers and schedules relating to the suspense and deposits heads of account, the contractor's ledger, works abstracts and registers of works, should be reviewed monthly so that the action necessary to effect the expeditious clearance of outstanding balances, whether by actual recovery or by adjustment in the accounts, may be taken regularly throughout the year. In February or early in March, special steps should be taken to bring about all possible reduction in the number and amounts of outstanding items at the close of the year.

*Local rulings, illustrations, etc., under Article 197*

The procedure prescribed in this Article should be followed in regard to the registers of rent and other records of assessment and realization of revenue maintained in the Divisional Office *vide* Section 4 of Chapter III of this Code.

198. Similarly, special action should be taken in March to bring to account all remittance transactions and other liabilities and assets awaiting settlement and to effect clearance in the accounts of March of as many outstanding items as possible. Liabilities as well as outstanding debits and credits remaining unadjusted at the end of March should be watched individually to secure their

clearance before the accounts of the year are closed finally. It is not sufficient that the Divisional Office should bring to account all the transactions the responsibility for which devolves on itself. It is equally important that necessary action be taken to move the other parties concerned to bring to account or settle the outstanding items; the intervention of the Accountant General may be sought where necessary.

*Note:*—In connection with transaction with other Governments and with Railways it should borne in mind that the Central Accounts Section of the Reserve Bank close their books for the year on the 15th April, *Vide* Article 234.

### **C. Closing of the accounts of the year**

199. The financial year terminates on the 31st March and actual transactions taking place after that date should on no account be treated as pertaining to that year. In order, however, that as many of the unadjusted outstandings of the year as possible should be cleared and the errors in accounts coming to notice after the 31st March should be rectified, if possible, within the accounts of the year, the transfer entry book and the stock accounts should be kept open for inclusion of transfer entries relating to rectification of errors and for settlement of transactions. These accounts should be closed on the 20th May, or on such date as may be prescribed by the Accountant General (*See* Article 236).

*Note:*—Accounts of transaction with other Governments and with Railways must be settled completely and communicated to the Accountant General by the 12th April at the latest *vide* Article 234.

*Local rulings, illustrations, etc., under Article 199*

The last day for the submission of March final accounts by the Public Works Disbursing Officers has been fixed as the 20th of May.

### **D. Corrections in accounts**

200. (a) If an item in the accounts which properly belongs to a revenue or expenditure head is classified wrongly under another revenue or expenditure head, the error may be corrected at any time before the accounts of the year are closed, but after the accounts are closed no correction is admissible except as permitted in Article 251 of the Accounts Code, Volume IV Central and except in cases affecting the accounts of works including those falling under Article 149.

*Note:*—1. Errors in suspense accounts are governed by the rule in clause (b).

*Note:*—2. If an error is detected after submission to the Accountant General of the Divisional Officer's Supplementary Account of the year (*vide* Article 236), it should be reported to the Accountant General for his instructions unless the amount is not more than ten rupees.

(b) All errors affecting debt (including suspense) and remittance heads must be corrected, however old they may be.

(c) When a correction is permissible, it should be made by a formal transfer entry, but when it is not permissible, a suitable note of it should be made in the account concerned.

201. All corrections in accounts, which may be advised by the Accountant General on his auditing the documents should, after verification, be carried out in all relevant records in red ink and attested by the dated initials of the Divisional Accountant. A reference to the Audit note or other advice should also be noted against the correction.

#### **E. Pro forma accounts**

202. If for the purpose of any *pro forma* account which the Accountant General is required to prepare or check, it is necessary to determine the charges incurred on a particular work or service, or a group of works or services, expenditure on it should be booked separately in the general accounts, even though, under rule, it may not be customary to estimate or account for such expenditure separately. Detailed instructions in this connection will be issued by the Accountant General in consultation with the Government concerned, where necessary.

#### **F. Accounts in Offices to be reconstituted**

203. When in consequence of the reconstitution of executive charges or of any other arrangements, the accounts of two or more Divisional Officers are to be amalgamated or those of any office are either to be broken up into parts or closed, the Divisional Officers concerned should apply in time to the Accountant General for the instructions to be observed in regard to accounts in giving effect to the arrangements.

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*Local rulings, illustrations, etc., under Article 203*

All order regarding the reconstitution of executive

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|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Works in progress and suspense accounts of works                | Charges should be communicated to the Accountant General.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (ii) Appropriation and sanctions not yet completely operated up on. | When, in consequence of such reconstitution of executive charges or of any other arrangements, the accounts of two or more divisional offices are to be amalgamated or those of any office are either to be, broken up into parts or closed the necessary transfer between offices of unsettled accounts (eg. <i>See</i> margin) of liabilities not yet brought to account, of quantity accounts of Tools and Plant and road metal, and of relevant account and establishment records (including unused forms of cheques and receipt books), should receive the special attention of all concerned. |
| (iii) Stock and other suspense accounts.                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (iv) Remittance accounts.                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (v) Deposit and cash balances                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (vi) Unrealised rent and other revenue and                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (vii) Interest bearing securities.                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

**CHAPTER IV ACCOUNTS RETURNS RENDERED BY  
PUBLIC WORKS OFFICERS**

**A. General**

204. The determine contained in this Chapter shall regulate the procedure relating to the compilation of Divisional accounts and to their submission to the Accountant General. (In their application to the accounts of Divisional Officers in Bengal and Bihar, they are subject to such modifications as may be authorised by the Accountant General concerned).

*Local rulings, illustrations, etc., under Article 204*

The Divisional Officer is the primary disbursing officer of the Division and he also collects some of the departmental receipts of the Division and pays them into Civil Treasuries. The accounts of these receipts and disbursements (including the transactions of subordinate officials acting on his behalf) are compiled under his supervision by an Accountant posted to his office by the State Government and are submitted monthly to the Accountant General on such dates as may be prescribed by him under Article 230 of this Code.

**B. Subdivisional accounts**

205. Arrangements should be made, under the orders of the Divisional Officer, for the despatch of the Subdivisional returns mentioned below, to the Divisional Office on such dates as may render possible the compilation of the monthly or other periodical accounts of the division of the due dates:—

- |                                                                 |                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Copies of the Cash Book<br>(Supported by Vouchers)          | Twice a month or oftener as may be directed by the Divisional Officer, the copy for the last period of each month together with the Cash Balance Report being sent on the date fixed for closing the Cash Book, <i>vide</i> Article 195. |
| (b) Abstract of Stock Receipts and Issues. K.P.W. Forms 8 and 9 | Within three days of the date on which the accounts of a month                                                                                                                                                                           |

- 
- supported by receipted invoices or other vouchers, and extracts from registers of Stock Receipts and Issues (Copies) are closed.
- (c) Works Abstracts (accompanied, where necessary, by Statements of Out-turn from Manufacture and Transfer Entry Orders) for each work in progress in connection with which there was any transaction during the month. Within three days of the date on which the accounts of a month are closed.
- (d) Petty works requisition and accounts for each petty work in progress in connection with which there was any transactions during the month (in original). do.
- (e) Transfer Entry Orders, K.P.W. Form 50 relating to the accounts of the month, other than those proposed from time to time and transmitted separately *vide* Article 108. do.
- (f) Such other returns as may be necessary for the compilation of the accounts required to be submitted to the Accountant-General under orders of Government, *vide* Article 239. do.

*Note*:—1. The totals of the “cash” columns on both sides of the copy of the Subdivisional cash book should be expressed in words in the

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Subdivisional Officer's own hand in token of his having satisfied himself that it is a true copy and correct in all respects.

*Note*:—2. The Accountant General to eliminate the work of preparing copies, may permit Sub-divisions at the headquarters of a Divisional Office to maintain two alternative Cash Books—one being submitted in original to the Divisional Office at the end of the month and the other being used in the month following.

*Note*:—3. The Accounts Returns received from sub-divisions should be further checked in accordance with the rules prescribed in this behalf in the Audit and Departmental Codes.

*Local rulings, illustrations, etc., under Article 205*

1. In addition to the returns mentioned in the above Article, Sub-divisional Officers should submit to the Divisional Office the following returns in the manner indicated against each:—

- |                                                                                                                                                                                |                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| (i) A certificate regarding the scrutiny of the materials-at-site account of minor works and repair.                                                                           | Between the 10 <sup>th</sup> and 15 <sup>th</sup> of the following month— <i>See</i> Local Ruling under Article 126. |
| (ii) Statement of receipts, issues and balances of road metal (K. P. W. Form 15)                                                                                               | Monthly— <i>See</i> Local Rulings under Article 92.                                                                  |
| (iii) Such statement or reports in connection with the recoveries of rents of buildings and lands as the Divisional Officer may require the Sub-divisional Officer to prepare. | Monthly— <i>See</i> Local Rulings under Article-116                                                                  |
| (iv) Estimate of probable requirements of cash, if prescribed by the Divisional Officer.                                                                                       | Monthly                                                                                                              |

- |                                                                                    |                                                      |
|------------------------------------------------------------------------------------|------------------------------------------------------|
| (v) Register of Tools and Plant<br>(K. P. W. Form 14).                             | Yearly on or before the<br>15 <sup>th</sup> October. |
| (vi) Reports of verification of stores,<br>including materials-at-site of<br>works | Immediately after each<br>verification.              |

2. A covering letter in K.P.W. Form 85 should be sent to the Divisional Office along with the returns specified in items (b) to (e) in the above Article.

3. A detailed list in K.P.W. Form 86 should be sent with all works abstracts and petty works requisitions and accounts, items (c) and (d) in the above Article. The materials-at-site account K.P.W. Forms 31 and 31-A should also be sent with works abstracts when necessary.

### **C. Compilation of monthly accounts**

#### **I. INTRODUCTORY**

206. Save as provided in Article 207, all the transactions of the division as recorded in the initial accounts of cash and stock and in the Transfer Entry Book, should be posted direct from those sources in one or other of the schedules prescribed in this section, the details being in some cases recorded in supporting schedule docketts (*vide* Article 209).

207. The cash stock transactions booked under the head "Transfers within Division" should not be included in any of the schedules leading to the monthly accounts. Nor should the following transactions be posted in the schedules from the initial accounts specified against each:—

(i) transactions recorded in the Cash Book under the head "Cash from Treasury". (These are brought to account as a part of the entry "Total amount of Cheques drawn");

(ii) transactions brought to account in the initial accounts of stock (K.P.W. Forms 8 and 9) through the Cash Book or the Transfer Entry Book; *e.g.*, stock purchased in cash, stock sold for cash and stock received from works.

*Local rulings, illustrations, etc., under Article 207*

To ensure the accurate compilation of the accounts it is essential that the transactions referred to in item (ii) in this Article are not brought to account twice. All items of this class should be separated off in the lower part of the Abstracts of Stock Receipts and Stock Issues (K.P.W. Forms 8 and 9).

208. Before the actual compilation of the various schedules and schedule docketts, etc., is undertaken, the Abstract Book, (K.P.W. Form 77) may be written up from the original Cash Books, Abstracts of Receipts and Issues of stock, and the Transfer Entry Book in accordance with the instructions printed on the standard form. The book will consolidate all the transactions of the Division and will thereby facilitate the location of errors and omissions made in the compilation of the monthly account from the schedules and also serve as an independent check over the compiled accounts.

## II. SCHEDULE DOCKETTS

209. As cash vouchers and transfer entry orders, relating to (i) charges on works, other than percentages charged for establishment, tools and plant, etc., and (ii) other items of expenditure of disbursement for which a contingent bill is not required (*See* Article 226), are received and are scrutinised they should be posted in to Schedule Docketts in K.P.W. Form 58 a separate form being used for—

(a) each work to be accounted for in a Schedule of Works Expenditure K.P.W. Form 60 or in the Schedules of Deposits Works and Takavi Works; K.P.W. Form 61 *vide* Articles 219 and 221;

(b) each manufacture or other item of expenditure debitable to Stock and to be accounted for in the Schedule of Debits to Stock, K.P.W. Form 67, *vide* Article 216; and

(c) each separate class of charges (including refunds of revenue) for which a schedule in any other form has to be prepared under the rules in this Chapter.

Cash receipts which have to be taken in reduction of expenditure, (*vide* Article 20) should be posted as refunds, with brief particulars of the transactions.

210. At the end of the month, the schedule docketts should be completed in respect of the Stock transactions. All the stocks debits and credits of the

month as recorded in the lower part of K.P.W. Forms 8 and 9, Abstracts of Stock Receipts and Stock Issues respectively, other than those brought to account through the Cash Book and the Transfer Entry Book, *vide* Article 98 should be posted in the schedule docket. The total of the month's stock transactions relating to each schedule docket should be entered therein as a single figure, *plus or minus* according as it is a debit or a credit, and if there are both debits and credits, to be entered, the net result only should be posted.

211. The schedule docket should then be totalled and reconciled with the works abstracts in the case of works, and with the schedules concerned, in the case of docket of clause (c) of Article 209. All the vouchers (including acknowledgments for stock supplied to contractors), Transfer Entry Orders, Survey Reports and Sale Accounts which are required to be submitted to the Accountant General (*vide* Article 232) should then be attached to the respective schedule docket which should be numbered in a separate series for each month.

*Note:*—1 The Accountant General may at his discretion, permit Divisional Officers to post the Schedule Dockets at the end of the month from the works abstracts as soon as the latter are completed and checked. The Accountant General may also at his discretion dispense with the preparation and submission of a schedule docket for a work when the outlay on that work consists entirely of payment on muster rolls or other vouchers not required to be submitted to the Accountant General. In that case the Divisional Accountant should record a certificate in the last column of the schedule of works expenditure against the relevant item that the vouchers in support of the item are such as are not required to be submitted to the Accountant General under the rules.

*Note:*—2 Some of the schedules mentioned in clause (c) of Article 209 include charges for works supported by a schedule of works expenditure. Such charges and other transactions relating to the works expenditure should be posted in the schedule docket for the works concerned.

*Local rulings, illustrations, etc., under Article 211*

The audit of schedule docket is conducted in the Accountant General's office on the assumption that petty vouchers and initial stock accounts in

support of the certified amounts of unvouched and stock charges have been duly audited by the Divisional Accountant in detail and are available for test-audit. The Divisional Accountant is, therefore, personally responsible for the accuracy of these amounts as stated in Schedule Dockets.

212. For percentage recoveries made on account of establishment, tools and plant, and accounts and audit charges, a single schedule docket should be prepared in K.P.W. Form 59 which should embrace all Government as well as non-Government works on which these percentages may be leaviable under the rules.

*Note:*—This form serves as the Transfer Entry Order relating to these recoveries (*vide* Article 196) and should, therefore, be signed by the Divisional Officer.

### III. SCHEDULES

#### (a) *Schedule of Monthly Settlement with Treasuries*

213. After the settlement of accounts mentioned in Article 89 has been effected with treasuries, a schedule of Monthly Settlement with Treasuries should be prepared in K.P.W. Form 48 separately in respect of the treasuries of each accounts circle.

*Local rulings, illustrations, etc., under Article 213*

The office copy of the details recorded in the “Schedule of Settlement with Treasuries” should be signed by the Divisional Officer and carefully recorded for a period of 20 years.

#### (b) *Schedule of revenue receipts*

214. The following schedules, which are only extracts of the registers prescribed in Articles 113 to 115, should be prepared in the same form as that of the corresponding registers:—

- (i) Schedule of revenue realized.
- (ii) Schedule of refunds of revenue.
- (iii) Schedule of receipts and recoveries on capital account.

*Note:*— A separate schedule should be prepared for each class of receipts for which a separate register is maintained under Article 113.

*Local rulings, illustrations, etc., under Article 214*

When under a major head of revenue there are more than one system for which separate revenue accounts are kept, a summary of the receipts of all systems working upto the totals of the major head should also be prepared.

**(c) Schedules of works expenditure**

215. (a) After a reconciliation has been effected between the totals of works abstracts and relevant schedule dockets, a schedule of works expenditure should be prepared in K.P.W. Form 60 separately for expenditure relating to each of the following classes:—

(i) Each major head (or a division thereof shown separately in Appendix 2 to Volume I) under which expenditure is recorded, a separate schedule should be prepared for “Central and State”, in the case of “2059 Public Works” in States.

*Note:*—This form is not used for manufacture transactions, *vide* Article 216.

(ii) Military Engineer Services;

(iii) Indian Air Force;

(iv) Railway Works;

(v) Posts and Telegraphs Department Works;

(vi) Archaeological Works of the Central Government connected with the conservation of ancient monuments which are debitable to the Archaeological Department;

(vii) all other Government works including occasional works of classes (ii) to (v); and

(viii) all non-Government works other than deposits works and takavi works for which separate schedules are prepared, *vide* Articles 219 and 221.

(b) Except as provided in clause (c) below, only those works on which expenditure has been incurred during the month should be included in the schedule, the entries being detailed in the order of the prescribed heads of the accounts classification in the case of works of classes (i) to (iv) and grouped separately for each Government department, division, local body or other party concerned, in the case of works of classes (vii) and (viii). All works forming part of a single project or system should in all cases be grouped together.

(c) The Schedules pertaining to the accounts for September and March (Supplementary) should include all works, including those relating to which no transactions have appeared in the accounts of those months and a copy of it should be sent by the Divisional Officer to the Superintending Engineer to appraise the latter of the excesses over the estimates, allotments, etc. The schedules pertaining to the accounts for June, September, December and March (Supplementary) should include all works relating to National Highways and the Central Road Fund to enable the Accountant General to furnish quarterly statements of expenditure on such works to the Government of India.

*Local rulings, illustrations, etc., under Article 215*

1. In the case of projects under construction the schedule of works expenditure should show the total expenditure up-to-date on each of the heads subordinate to the minor heads (e.g., head works, main canals and branches, etc.) as also the total amount of the estimate, for comparison.

2. As regards "Revenue Accounts" the expenditure under "Extensions and Improvements" and "Maintenance and Repairs" should be arranged by works under the several detailed heads given in Appendix 3 to the Kerala Public Works Account Code.

**(d) Schedules of suspense transactions**

216. (a) All debits to stock should be collected in K.P.W. Form 67, schedule of debits to stock. The entries in this schedule should be arranged in four groups (1) "Manufacture", (2) "Land, Kilns, etc.," (3) "Storage" (4) "Other Sub-heads". Under (1), should be detailed all manufacture operations in progress and under (2) all works in progress in connection with the acquisition of land, construction and repairs of kilns, etc. Under (3) should be shown the expenditure which is incurred, after the acquisition of the stores, on work charged establishment employed on handling and keeping initial accounts, the custody of stock and the maintenance of the store, godown or yards, etc. Under (4) should be shown (a) individually, all items of expenditure on the carriage, handling, etc., of stock materials when the cost of such processes is debitable to the sub-head of stock under which the materials are classified (*vide* Articles 98 and 131), (b) individually, all items of acquisition of stock

materials for which an estimate is required, and (c) collectively all other items of acquisition of stock materials. In respect of each manufacture operation, the out-turn of the month (*vide* Article 156) should also be shown in the schedule. The operation and out-turn should be entered in two separate lines.

(b) An account of suspense head “Stock” should next be prepared in K.P.W. Form 68 Stock Account. Part I of this form is the main account which should show the receipts, issues and balances, classified by sub-heads. Separate figures should be given in respect of the sub-heads “Manufacture”, “Land, Kilns, etc.,” and “Storage” and all other sub-heads (*vide* Article 95) should be lumped up. Part II, the detailed Account of Issues, should be written up first, and from this part and the schedule of debits to stock, K.P.W. Form 67, should be prepared Part I.

217. (a) Transaction relating to the ‘Purchase—Suspense’.

“\* \* \* \*”

(b) Transaction relating to ‘Miscellaneous Public Works Advances — Suspense’.

A schedule of ‘Miscellaneous Public Works Advances’ restricted to items affected during the month, should be prepared in the K.P.W. Form 65. In addition, a list of items outstanding for more than six months should be furnished to the Accountant General every half-year with the monthly account for September and March.

*Note:*—In the Schedule of Miscellaneous Public Works Advances for the months other than March, items which do not exceed Rs. 5 each may be shown in a lump sum, if so authorised by the Accountant General.

These documents should be prepared on the basis of entries in the Register of Miscellaneous Public Works Advances in K.P.W. Form 62.

218. The Schedule of “Workshop Suspense” should be prepared in such form as may be prescribed by Government in consultation with the Accountant General.

(e) *Schedules of deposit transactions*

219. After the reconciliation mentioned in Article 211 has been effected, a consolidated record of the transactions of a month relating to all Deposits Works

of the Division should be prepared in K.P.W. Form 61, schedule of deposit works. The schedule should show in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and up-to-date. The amount of deposit received for each work should be numbered as a single item, but the transactions which relate to (1) the share available for work expenditure and (2) the total amount recoverable as establishment, tools and plant and audit and accounts charges, if any, should be shown separately, thus—

For works expenditure.

For percentage charges.

*Note:*— Refunds of unexpended balances of completed works should be taken in reduction of the deposits and, therefore, shown in the Schedule as minus realizations and not as expenditure.

*Local rulings, illustrations, etc., under Article 219*

The percentages leviable should be adjusted month by month as the works expenditure is incurred.

220. After transactions relating to deposit works have been posted in the deposit register K.P.W. Form 61 a schedule showing only the items affected during the month should be prepared, K.P.W. Form 75 being used for the purpose.

(f) *Schedule of takavi works*

221. After the necessary reconciliation between the totals of works abstracts and relevant schedule dockets (*vide* Article 211), the transactions relating to takavi works should be consolidated in the Schedule of takavi works which should show the expenditure incurred on each work, the amount realised on account of it and the outstanding balance of the account.

*Local rulings, illustrations, etc., under Article 221*

There are no takavi works in this State.

(g) *Schedules of Debits/Credits to “Adjusting Account between Central and State Governments”, “Adjusting Account with Railways”, “Adjusting Account with Posts and Telegraphs” and “Adjusting Account with Defence”*

222. (a) In K.P.W. Form 73, separately for debits and credits under each major head, should be brought together all transactions which originate in the Division and have to be adjusted by the Accountant-General through the major heads “Adjusting Account between Central and State Governments”, “Adjusting Account with Railways”, “Adjusting Account with Posts and Telegraphs” and “Adjusting Account with Defence” *vide* Article 15.

(b) In State Divisions the transactions included in the Schedules of Debits/Credits to “Adjusting Account between Central and State Governments” should be grouped according to the prescribed heads of classification while in the Central Divisions the transactions included in them should be detailed by each Government.

(c) Similarly, in both the Central and State Divisions the transactions included in the schedules of Debits/Credits to “Adjusting Account with Railways” should be grouped according to each Railway.

*Note:*—Percentage recoveries for audit and accounts should appear in these schedules in the case of State Divisions only.

(d) Items or groups of items for which details are given in the separate schedules, e.g., Schedules of Receipts (K.P.W. Form 44) and Works Expenditure (K.P.W. Form 60), should be shown as a single item.

*Local rulings, illustrations, etc., under Article 222*

In the place of the suspense schedules prescribed in this Article, a separate account should be compiled in this State for Central transactions as Part II of the Monthly Account K.P.W. Form 76. The transactions relating to the Central Government, under the Public Works Revenue and Service heads and Miscellaneous Heads of Account will be accounted for in Part II, while those relating to the Kerala Government, other State Governments and the Railways under the above heads and other Debt and Deposits heads will be included in Part I. Each part of the account should be supported by the requisite schedules prepared in accordance with the detailed instructions issued by the Accountant-General—*See* also Articles 228 and 229.

**(h) *Schedule of Debits/Credits to Interstate Suspense Account***

223. In divisions under the administrative control of a State Government, any transactions which originate in the Division on behalf of any other State Governments should be collected in K.P.W. Form 73 separately for debit and credit transactions. The items in the schedule should be detailed by each Government.

**(i) *Schedules of Debits/Credits to Remittances***

224. All remittance transactions other than those mentioned in Article 222 and 223 should be collected in K.P.W. Form 72 separately for debits and credits and the entries grouped under the headings given in the sample entries in the form.

**(j) *Schedule of Debits/Credits to Miscellaneous Heads of Account***

225. Subject to such instructions as may be issued in this behalf by the Accountant-General, all disbursements and receipts, which cannot be accounted for in any of the other schedules prescribed in Articles 213 to 224 should be collected in K.P.W. Form 71. The transactions to be accounted for in this schedule must be such as are adjustable finally in the books of the Accountant-General under one of the non-public works major heads of revenue and expenditure or a debt head appertaining to the accounts of the Government to which the Division is subordinate.

*Note:*—1 In Central Divisions income tax recoveries from work charged establishments and receipts on account of Cemetery Endowments should appear in the schedule of credits to miscellaneous heads of account. Similarly, in these divisions, percentage recoveries for accounts and audit should appear as credits or minus debits in the Schedule of Credits or Debits to Miscellaneous Heads of Account, according as the amounts are creditable to “0070. Other Administrative Services 60- Other Services—110—Fees for Government Audit” or “2016. Audit”.

*Note:*—2 Save as provided above, no transaction should be accounted for under the final or debt head concerned and shown in the Schedules of Credits or Debits to Miscellaneous Heads of Account except under the authorisation of the Accountant-General. Ordinarily, they should be shown under the

remittance head (“Public Works Remittance—III—Other Remittances”) and included in the Debit or Credit Schedule (K.P.W. Form 72) as the case may be.

*Local rulings, illustrations, etc., under Article 225*

1. The transactions accounted for in the “Schedule of Credits to Miscellaneous Heads of Accounts” and “Debits to Miscellaneous Heads of Accounts” are given below:—

2. All transactions which are adjusted finally in the books of the Accountant-General under one of the non-public works major head of Revenue or Expenditure e.g., ‘0040,2040. Sales Tax’, 0056,2056. Jails and ‘0071,2071. Contributions and Recoveries towards Pension and Other Retirement Benefit’: ‘2016. Audit’ Debt heads of accounts e.g. ‘8338. Deposits of Local Funds’ and ‘8449. Other Deposits subventions from Central Road Fund’ are shown in the schedule of Debits/Credits to Miscellaneous Heads of Accounts.

All other transactions should be dealt with in accordance with Note 2 above.

**(k) Schedule of transactions under “Cash settlement suspense Account”**

*Local ruling:* All interdivisional transactions including those of other Governments should be prepared in K.P.W. Form 71A.

#### **IV. CONSOLIDATED ACCOUNT OF CONTINGENT EXPENDITURE**

226. When cash required to meet contingent charges is drawn from treasuries by cheques, all contingent charges (including stock and adjustment charges) should be consolidated in the form prescribed in Treasury Rules of the Government concerned for the monthly detailed bill of contingent charges countersigned after payment (headed “not payable at the Treasury”). Particulars of charges need not be entered in this account except in the case of miscellaneous items which do not fall under one of the classified sub-heads for specific charges.

*Local rulings, illustrations, etc., under Article 226*

In this State (except in the Public Works and Forest Departments) all contingent charges are met from cash drawn from treasuries directly on bills in the same way as cash required for pay and allowances.

### V. CLASSIFIED ABSTRACT OF EXPENDITURE

227. A consolidated account of all expenditure debited against the grants of the Division should be prepared in K.P.W. Form 69 Classified Abstract of Expenditure. The figures relating to the several major heads (or divisions thereof shown separately in column 1 of the Classification table in Appendix 2 to the Account Code Volume I) should be entered in separate sections, arranged in the order indicated in the Appendix.

*Note*:—1. When works for Military Engineer Services, Indian Air Force, Railways, Posts and Telegraphs Department and Archeological Departments are undertaken as a standing arrangement, *vide* Article 215, and funds for the purpose are allotted to the Division, the expenditure transactions connected therewith should also be abstracted in K.P.W. Form 69 in accordance with the classification prescribed in respect of the works concerned, *vide* Article 17.

*Note*:—2. Refunds of revenue should be excluded from this Abstract, as they are treated as minus Revenue, *vide* Article 21.

On the other hand “Receipts and Recoveries on Capital Account” should be included in this Abstract as minus expenditure as they are taken in reduction of the charges under the major head concerned.

### VI. MONTHLY ACCOUNT

228. Finally, the monthly Account should be prepared in K.P.W. Form 76. This Account is an abstract of the entire receipts and disbursements of the month, as detailed in the various schedules and registers, and shows also the opening and closing cash balances. On the back of the form are recorded (1) a memorandum of miscellaneous cash receipts paid into treasuries and (2) a certificate in respect of the closing cash balances of the subordinate disbursing officers.

229. The entries in the account should be divided into three groups: (1) Revenue entries, which are totals of receipts of the Government concerned under the several major heads, as taken from the registers of revenue realised, K.P.W. Form 44, (2) Expenditure entries, which are totals of expenditure of the Government concerned for the several divisions of major heads and are posted from the Classified Abstracts of Expenditure K.P.W. Form 69, and (3) Other

Heads, under which both receipts and disbursements are posted from the Schedules of Deposits, "Adjusting Account between Central and State Governments", "Adjusting Accounts with Railways", "Adjusting Accounts with Posts and Telegraphs", "Adjusting Accounts with Defence", "Interstate Suspense Account", "Remittance" and "Miscellaneous Heads of Account" K.P.W. Forms 71 to 75.

*Note*:—1. The entries posted under the several heads in the monthly account should be checked with the corresponding entries in the Abstract Book (K.P.W. Form 77)

*Note*:—2. The totals of the columns for receipts and disbursements must agree and, if there is any difference due to cast being in transit between two disbursing officers its amount should be included in the closing balance and the certificate of cash balance should be amplified to explain the amount and the steps taken in adjust the difference.

#### D. Submission to Accountant General

230. The monthly account should be submitted so as to reach the Accountant General's Office by such date between the 7th and 10th of the month following that to which it relates, as may be fixed by the Accountant General in consultation with the Divisional Officer. It should be supported by the following documents:—

- |                                                                  |   |                                                         |
|------------------------------------------------------------------|---|---------------------------------------------------------|
| (i) Schedule of revenue realised<br>K.P.W. Form 44               | } | Extracts from the registers,<br><i>vide</i> Article 214 |
| (ii) Schedule of refunds of revenue<br>K.P.W. Form 44            |   |                                                         |
| (iii) Classified abstract of expenditure<br>K.P.W. Form 69       |   | <i>vide</i> Article, 227                                |
| (iv) Schedules of works expenditure<br>K.P.W. Form 60            |   | <i>vide</i> Article, 215                                |
| (v) * * *                                                        |   |                                                         |
| (vi) Schedules docket of percentage recoveries<br>K.P.W. Form 59 |   | <i>vide</i> Article, 212                                |

- |        |                                                                                                                                               |   |                                                                                               |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------|
| (vii)  | Stock account, K.P.W. Form 68<br>(with sale accounts in support of<br>cash credit the cash credit to stock)                                   | } | <i>vide</i> Article, 216                                                                      |
| (viii) | Schedule of debits to stock,<br>K.P.W. Form 67                                                                                                |   |                                                                                               |
| (ix)   | *            *            *            *                                                                                                      |   |                                                                                               |
| (x)    | Schedule of miscellaneous works<br>advances K.P.W. Form 65                                                                                    |   | Extracts from the relevant sections<br>of the Suspense Registers, <i>vide</i><br>Article, 217 |
| (xi)   | Schedule of workshop<br>suspense (in the Form prescribed<br>by Government)                                                                    |   | <i>vide</i> Article, 218                                                                      |
| (xii)  | Schedule of receipts and recoveries<br>on capital account in the same<br>form as that of the registers                                        |   | <i>vide</i> Article, 214                                                                      |
| (xiii) | Schedule dockets, K.P.W. Form 58<br>(with necessary vouchers, transfer<br>entry orders, survey reports and<br>sale accounts attached to each) |   | <i>vide</i> Article, 209 to 211                                                               |
| (xiv)  | Schedules of credits and debits<br>to adjusting account between<br>Central and State Governments<br>K.P.W. Form 73                            | } | <i>vide</i> Article, 222                                                                      |
| (xv)   | Schedules of credits and debits<br>to adjusting account with<br>Railways K.P.W. Form 73                                                       |   |                                                                                               |
| (xvi)  | Schedules of credits and debits<br>to adjusting account with Posts<br>and Telegraphs K.P.W. Form 73                                           |   |                                                                                               |
| (xvii) | Schedules of credits and debits<br>to adjusting account with defence<br>K.P.W. Form 73                                                        |   |                                                                                               |

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(xviii)	Schedules of credits and debits to "Interstate suspense Account" K.P.W. Form 73	<i>vide</i> Article, 223
(xix)	Schedules of credits and debits to Remittances, K.P.W. Form 72	<i>vide</i> Article, 224
(xx)	Schedules of credits and debits to miscellaneous heads of account K.P.W. Form 71	<i>vide</i> Article, 225
(xxi)	Schedule of monthly settlement with treasuries, K.P.W. Form 48 (with supporting consolidated treasury receipts and certificates of issues signed by Treasury Officers)	<i>vide</i> Article, 213
(xxii)	Schedule of Deposits, K.P.W. Form 75	<i>vide</i> Article, 225
(xxiii)	Schedule of deposit works K.P.W. Form 61 (with reports of progress of expenditure)	<i>vide</i> Article, 219
(xxiv)	Schedule of transactions adjusted under the head cash settlement account, K. P. W. Form 71A	
(xxv)	Copies of tools and plant indents (only in respect of special tools and plant)	
(xxvi)	List of accounts submitted to audit K.P.W. Form 79	

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*Note*:—1. If the Divisional Officer is required by any rule to make a formal report, periodically, of the progress of expenditure on a deposit work, to the administrator or depositor concerned, a report in K.P.W. Form 61 A setting forth the amount of the estimate, the total deposits received the progressive expenditure, should accompany the schedule

of deposit works, so that the Accountant General may after audit of the schedules verify the report and forward it to the local body or persons concerned.

*Note*:—2. If the Divisional Officer is authorised to refund, without reference to higher authority, fines which have been remitted by a court of law, the original orders of the court should accompany the schedule of refunds of revenue, as the audit of the refunds made in such cases is conducted by the Accountant General on the authority of the orders of the court.

231. The schedules relating to the suspense and deposit accounts should be submitted to the Accountant General month after month, so long as there are balances outstanding under the account concerned whether there have been any transactions during the month or not. In respect of the schedule of deposit works, K.P.W. Form 61 the Accountant General may dispense with the submission, every month, of Part II of the Schedule provided (i) that this part is submitted invariably with the account for March and (ii) that, if Part II for any month contains works any expenditure on which has been debited to miscellaneous works advances an extract from Part II relating to such works only is submitted to him. Subject to these exceptions, the remaining schedules are necessary only if there have been any transactions during the month.

232. (a) With the exceptions noted below [as to which, however See clause (b) below], all vouchers and transfer entry orders in support of cash payments and other charges in the accounts should accompany the monthly account:—

(i) Muster rolls or other vouchers in support of payments to labourers irrespective of amount;

(ii) Vouchers in support of payments of wages to members of the work-charged establishment, corresponding to class IV staff in regular establishments.

(iii) Other vouchers, whether relating to works or contingencies the amount on which do not exceed ₹ 250\*.

*Note*:—Vouchers not submitted to the Accountant General should be “cancelled” by means of a perforating or endorsing stamp and kept carefully to be

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\*Substitution G.O. (P) No. 13/79 Fin. dated 6-1-1979.

made available for test audit whenever demanded by him.

(iv) Invoices or other vouchers in acknowledgement of issues of stock materials including issues of out-turn from manufacture to stock;

(v) Vouchers in support of payments made for the conversion of cash deposits into interest-bearing securities, in cases in which no voucher other than the security itself or a safe custody certificate of the security exists;

*Note*:—When a voucher of this class is not submitted to the Accountant General, the reasons should be noted against the entry of its amount in the schedule docket, or in the schedule of works expenditure, *vide* article 211.

(vi) Transfer entry orders of the classes enumerated below:—

- (a) those involving debits to remittance heads otherwise than in respect of expenditure on works;
- (b) those relating to charges which are supported by vouchers received in transfer;
- (c) those involving a credit to a revenue head (gross receipts), or to any Miscellaneous Head of Account otherwise than in respect of expenditure on works.

*Local rulings under Article 232 (a)*

1. In the State all vouchers for payments to part-time and seasonal work-charged staff shall be forwarded to the Accountant General.
2. The monetary limit of cash vouchers relating to works referred to in category (iii) above, is ₹ 100.

(b) All vouchers (other than muster rolls) in support of debits to contractors should be submitted to the Accountant General even though falling under any of the exceptions to clause (a);

*Note*:—1. The provisions in clauses (a) and (b) of this Article apply also to vouchers received from other divisions, departments or Governments, in support of transfer debits raised by them.

*Note*:—2. The term “Voucher used in clause (a) includes advices of transfer credits and acceptances of transfer debits received from other

divisions, departments, etc., in the case of the docket for schedule of debits to remittances.

(c) All vouchers in support of payments for land acquired should be submitted to the Account General.

(d) All survey reports of stores and sale accounts should also accompany the monthly account. Sale accounts in support of cash credits to stock should be attached to the stock accounts, K.P.W. Form 68. Survey reports and sale accounts in support of other credits to stock should be attached to the schedule dockets pertaining to the works or accounts debited and the remaining survey reports and sale accounts should be attached to the schedule dockets relating to the works or accounts credited.

233. [deleted].

234. In connection with the accounts for March, the following points should receive special attention.

(a) the entry of the closing cash balance should be supported by (1) the original cash balance reports of all disbursing officers including the Divisional Officer, and (2) a certificate of the Divisional Officer to the effect that he has obtained, on or after 31st March, and retained in his office, an acknowledgement from the officer or subordinate concerned, in respect of each items of imprest or temporary advance shown in the cash balance reports of the Division for 31st March;

*Note:*—The original cash balance reports of subordinate disbursing officers should be initialed by the Divisional Officer before transmission to the Accountant General.

(b) to Part II of the Schedule of Monthly Settlement with Treasuries, K.P.W. Form 48 should be subjoined a statement in the form given below, in respect of the cheques drawn to meet payments of works:—

<i>Particulars</i>	<i>Number of cheques Issued</i>	<i>Amount</i>
1. For the Whole month	. .	. .
2. During the last five working days of the month	. .	. .

(c) the schedules of Credits/Debits to the heads “Adjusting Account between Central and State Governments” “Adjusting Account with Railways” “Adjusting Account with Post and Telegraphs”, “Adjusting Account with Defence” and “Inter-State Suspense Account” should invariably be despatched so as to reach the Accountant General not later than the 7th April of the succeeding year and all correcting entries affecting those schedules should be intimated to the Accountant General so as to reach him by the 12th of April at the latest.

235. Within six weeks of the submission of the monthly account for March, a consolidated certificate in respect of balances, other than cash, should be forwarded to the Accountant General in K.P.W. Form 83, annual certificates of balances.

*Note*:—If the closing balance under any head is nil it does not follow necessarily that a certificate is not required in respect of it. In all cases in which there was a balance at the commencement of the year, or there were any transactions during the year, a certificate should be recorded but the wording of it may be amended suitably if the closing balance is nil.

236. In addition to the ordinary accounts for March, a supplementary account for that month, which shall comprise the transfer entries and corrections permitted under Article 199, should be submitted to the Accountant General with all the necessary accompaniments, so as to reach him by the 1st June or such other date as may be prescribed by him.

*Note*:— This account should be of the simplest character and should set forth only the transactions to be brought to account. It is not necessary, for instance, to repeat in any of the suspense or deposit schedules the items not affected, so long as in addition to the necessary details of the items affected the totals for the account concerned are also given.

*Local rulings, illustrations, etc., under Article 236*

The procedure indicated in the second sentence of the note under this Article is applicable to the “Schedule of Rents of Buildings and Lands” also.

237. [Deleted]

*Local rulings, illustrations, etc., under Article 237*

This Article does not apply to this State.

238. The Divisional Accountant should sign not only the monthly account but also all the schedules, etc., accompanying it. The Divisional Officer need not sign all these documents, he should however, sign the monthly account and the list of accounts, K.P.W. Form 79, unless he is absent from headquarters, in which case he should send to the Accountant General as soon as he can examine his books and papers on return, a report in K.P.W. Form 80 (with a duplicate copy of the monthly account signed by himself), without which the Accountant general will not pass the monthly account finally. The consolidated account of contingent expenditure, *vide* Article 226 should be signed invariably by the Divisional Officer.

*Note:*—It is desirable that the Divisional Officer should make arrangements for the review by himself of all the vouchers before they are submitted to the Accountant General and that, unless the circumstances are exceptional, the Divisional Officer should sign the accounts himself.

*Local rulings, illustrations, etc., under Article 238*

The procedure prescribed in the above Article should be followed in regard to the “Schedule of Monthly Settlement with Treasuries” and to the “Schedule Docket for Percentage Recoveries” also.

239. In addition to the accounts prescribed above, such other accounts (e.g. Subsidiary accounts of revenue, stores, stock and tools and plant, and interest bearing securities, or *pro forma* account) should be submitted to the Accountant General as Government may prescribe or the Accountant General may require.

*Local rulings, illustrations, etc., under Article 239*

The Divisional Officer should submit an account of interest bearing securities (K.P.W. Form 82) prepared at the close of the year from the Register of interest bearing securities (K.P.W. Form 81) to the Accountant General with the monthly accounts for March.

*Note:—*1. This account should be supported by (1) the acknowledgements (in original) of the depositors for securities returned or retransferred to them during the year and (2) the certificate of the Divisional Officer that all securities shown as outstanding in this account, or acknowledgements for them by the authorised custodians, are in his possession.

*Note:—*2. If a security recovered in instalments is being deposited in the Treasury Savings Bank, no entries should be made in respect of it in the register of interest bearing securities until the security has been fully paid up. The annual accounts should, however, be completed in respect of the securities in course of recovery, by taking the recoveries of the period covered by the account from the deposit register, verifying them at the same time with the actual recoveries as shown in the register of recoveries.

**PART III FOREST ACCOUNTS****CHAPTER V CLASSIFICATION OF FOREST RECEIPTS  
AND EXPENDITURE****A. General**

240. The major and minor heads prescribed by the Comptroller and Auditor-General with the Approval of the President for the classification of forest receipts and expenditure are set out in Appendix 2 to Volume I. The sub-heads, detailed heads or units of grants and appropriations will be determined by Government according to local requirements in consultation with the Accountant General.

*Local ruling under Article 240*

The accounts to be kept by the Forest Departmental Officers of the State are prescribed in this part and are supplemented in detail by the Kerala Forest Code, Volume II and Book of Forms (Forest Accounts).

**B. Transactions with other Departments and Governments**

241. Adjustments with other departments and Governments in respect of supplies made or services rendered by or to the Forest Department should be regulated by the directions contained in Chapter 4 of Volume I.

242. Recoveries or payments made in cash should be treated like other revenue receipts or service payments, as the case may be. But when a transaction has to be adjusted by book transfer, the transfer should be effected by debiting or crediting the amount involved to "Book Transfers", the entry in the accounts being supported by full particulars of the transaction and where necessary, by the bill or invoice duly accepted by the department debited or by the bill or invoice of the Supplying Department accepted by the Forest Officer.

*Local ruling under Article 242*

Inter-departmental adjustments of the same Government which are due to Forest Department are settled by the bill presented by

the supplied officer at the treasury by transfer credit to 'Forest Remittance' or 'Items adjustable by Forest' as the case may be and the Divisional Officer will make necessary transfers to the final head of account concerned. The adjustments of the amounts which are due from the Forest Department are settled by cheques.

243. Transactions of the Central Government, Railways, P & T., Defence or another State Government originating in a State Forest Division, in so far as such transactions are adjustable by book transfers, should be entered in the accounts as debits or credits to the head "Book Transfers—Central", "Book Transfers—Railways", "Book Transfers—P. & T.", "Book Transfers—Defence" or "Book Transfers—Government of the State of...", as the case may be. Likewise, the adjusting entries in respect of Railways, P. & T., Defence or State transactions originating in a Forest Division of the Central Government should be taken to the head 'Book Transfers—Railways', 'Book Transfers—P. & T.', 'Book Transfers—Defence' or 'Book Transfers—Government of the State of...'. The necessary adjustment will be made by the Accountant General against the balances of the Government concerned, or of Railway/P. & T. /Defence, as the case may be.

*Local ruling under Article 243*

The original transactions in the State Account adjustable under the Central/Railway/P. & T. /Defence /other State Governments are directly classified under the heads "Adjusting Account between Central and State Governments", "Adjusting Account with Railways", "Adjusting Account with P. & T." "Adjusting Account with Defence" and "Inter State Suspense, Account" as the case may be. The transactions which originates in the Central/Railway/P. & T./Defence/other State Government accounts in favour of Forest Department are responded by the Divisional Officers and accounted for under the final heads of account in the monthly accounts of the divisions.

**C. Inter Divisional Transfers**

244. All revenue and expenditure should be recorded in the accounts of the division within which it is collected or incurred without reference to its origin or object and save as provided in Article 245, no inter-divisional adjustments should be made except under special orders of Government.

245. In cases where Government in consultation with the Accountant General have declared a division or a circle as a unit for the purpose of ascertaining the financial results of the working of the forests, adjustments may be made between different units. Thus, in cases where the unit is the division, adjustments may be made between different divisions; where the unit is the circle, adjustments may be made between divisions in different circles. These adjustments may be made monthly or annually as may be found convenient.

*Local ruling under Article 245*

- (a) Services rendered or articles supplied by one Division to another shall not be charged except in the following cases:—
  - (1) Stores issued from materials account of a work.
  - (2) Other services which affect the accounts of a work in progress or suspense or deposits
  - (3) Seedings supplied by one division to another.
- (b) Adjustment of value of timber and other forest produce transferred from one Forest Division to another shall not be made except in quantity accounts. For statistical purposes, the value fetched may be intimated monthly to the supplying division through statements of sale effected from timber received from other divisions.

**D. Charges for Establishment, Tools and Plants, etc.**

246. Charges on account of general services like establishment, livestock, stores and tools and plant should be classified under appropriate sub-heads under the minor head "Direction and Administration" or "Forest Conservation and Development" as the case may be and, save as provided below, no attempt should be made ordinarily to include in the cost of an individual work any portion of expenditure on account of those services. The cost of materials purchased for a specific work should, however, be debited to the accounts of that work.

247. Pay and allowances of such temporary establishment as is employed upon the actual execution, as distinct from the general supervision, of a specific work or upon the subordinate supervision of departmental labour, stores and machinery in connection with such a work should be debited to the appropriate sub-head under "Forest Conservation and Development" and not under "Direction and Administration".

248. Where such expendible stores, as building materials, small stores, house fittings, etc., taken to the general sub-head for stores and tools and plant, are utilised subsequently on any specific work, the value thereof should be transferred to the accounts of the work concerned by write-back to the sub-head to which the stores were debited originally. Similarly, the cost of carriage of these stores to the site of a work and carriage charges in connection with the movement from place to place of other materials and tools and plant issued to or provided specifically for a work may be debited direct to the accounts of that work.

#### **E. Forest Remittances**

249. All sums paid into the treasury by a departmental officer or on his account should be debited to "Forest Remittances" irrespective of whether a remittance is made in cash or by a cheque. Similarly, the value of all cheques drawn should be credited to "Forest Remittances" irrespective of whether or not they are cashed at once.

##### *Local ruling under Article 249*

The schedule of settlement with treasuries in K.F.D.C. Form No. 75 (in original) should be submitted to the Accountant General along with the monthly accounts. On no account should be submission of the schedule be delayed beyond the 15th of the succeeding month.

An office copy prepared and signed by the Divisional Officer should be kept in the office rendering accounts to the Accountant General.

Discrepancies pointed out by the Treasury Officer in the consolidated treasury receipts and the consolidated treasury issues should be set right immediately in consultation with him.

#### **F. Forest Advances**

##### *I. Advances to disbursers*

250. When a subordinate officer who is not authorised to draw cheques against the drawing account of the Divisional Officer is given a cash advance of suitable amount to enable him to make the disbursements entrusted to his charge, the amount of the advance should be debited in the accounts of the officer making the advance to "Forest Advances" as an advance to the disburser concerned. When an account of the advance is rendered by the disburser, the amount of the expenditure incurred should be credited

to “Forest Advances” by a *per contra* debit to the appropriate sub-head of accounts classification.

II. *Advances to contractors, etc.*

251. Advances to contractors, suppliers and labourers made in connection with the execution of works under the orders of competent authority should be debited in the accounts of the officer making the advance to the head “Works Advances” subordinate to the minor head “Forest Conservation and Development” the entry being supported by an acknowledgement by the payee. When recovered (wholly or partially) from the contractor, etc., either by work done or in cash the amount recovered should be credited under “Works Advances”. If the recovery is the value of the work done, such value should simultaneously be debited *per contra* to the appropriate subhead of accounts classification.

252. Petty advances to labourers which are made by a subordinate out of his own imprest or advance (*See* article 250) and allowed to be treated as part of the cash balance with him should not, however, be accounted for as “Works Advances”.

**G. Recoveries of Service Payments**

253. Recoveries of service payments should be dealt with as follows:—

(a) *If made before the close of the year in the accounts of which the payment was included.*

- (1) When the recovery is in adjustment of an overcharge on account of pay or travelling allowance and is made by deduction from a bill debitable to the same detailed head, the net amount only should be debited to that head.
- (2) In all other cases, the amount recovered should be entered initially in the accounts as an item of receipt under “Recoveries of Service Payments” but in the accounts rendered to the Accountant General the amount should appear as a *minus* entry under the sub head to which it was debited originally.

(b) *If made after the close of the year in the accounts of which the payment was included.*

The amount should be credited in the accounts as miscellaneous revenue.

(c) Advances of pay and travelling expenses to Government servants on transfer will be accounted for under the same head to which their pay and allowances are debited and adjustment of such advances will be treated as minus expenditure under pay and travelling expenses in the monthly accounts of the division.

#### **H. Other Recoveries**

254. Other Recoveries from pay bills, etc., should be recorded as pertaining to "Provident Funds, Income Tax, etc.", as the case may be, but such recoveries as are creditable to the Central Government/P & T (eg. deduction on account of Income Tax, Postal Life Insurance Fund, etc.) should be classified under the head "Book Transfer—Central", "Book Transfer—P & T" as the case may be. In the same way, any recoveries creditable to another State Government should be credited to the head "Book Transfers—Government of.....".

#### **I. Forest Deposits**

255. Earnest money deposits which are paid under the rules of Government by contractors or purchasers of forest produce direct into a treasury or sub treasury should be treated as Revenue Deposits and not as Forest Remittances. Such deposits should not appear in the accounts of the Officers of the Forest Department. Similarly earnest money deposits which are received initially by a Forest Officer but remitted subsequently to the treasury as such should be dealt within the treasury account as Revenue Deposits.

*Note:*—Earnest money deposits which are tendered at auctions held at outlying stations and received by Forest Officers under the rules of Government may be accounted for in the Forest Departmental accounts as "Revenue Deposits" if this course is considered more convenient by Government. Under this arrangement, such deposits, whenever remitted to the treasury should be treated in the treasury accounts as Forest Remittances while the Forest Departmental Officer concerned should keep the detailed accounts of these deposits and submit the necessary returns to the Accountant General in accordance with the directions contained in Volume II.

*Local rulings under Article 255*

Amounts of earnest money deposits received in cash by the Divisional Forest Officer are remitted into the treasury under revenue deposits in favour of the Divisional Forest Officer. The receipt and the remittance are classified in the cash book under "Remittances of Earnest Money Deposits". At the end of each month the Divisional Forest Officer will obtain a consolidated receipt from the treasury under "Revenue Deposits" and verify it with the treasury receipts and the register of revenue deposits kept by him.

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**CHAPTER VI ACCOUNTS TO BE KEPT IN FOREST OFFICES****A. Cash Book****I. General**

256. Every Officer who is authorised to receive or disburse Government money should keep an account in cash book, Form F.A. 1. in which he should enter not only all money transactions as they occur but also book transfers permissible under Article 260.

*Local ruling under Article 256*

Sales tax collected by forest officers, shall be remitted into the treasury under 'Sales tax' and not under 'Forest Remittances'. The collections and remittances shall be accounted for in the cash book under 'Forest Remittances—Miscellaneous Remittances'.

Sales tax collected along with the value of forest produce sold by the Forest Officers shall be accounted for in the cash books and included in the monthly accounts of Division concerned just like any other transactions of the department. The remittances shall be shown in the schedule of credits to miscellaneous heads of account as a single item and detailed list given separately to audit. One copy of the list shall be given to the departmental officer concerned on the 10th of the succeeding month with a certificate of reconciliation that the total of the list agrees with the amount shown under 'Sales tax' in the monthly accounts. The final adjustment of the credit shall be carried out by the Accountant General.

257. Only transactions connected with the public service and no other should be shown in the Cash Book. Sufficient details should be given in the column "Particulars" to admit of the main points of each transaction being ascertained readily without reference to the detailed vouchers. All items of revenue must be detailed fully; the forest from which the revenue is received, the person who pays it and the articles and quantities removed should be stated in that column whenever the information is available. The classification of receipts and charges should be given in column "Head of Service" in accordance with the prescribed accounts classification (*See* Chapter V).

258. When a cheque is drawn in favour of self or order to replenish the cash chest the amount of it should be entered at once as a receipt. This entry

must not be delayed until the money has been received after the cheque has been cashed at the treasury.

259. A cheque drawn in order to be paid away should be entered simultaneously on both sides of the cash book, once as a receipt money from the treasury and again as a payment to the payee concerned, the number and distinguishing letter of the cheque being specified in both the entries.

260. Similarly, all books transfers, ie. transactions in which no actual payment or receipt of cash is involved, should be entered simultaneously on both sides of the cash book, the credit or debit to "Book Transfers" appearing on one side and an equivalent debit to an expenditure head or credit to a revenue head, on the other.

261. Pay and allowances of Forest Officers and their establishments which are paid by cheques or out of cash obtained from the treasury should be entered in the cash book under the head "Direction and Administration" without further details, the entries being supported by bills as vouchers.

*Local ruling under Article 261*

1. Detailed procedure of drawl, disbursement and accounting of establishment and contingent charges are contained in Chapter IX of the Kerala Forest Code Volume II.

The Gross amount of the establishment bill shall be entered on the payment side of the cash book, the deductions being entered in the cash column and the cheque amount in the cheque column. The total deductions shall simultaneously be entered on the receipt side of the cash book. The transaction shall be classified under 'Establishment Charges' and, the deductions from 'Establishment Charges'. The detailed classification for the gross charges and the deductions shall be given in the register of establishment charges in K.F.D.C. Form 122 which shall be adopted in the cash abstract for the month.

2. The deductions for a month on account of life insurance premia shall be paid by cheque to the L.I.C. of India on the last day of

the month. Credits and debits on account of the L.I.C. premia shall be entered in a separate register every month and the prompt payment of those amounts to the L.I.C. should be watched. In case the payment on account of life insurance premia of the staff is not made on the last day of the month, the amount should be taken in the Deposit Register and accounted for under 'Forest Deposit', in the monthly accounts of the Division. Subsequent payment to the Life Insurance Corporation should also be taken under the same head of account.

3. Recoveries on account of advances like 'Objection book advance' should be watched and the details intimated to the offices to which the incumbents are transferred during the period of recoveries.
4. Contingent charges should be entered in a register of contingent charges and a monthly consolidated contingent bill headed 'not payable at treasury' forwarded to the Accountant General wherever necessary.

## ***II. Cancelled, lost or lapsed cheques***

262. If a cheque which has been drawn and entered in the cash book has to be cancelled subsequently, the amount of it should be accounted for on the creditor side as a "cancelled cheque", the cancelled cheque being treated as a voucher. Simultaneously, an entry should be made on the debtor side as indicated below.

*(a) If the cancelled cheque is replaced immediately by a fresh cheque*

The fresh cheque should be shown as a "Forest Remittance", the number and date of the cheque in lieu of which it is drawn being quoted in the entry.

*(b) If the cancelled cheque is not replaced immediately*

The expenditure in payment of which it was drawn should be written back by marking an entry of the cancelled cheque on the debtor side as for a cash recovery of a service payment (Article 253).

263. A lost cheque should be treated in all respects like a cancelled cheque (Article 262), the treasury certificate of non-payment being regarded as a voucher in support of the entry of cancellation on the creditor side of the cash book.

264. A lapsed or time-expired cheque, if renewed, should be treated as a cancelled cheque, and the fresh cheque issued in its place entered in the cash book in the manner indicated in clause (a) of Article 262.

### ***III. Closing and balancing***

265. The cash book should be closed and balanced monthly. The account balance at the close of the month should be checked with the actual cash balance on hand verified by actual count. If any excess or deficiency is found, it should be entered at once as such in the cash book on the debtor or creditor side, as the case may be.

266. Divisional Officers and others who render accounts to the Accountant General (Chapter VII) should close their books on the last working day of each month, but subordinate officers should do so on the 27th or such earlier date as may be necessary in order to ensure that their accounts reach the officers in whose accounts they are to be included, by the last day of the month. For the month of March, the Divisional Officer should keep open his own accounts until the receipt of such accounts of the subordinate officers as will be closed on the 31st of the month.

#### *Local rulings under Article 266*

The subordinate officers' cash book may be closed on the 15th and last day of each month and the copies of the cash book with supporting receipt items and voucher items furnished to the Division.

### **B. Register of Cheques drawn**

267. A monthly register of cheques drawn on all treasuries with which the drawing officer is placed in account should be kept in Form F.A. 2.

*Local rulings under Article 267*

After the expiry of the month a list of cheques (in K.F.D.C. Form No. 96) drawn during the month may be sent to the Treasury Officer who should note the dates of payments against each cheque paid and add details of cheques drawn during the previous month but paid during the month and furnish a certificate of issues.

**C. Works Accounts****I. Muster rolls**

268. For work executed by labourers, whether paid by the day or otherwise, a muster roll should be kept in such form and in accordance with such methods as may be prescribed by Government after consultation with the Accountant General.

*Local rulings under Article 268*

Muster roll in K.F.D.C. Form 76 should be maintained and the issue of the rolls should be done in accordance with the provisions in para 10.3.3. of Kerala Forest Code, Volume II.

**II. Measurement books**

269. For work done otherwise than on a lump sum contract, and for supplies made by a contractor, a measurement book should be kept in such form and in accordance with such methods as may be prescribed by Government after consultation with the Accountant General.

*Local ruling under Article 269*

A measurement book in K.P.W. Form 21 should be maintained in accordance with paras 10.5.1 to 10.5.5 of the Kerala Forest Code, Volume II.

**III. Register of works**

270. A detailed record of the expenditure relating to each sanctioned work should be kept in a register in Form F.A.3.

*Local ruling under Article 270*

In respect of works costing ₹50,000 and above and executed departmentally or through contractors whose contracts are for labour only, a register of works in K.F.D.C. Form 60A shall be maintained. In all other cases a register of works in K.F.D.C. Form 60 shall be maintained.

The posting of the registers of works should be completed before the date of submission of the monthly accounts to the Accountant General and the entries for the month got attested by the Divisional Forest Officer with dates.

The registers should be closed yearly and items carried forward to the new year's registers as laid in Paras 10.8.1 to 10.8.4 of the Kerala Forest Code, Volume II.

**D. Stores Accounts**

271. An account of stores such as building materials, small stores house fittings, etc., which may be held in stock for general purposes, as distinct from materials purchased for specific works, should be kept in such form as the Government may determine in consultation with the Accountant General.

**E. Contractors' and Disbursers' ledgers**

272. A ledger should be maintained by the Divisional Officer in Form F. A. 4 for all accounts with disbursers and contractors. On the debtor side should be entered all payments made to them and on the creditor side the amounts of all bills passed to their credit and all sums repaid by them in cash.

273. Only one account should be opened with each disburser but in the case of contractors a separate account should be kept with each person in respect of each work.

*Local ruling under Article 273*

The ledger accounts should be closed and balanced monthly to see that the balances do not remain outstanding for a long time and bills are prepared at reasonable intervals in the case of running accounts.

274. Each item entered in the cash book under "Forest Advances" or "Works Advances" should be posted at once in the ledger, and when any work

is accepted as having been done by a contractor, or any account supported by the necessary vouchers is accepted from a disburser, the amount covered by work done or expenditure incurred, should be set off against the amount due from the contractor or disburser, as shown in his account in the ledger. The ledger account should thus be a running account with each contractor and disburser from which the amount due by him or from him can always be ascertained easily.

*Local ruling under Article 274*

When an advance is outstanding against an officer on transfer, the amount shall be shown in the accounts of the division he is leaving as “transferred to the accounts of the new division” on receipt of intimation from the Divisional Forest Officer of his new division that the outstanding has been brought to account in his ledger. No account adjustment or formal transfer of debits/credits need be made. *See* also para 9.1.7 of the Kerala Forest Code, Volume II.

275. The account with each contractor and disburser should be balanced on the last day of each month in which any transaction taken place.

276. The pages in the ledger should be numbered consecutively and there should be an index to the accounts it contain. Each new account opened should be assigned a number which will be appropriate to that particular account until it is closed finally. The numbers should be given to the accounts in the ledger in consecutive order as they are opened and should run in a consecutive sequence until a new ledger volume is opened.

**F. Closing of the accounts of the year**

277. The financial year terminates on 31st March and actual transactions taking place after that date should on no account be treated as pertaining to that year. In order, however, that as many of the unadjusted outstandings of the year as possible should be cleared, and that errors in accounts coming to notice after the 31st of March should be rectified, if possible, within the accounts of the year, the account books prescribed above should be kept open, after the closing of the accounts for March, for the inclusion of transfer entries relating to rectification of errors and for settlement of outstandings. These accounts should be closed on the 20<sup>th</sup> of May or on such date as may be prescribed by the Accountant General (*See* Article 294).

### G. Correction of Errors

278. If an item in the forest accounts which properly belongs to one head is classified wrongly under another head, the error, should be corrected in the following manner:—

- (a) If the error is discovered *before* the close of the month's accounts, the necessary correction should be made in the original entries before the accounts are closed. The mistake should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The disbursing officer should initial every such correction and invariably date the initials.
- (b) If the errors is discovered *after* the close of the month's accounts, but before the accounts for March supplementary are closed, the correction should take the form of a fresh entry in the current cash book (Art. 277).

*Note:*—1. Errors affecting only revenue or expenditure (Service) heads, where the amounts involved do not exceed Rs. 10, need no formal correction.

2. If the error affects one or more heads on each side of the cash book, the correcting entry should be made on both sides in the manner indicated in Article 260 but if it affects only receipt or expenditure heads on one side of the cash book, the entry should be made on the one side affected, the amount (*plus or minus*) pertaining to each head being specified in the column headed "Particulars" and the column "Receipts" or "Disbursements", as the case may be, being left blank. At the same time, a suitable remark should be made in red ink against the original incorrect entries in all accounts, the reference to the correcting entry being quoted.

3. No correcting entry should be made unless supported by the orders of the Divisional Forest Officer obtained on a Transfer Entry Memorandum in the form below:

Particulars of the original transaction, with reasons for the proposed adjustment	Debits		Credits	
	Head of Account	Amount	Head of Account	Amount
		₹ P.		₹ P.

Passed.

*Divisional Forest Officer.*

- (c) If the error is discovered *after* the accounts for March supplementary have been closed and despatched to the Accountant General (Article 294) it should be reported by letter to the Accountant General who will deal with it in accordance with the rules in Volume IV and advise to the Forest Officer the corrections (if any) which he should make in his accounts.
- (d) In all cases in which a formal correction is not permissible, a suitable note (in red ink) should be made in all the accounts concerned.

#### **H. Subsidiary Accounts of Commercial Undertakings**

279. If the activities of any individual Forest Unit or of any self-contained exploitation scheme like a Saw-mill or a Forest Railway, are such as to require the maintenance of subsidiary accounts on a commercial basis; the form of accounts to be kept may be settled by Government after consultation with the Accountant General.

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**CHAPTER VII ACCOUNTS RETURNS RENDERED BY FOREST  
DEPARTMENT OFFICERS****A. General**

280. The directions contained in this Chapter shall apply primarily to accounts of Divisional Officers. They shall also apply *mutatis mutandis* to accounts of Conservators and other Forest Officers who draw funds against their own drawing accounts and render separate accounts to the Accountant General in respect of transactions passing through them.

*Local ruling under Article 280*

Administrative Officer to the Chief Conservator of Forests, Conservator of Forests, Forest Utilisation Officer, Principal, Kerala Forest School, Walayar, Forest Veterinary Officer and any other officer authorised by Government will be Divisional Officers for purposes of rendering accounts to the Accountant General—*vide* para 1.1.1. (iv) of the Kerala Forest Code, Volume II.

**B. Incorporation of Subordinates' Accounts**

281. Before closing the accounts of a month the Divisional Officer should satisfy himself that the accounts of his subordinate officers for the month have been examined and incorporated truly and accurately in his own accounts. For this purpose, the accounts of the later should reach the office of compilation in time for the preparation and submission of the accounts returns on the due date. (*See* local ruling under Article 218). If they do not arrive in time to be so incorporated, they should be taken in the following month's accounts but such an occurrence should be avoided as far as possible. In the case of accounts for March, however, the Divisional Officer must keep open his accounts until receipt of all the subordinates' accounts in order that all receipts and payments of the official year may, as far as possible, be brought into the accounts of the year (*See* also Article 277).

**C. Compilation of Monthly Accounts****I. Cash Account**

282. The monthly cash account should be prepared in Form F. A. I. It should show in respect of the following items merely the totals for the month and all other items of receipt or charge should be entered in detail:—

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(a) *Debtor side:*

- (1) Cheques drawn.
- (2) Recoveries of advances from contractors and disbursers.
- (3) Revenue received and credited in the cash book under "0406—Forestry and wild life".
- (4) Recoveries made by deduction from pay bills on account of service and other Funds, provided the bills are accompanied by schedules showing the full particulars of each recovery.
- (5) Refund of forest revenue taken by deduction from revenue.
- (6) Receipts and recoveries creditable to the Central Government.
- (7) Receipts and recoveries creditable to Railways/P&T/Defence and
- (8) Receipts and recoveries creditable to other States.

(b) *Creditor side:*

- (1) Remittances to treasuries.
- (2) Advances made to contractors and disbursers.
- (3) Expenditure debited in the cash book to "2406—Forestry and wild life".
- (4) Expenditure debited in the cash book to "4406—Capital Outlay on Forestry and wild life".
- (5) Receipts and recoveries to be deducted from Capital Outlay.
- (6) Payments debitable to the Central Government.
- (7) Payments debitable to Railways/P&T/Defence and
- (8) Payments debitable to other states.

**II. *Classified abstracts of revenue and expenditure***

283. A classified abstract of revenue and expenditure should be prepared in Form F. A. 5, the expenditure debited to the head "4406 Capital Outlay on Forestry & Wild Life" being shown separately from that debited to "2406—Forestry & Wild Life". All items of revenue and expenditure recorded in the cash book for the month should be classified and arranged in this return in accordance with prescribed classification—the entries being made in such detail as may be required by the Accountant General.

**III. *Schedules of remittances to treasuries***

284. A schedule of remittances to treasuries should be prepared in Form F. A. 6. The entries in this schedule should show each item of remittance separately and a reference to these items should be made invariably against the corresponding entries in last column of the consolidated treasury receipt received from the treasury concerned.

**IV . *Schedules of transactions with other Governments, Railways, P. & T. and Defence***

285. A schedule should be prepared in Form F. A. 7 separately for receipts and payments in which all items of receipts and payments originating in the division on behalf of other Governments (*vide* Article 243) should be detailed by each Government. Separate schedules should be prepared in respect of transactions originating in the division on behalf of Railways or P. & T. or Defence in which the transactions should be grouped by each Railway/Accounts Officer of the P. & T./Defence.

**V. *Abstracts of contractors' and disbursers' ledgers***

286. An abstract of the contractors' and disbursers' ledger should be prepared monthly in Form F. A. 8. In this abstract should be shown in consecutive order first, the contractors' accounts and then the disbursers' accounts. The columns should be totalled separately for contractors' and disbursers' accounts and grand totals of all accounts should be given at the foot of the abstract.

287. The abstract for March in each year should be accompanied by a brief statement explaining the circumstances in which each item outstanding for more than twelve months remains unadjusted and the steps which have been taken with a view to its early clearance.

#### **D. Submission to Accountant General**

288. [Omitted as it has no relevance in the State section of accounts.]

##### *Local ruling under Article 288*

#### 1. Submission of monthly accounts to the Accountant General:

1. The monthly account is due to reach the Accountant General on the 10th of the succeeding month. It should be supported by the following documents. The Accountant General may call for any other document/schedule to be sent along with the monthly accounts.
  - (1) List of documents submitted (K. F. D. C. Form No. 130)
  - (2) Schedule of revenue realised (K. F. D. C. Form No. 125)
  - (3) Schedule of refunds of revenue (K. F. D. C. Form No. 100)
  - (4) Classified abstract of expenditure (K. F. D. C. Form No. 126) separately for each major head of account.
  - (5) Schedule of works expenditure (K. F. D. C. Form No. 94) separately for each major head of account.
  - (6) Statement of establishment expenditure (K. F. D. C. Form No. 122) with all vouchers
  - (7) Consolidated contingent bill (Form T. R. 61) with necessary vouchers
  - (8) Schedule dockets (K. F. D. C. Form No. 93) with necessary vouchers, surveys reports and sale accounts attached to each.
  - (9) Schedule of debits and credits to Miscellaneous heads of accounts (K. F. D. C. Form No. 92).

- (10) Schedule of debits and credits to adjusting account between Central and State Governments (K. F. D. C. Form No. 106).
- (11) Do. do. with the Railways
- (12) Do. do. with the posts &Telegraphs Department (K.F.D.C.Form No. 106).
- (13) Schedule of credits and debits to adjusting account with Defence (K. F. D. C. Form No. 106).
- (14) Do. of credits/debits to Interstate suspense account (K. F. D. C Form No. 106).
- (15) Schedule of Miscellaneous Advance (K. F. D. C. Form No. 91).
- (16) Do. do. Revenue (K. F. D. C. Form No. 97).
- (17) Do. do. credits/debits to items adjustable by forest (K. F. D. C. Form No. 89)
- (18) Do. do. Items adjustable by Civil (K.F.D.C. Form No. 89)
- (19) Do. do. Transfers between Forest officers (K. F. D. C. Form No. 89).
- (20) List of cheques drawn (K. F. D. C. Form No. 96) (in duplicate).
- (21) List of remittances made (K. F. D. C. Form No. 95) (in duplicate).
- (22) Schedule of forest deposits (K. F. D. C. Form No. 90).
- (23) Statement of work-war distributions of advances (C. K. F. D. C. Form No. 101).
- (24) Abstract of disburser's ledger (K. F. D. C. Form No. 86A).
- (25) Abstract of contractor's ledger (K. F. D. C. Form No. 86A).
- (26) Schedule of E.M.D. remittances (K. F. D. C. Form No. 129).
- (27) Schedule of Miscellaneous remittance ( do. ).

- (28) Do. debits/credits to house building advance, G.P.F.O., B.A. etc.(K. F. D. C. Form No. 88) (in duplicate)
- (29) Copy of the adjustment register with abstract (K. F. D. C. Form No. 74)
- (30) Abstract muster-roll in K. F. D. C. Form 76A.

2. All vouchers other than those detailed below should accompany the monthly accounts:

- (i) Vouchers for ₹ \*250 and below.
- (ii) Muster-roll and casual labour rolls.
- (iii) Vouchers in support of payments made for the conversion of cash deposits into interest bearing securities.

[*Note*:—Vouchers in support of debits to contractors should be submitted even though falling under the above categories.]

3. The manager should sign not only the monthly account but also all the schedules, etc., accompanying it. The Divisional Forest Officer need not sign all these documents but should necessarily sign the list of accounts, the monthly accounts, the cash balance statement, the copy of adjustment register, the consolidated contingent bill and the schedule of settlement with treasuries. If however, he is absent from headquarters the documents may be forwarded without his signature on the due date. On his return to headquarters he should examine the office copies of the documents and the connected books and forward to the Accountant General duplicate copies of the monthly account and the contingent bill duly signed by him together with a certificate to the effect that he has examined the office copies of the documents submitted with the monthly accounts and that they are in order.
4. Along with the accounts for March the following documents and certificate should also be forwarded:
- (i) Original cash balance reports of the Divisional Forest Officer and all subordinate disbursing officers.

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\*Substitution G.O. (P) No. 13/79 Fin. dated 6-1-1979.

- (ii) A statement showing the total amount, number of cheques issued during the month and during the last five days of the month.
- (iii) An account of interest bearing securities in K. F. D. C. Form 124A.
- (iv) Statement of lapsed deposits.

The schedules of credits/debits of the heads 'Adjusting account between Central and State', 'Adjusting account with Railways', Defence, Post and Telegraph Department and Interstate suspense account, should be furnished not later than the 7th April and all correcting entries affecting these schedules should be intimated before the 12th April.

5. The financial year terminates on the 31st March and actual transactions taking place after that date can on no account be treated as pertaining to the year. It is, however, necessary that as many of the unadjusted outstandings of the year as possible should be cleared within the accounts of the year and the errors in accounts coming to notice after the 31st March should be set right if possible, without affecting the accounts and estimates of the following year. It is, therefore, necessary that though the cash accounts should be positively closed on the 31st March the adjustment register should be kept open for transfer entries relating to rectification of errors and settlement of outstandings. The adjustment register should be closed on the 20th May or on such other date as may be prescribed by the Accountant General and the entries consolidated into a special monthly account. This monthly account, known as the supplementary account for the year, with all the necessary accompaniments should be submitted to the Accountant General on the 1st June, following, or any other date that may be prescribed by him.

*Note:—* Accounts of transactions with other Governments and with Railways must be settled completely and communicated to the Accountant General by the 12<sup>th</sup> April at the latest.

289. A certificate signed by the Divisional Officer should be attached to the monthly cash account to the following effect:—

- (1) that the lump sums shown agree with the details in the cash book and also with the subsidiary returns after making allowance for:

- (i) cash recoveries of service payments noted in the cash book but not shown in the cash account as separate items,
- (ii) refunds of forest revenue noted in the cash book but taken by deduction from revenue in the cash account, and
- (iii) receipts and recoveries on capital account noted in the cash book but deducted from expenditure under the head "4406—Capital Outlay on Forestry & Wild Life" in the cash account, and

(2) that the account balance agrees with the actual cash balance.

290. A certificate in the following form signed by the Divisional Officer should be attached to each classified abstract of expenditure:—

"I certify that (so far as I have been able to ascertain by an examination of the accounts and vouchers and by personal inspection of the works carried out which I have been able to visit) the expenditure entered in this account could not, with due regard to the interests of the Government service, be avoided. I certify that, to the best of my knowledge and belief, the payments included in this account have been duly made to the parties entitled to receive them. All vouchers for payments of salaries and travelling allowances and of refunds and advances, vouchers for all other payment above ₹ 100 in amount, and vouchers for all items adjusted by book transfer with other Governments, departments, etc. are attached to the account. I have, so far as possible, obtained vouchers for other sums, and am personally responsible that they have been so destroyed that they cannot be used again."

291. When stores are purchased it should also be certified that:—

- (i) all the articles detailed in the vouchers attached to the account and in those retained by the Drawing Officer have been duly received in good order and accounted for in the stock register; and
- (ii) the quantities noted in the vouchers are correct, the quality is good, the rates paid are not in excess of the accepted and the market rates and that suitable notes of payment

have been recorded against the indents and invoices concerned to prevent double payment.

292. For special reasons the Divisional Officer may authorise a few days' delay in the submission of the accounts, but if they are not despatched on or before the 10th of the following month the reason for delay must be intimated invariably on that date.

293. As regards the accounts for March the schedules of transactions with other Governments, Railways/P. & T. and Defence (Article 285) should invariably be despatched so as to reach the Accountant General not later than the 7th of April of the succeeding year and all correcting entries affecting those schedules should be intimated to the Accountant General so as to reach him by the 12<sup>th</sup> April at the latest.

294. In addition to the ordinary accounts for March, a supplementary account for that month, in the form of the cash account (Form FA. 1) with the necessary accompaniments, comprising the transactions included in the supplementary account books (Article 277) should be submitted to the Accountant General so as to reach him by the 1<sup>st</sup> June, or such other date as may be prescribed by him.

295. When the Divisional Officer signs the accounts while on tour and cannot give the required certificates (Articles 289 to 291) these should be furnished separately when he returns to head quarters. Similarly, when owing to the absence of the Divisional Officer the monthly accounts have been signed and despatched by his Head Clerk or other official authorised by Government in this behalf, the Divisional Officer should on his return to headquarters, examine the accounts and submit to the Accountant General a report of such examination in such form as may be prescribed by him.

296. In addition to the accounts prescribed above, such other accounts of revenue due and outstanding and of timber and other transaction should be submitted to the Accountant General as he may from time to time require.

297. The monthly abstracts of the contractors' and disbursers' ledger may be submitted to the Accountant General through the Conservator or other superior officer, if so desired by Government, to ensure the control of the latter over the adjustment of the outstanding balances, but that officer should, within ten days of receipts of the Abstracts in his office, pass them on to the Accountant General.

**APPENDIX I**

**(Referred to in local ruling under Article 11)**

**Rules governing allocation of expenditure between capital and revenue, and financing and accounting of capital expenditure**

1. Expenditure on public services from the consolidated fund on classified either as “Revenue Expenditure” or “Capital Expenditure”. Capital expenditure is defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of extinguishing or reducing recurring liabilities such as those for future pensions by payment of their commuted value. It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring expenditure. Expenditure by Government on grant-in-aid to local bodies or institutions for the purpose of creating assets which will belong to these local bodies or institutions cannot legitimately be considered as capital expenditure.

2. The rules for allocation of expenditure between capital and revenue in respect of Irrigation, Navigation, Drainage and Flood Control Projects are as follows:—

(a) Capital bears all charges for the first construction and equipment of a project, as well as charges for maintenance on sections not opened for working and charges for such subsequent additions and improvements as may be sanctioned under rules by competent authority. It may also bear charges on account of restoration of damages caused by extraordinary casualties, such as flood, fire, etc., and such charges should be recorded under a separate minor head “Extraordinary replacements”.

(b) Revenue bears all charges for maintenance and working expenses, which embrace all expenditure for the working and upkeep of the project, as also for such renewals and subsequent replacement, and such additions, improvements or extensions as it may be considered desirable to charge to revenue instead of increasing the capital cost of the undertaking.

(c) When the construction estimate of a project (Commercial) is closed, the expenditure on works of additions, extensions or improvements will be charged thus:—

(i) Estimates exceeding \*₹ 10,000 for (1) works which are in

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\*Substitution G.O. (P) 776/80 Fin. dated 21-10-1980.

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themselves directly remunerative, such as new distributaries, mills or works for increasing the canal discharge, and (2) works which are necessary for the full development of a project, but which are not in themselves directly remunerative shall be charged to the Capital Account.

(ii) Estimates amounting to \*₹ 10, 000 or under shall be charged to the Revenue Account.

(iii) All estimates for works which are neither remunerative in themselves nor considered necessary for the development of the project, shall be charged to the revenue account.

(d) Where outlay is of a nature which under these rules does not appertain to capital, it is not, under any circumstances and whatever its magnitude, to be charged to capital.

3. Works expenditure on Irrigation Projects which under the foregoing rule in chargeable to the capital account will be classified under the sub-major heads "A. Irrigation Projects—Commercial" and "B. Irrigation Projects—Non Commercial" as the case may be, of the Major head @ "533 Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects". Under each of the two sub-major heads each irrigation project will be a minor head and the usual sub heads will be "Reservoirs", "DAM and Appurtenant Works", "Spillway", "Barrage", "Weir", "Buildings", "Canals", "Branches" and "Distributaries". That which is chargeable to the revenue account will fall under the prescribed detailed heads "Work" "Maintenance" of the relevant sub-head denoting each part or aspect of a project subordinate to the project minor head of the sub-major heads 'A. Irrigation Projects (Commercial)' or 'B. Irrigation Projects (Non Commercial) as the case may be of the major head & "333. Irrigation—Navigation—Drainage and Flood Control Projects".

4. Irrigation, Navigation, Drainage and Flood Control Projects are generally of a revenue producing character and several of them are financed from non-revenue resources. Separate capital and revenue accounts are kept for important projects treated as commercial showing the total cost of construction, extension and improvements, maintenance and repairs, interest on capital and other miscellaneous expenditure to evaluate the financial result of the working of the works/projects.

All works of Irrigation, Navigation, Drainage and Flood Control Projects

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\*Substitution G.O. (P) 776/80 Fin. dated 21-10-1980.

are primarily classified into (i) Irrigation Projects, (ii) Navigation Projects, (iii) Drainage Projects and (iv) Flood Control and Anti-sea Erosion Projects. Projects of each of these classes except the last one treated as commercial may be further classified as—

- (1) Productive and
- (2) Unproductive.

5. To admit of a new project being classified as a productive public work, the following conditions must be satisfied:—

(a) There must be good reason to believe that the revenue derived from it will within ten years after the probable date of its completion, repay the annual interest on the capital invested. \*The productivity test rate for capital works shall be calculated at one per cent above the borrowing rate of the State Government prevailing from time to time. But in preparing a project for sanction no deduction is to be made from the total capital outlay on account of anticipated excess of revenue over simple interest.

*Note:—1* Capital invested includes (1) direct charges, (2) indirect charges and (3) all arrears of simple interest, if any, i.e., balance of total interest over total net revenue.

*Note:—2* Betterment levy is taken in reduction of capital expenditure in the *pro forma* accounts of the Projects viz., Financial Forecasts, Administrative Accounts, etc., although it is treated as indirect receipt for the purpose of general accounts.

(b) It must be susceptible of having clear capital and revenue accounts of it kept.

(c) Its classification as a productive project must be authorised by competent authority.

6. The rules for determining (1) whether a project which has been classified as productive shall continue to be so classified, and (2) whether an unproductive project may be reclassified as productive, are as follows:—

(i) Every irrigation, navigation, or drainage project (Commercial) should, until ten years after the date of the closure of its construction estimate,

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\*Substitution G.O. Rt. 692/80 P. W.. dated 17-7-1971.

be classified as productive if the net revenue anticipated from it appears likely to repay, on the expiry of that period, the annual interest charges on the capital invested including direct and indirect charges and arrears of simple interest calculated at one per cent above the borrowing rate of the State Government prevailing from time to time. Conversely, if it is not expected to yield the relevant return, it should be classified as unproductive. If, however, at any time during the period of construction or within ten years of the date of closure of its construction estimate it becomes apparent that a project originally classified as productive will not actually be remunerative according to the criterion prescribed above, it should be transferred from the productive to the unproductive class; and similarly if it becomes obvious, during the same period, that a project sanctioned as unproductive will actually prove remunerative the transfer of the project from the unproductive to the productive class may be effected.

(ii) Every project classified in accordance with rule (i) above will retain its classification unchanged during the eleventh, twelfth and thirteenth years after the closure of its construction estimate.

(iii) If any irrigation, navigation, or drainage project (Commercial) which is classified as productive fails, at any time after the expiry of ten years, from the date of the closure of its construction estimate, in three successive years to yield the relevant return prescribed in rule (i) above, it should be transferred to the unproductive class. A project classified as unproductive which succeeds in yielding in three successive years, the relevant return prescribed for a productive project, may on the same principle, be transferred to the productive class.

(iv) If an existing irrigation, navigation, or drainage project be extended or improved, the criterion of productivity prescribed in rules (i) to (iii) above shall be applied to the whole system, including such extension or improvement, as if the extension or improvement had been executed simultaneously with the original work. As an exception to this rule, if any extension be owing either to its nature or magnitude such as may be reasonably be considered to be a separate project and if it be susceptible of having clear capital and revenue accounts kept of it, as distinct from those of the project as a whole it should be treated as a separate project and in that case the conditions relating to original projects and not those relating to extensions and improvements shall be applicable. In all such cases separate capital and revenue

accounts should be maintained for the extension in order to enable the productivity test to be periodically applied.

(v) The State Government may postpone the transfer of a project from one class to the other in cases in which it is satisfied that its success or failure is due to purely transitory causes.

7. The transfer of a project from the productive to the unproductive category, or *vice versa*, will affect the recording of all future transactions in connection with it. No adjustment will be made in the general accounts in respect of past transactions, but the necessary transfers will be effected by the Accountant General in the *pro forma* accounts of the work in question.

8. The expenditure on productive project is recorded in two sections, separately for capital and revenue charges. For unproductive project also, the arrangement is similar where it is desirable and possible to maintain accounts, on a quasi-commercial basis. When, however, a project of this class is too small to make it worthwhile to maintain a separate account of it on such a basis, all expenditure on it is treated as a revenue charge, the project being classified as non-commercial. In the category of unproductive project is also included "Miscellaneous expenditure", which is expenditure upon the preliminary survey of new projects and also for the cost of famine surveys required for the preparation of famine programme.

9. *Financing of expenditure.*—(a) In the case of new works, which satisfy the definition of capital expenditure and whose cost, individually exceeds ₹ one lakh or works of a similar character where the individual cost is below this limit but they form part of a scheme having a continuity of purpose, time and space and the cost of the scheme as a whole exceeds ₹ 5 lakhs, may be charged to capital. Thus a scheme costing more than ₹ 5 lakhs, say for the construction of primary schools, rural dispensaries, tube wells, etc., could be debited to capital even though the cost of the individual school, dispensary, etc., would be less than ₹ one lakh. These criteria should be applied not only to the works in the civil works grants executed by the P.W.D. but also to the works executed departmentally and included in other grants. Capital works financed by specific grants from outside sources would, however, remain a revenue charge.

Expenditure on roads which falls within the definition of "original" works the cost of which exceeds ₹ one lakh or in the case of a scheme, ₹ five

lakhs, should be debited to capital but works which are financed from outside sources should continue to be debited to revenue.

(b) All other items of expenditure which cannot be debited to 'Capital' should be initially and finally debited to 'Revenue'. It is not permissible to debit any item of revenue expenditure temporarily to capital heads pending its write back to 'Revenue' over a period of years.

## APPENDIX II

[See local ruling under Article 42]

### **Rules for the accounting and distribution of establishment and tools and plant charges**

1. The accounts of establishment and tools and plant charges are kept on the following principles:—

(i) The charges of a division or special office are, as a rule, met out of the single major head "2059 Public Works" in the first instance.

(ii) Before closing the accounts of the year, the Accountant General apportions the charges of the whole State amongst the major heads to which the cost of the work was charged.

(iii) In certain cases where this annual adjustment is unsuitable as for example in the case of non-Government works or for works done only occasionally for the other departments, the recovery of the costs is effected in the accounts of the divisions concerned, from time to time by the levy of a percentage charge.

(iv) Otherwise, the shares pertaining to individual works are not determined except for purposes of certain *pro forma* accounts as in the case of Irrigation, Navigation, Embankment and Drainage Works (Commercial).

2. Subject to the exceptions mentioned in Article 39 of this Code and in Rule 3 below, the establishment charges of a division or of a special office should, in the first instance, be classified under the minor head "Direction and

Administration” of the major head “2059 Public Works”. The same major head should bear in the first place, the charges for the ordinary tools and plant of the division, under the minor head “Machinery and equipment”.

3. The special establishment employed for the execution of some projects having separate establishment viz., Thannermukkom Project, Kallada Irrigation Project, Periyar Valley Project, etc. should be debited to the sub-major head concerned below the major head @“533. Capital outlay on Irrigation, Navigation, Flood Control and Drainage Projects”.

4. Cost of special tools and plant should be classified in accordance with Articles 38 and 41 of this Code.

5. Recovery of the cost of establishment and tools and plant should be made in the following cases:—

- (a) Work done for the Central Government;
- (b) Work done for other State Government;
- (c) Work done for other departments when the cost is chargeable to those departments;

\*(d) Non-Government works other than the following, which are specifically exempted by Government from the levy of percentage charges viz;

- (i) Works executed on behalf of Panchayats.
- (ii) Construction works under the poor housing scheme and subsidised rental house scheme for the weaker sections of the Community.
- (iii) Schemes for the housing and Colonisation of Fishermen.
- (iv) Investigation and preparation of schemes to be implemented by the Kerala Land Development Corporation.
- (v) Non-project items of work included in the typical maintenance estimate of Irrigation Projects and executed/ maintained by the Public Works Department on behalf of other Departments.

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\*Substitution G.O. (P) 862/79/Fin. dated 14-9-1979.

(vi) Construction works of buildings for Schools, Hospitals, etc., done by the popular committees, such as School Building Construction Committees, Hospital Building Construction Committees etc., utilising funds collected by way of public contribution subject to the following conditions:

(a) The entire cost of construction of such buildings will be met by public contribution;

(b) The work of constructing the buildings will be executed under the supervision of the Engineers of Public Works Department and;

(c) Immediately after completion, the buildings will be surrendered to Government unconditionally.

6. (a) In the cases referred to in rule 5 (b), (c) and (d) above recoveries will be made at the following percentage rate:—

Direction and administration 15\* per cent.

Machinery and Equipment 1½ per cent.

Pensionary charges 2\* per cent

(b) The charges of 2\* per cent will not however be recoverable in respect of works done for other department of the State Government except Government commercial concerns and the Forest Department.

(c) An additional charge of 1 per cent will be recovered in respect of all non-Government works executed by the Public Works Department to cover the cost of audit and accounts establishment.

(d) The only class of Central Works executed by the State Government is that pertaining to the National Highways. Government of India have fixed in consultation with the State Government that a rate of 7½ per cent for establishment and tools and plant charges in respect of these works (original as well as maintenance) as being quite reasonable in view of the following:—

(i) Property in the National Highways vests in the State Governments, who are also allowed to the appropriate the revenues arising from roadside land, rest house fees, betterment fees, etc.

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\*Vide G. O. (P) 152/76/Fin. dated 31-5-1976

- (ii) The national Highways primarily serve local interest, and the State Governments, have been relieved of the cost of their construction, improvement and maintenance.
- (iii) Besides execution of works, the State Public Works Department is also employed on custodian duties, in respect of scattered buildings, bridges and the maintenance of boundaries. As the property in the National Highways rests in the State Governments, the Centre is not liable to pay for these services.
- (iv) As a result of the great increase in the volume of Public Works in the State which is likely to be maintained in the future, the percentage rate of establishment charges has generally come down.
- (v) The resultant saving in agency charges will be ploughed back for allotment, thus enabling more work being done.

7. The percentages will be levied on the expenditure actually recorded in the accounts in respect of such works. These percentages will be classified in the accounts as indicated in Article 69 of this Code and also in statement E of Appendix 3 to the Kerala Public Works Account Code.

*Note:—*1. When lump sum contributions are received towards Government works from local bodies or private persons or bodies they should invariably be distributed for accounts purposes in two parts, the one representing a share of works expenditure and the other the amount chargeable on that share as establishment and tools and plant and pensionary charges calculated according to the percentage fixed in rule (6) above. No charge for audit and accounts should be levied in such cases.

*Note:—*2. Water Works maintained on behalf of Municipalities are subject to a levy of 12% towards establishment charges or the actual expenditure on establishment including travelling allowance and contingencies whichever is less.

*Note:—*3. If the Public Works Department prepares the plans and estimates for any work to be executed by the Central Government. Local

Bodies including Municipalities and private persons, a charge of 2½ % (1½ % for the preparation of plans and 1% for the preparation of estimates) on the estimated cost exclusive of cost of land will be levied subject to a minimum of ₹100. In case where the Public Works Department merely scrutinises the estimates and plans, the charge should be 1% of the estimated cost subject to a minimum of ₹ 10.

When the architectural section of the Public Works Department designs and prepares the complete plans for private institutions a charge of 2½ % of the estimated cost of the building will be levied. For the preparation of estimates and specification 1% of the estimated cost will be levied, the minimum rate being ₹.20. If the scrutinises merely the plans and estimates the charges will be 1% of the estimated cost. When the plans and the elevations require modifications from the structural and aesthetic points of view for such changes and alterations in plans and estimates 1½ % of the estimated cost will be levied as scrutiny charges. The minimum rate for the scrutiny will be ₹ 10.\* But the panchayats will be exempted from payment of centage and all other charges/fees for any assistance given to it by the officers of the State Public Works Department in connection with the execution of public works.

8. The prescribed percentages can be remitted, with the sanction of the Government, in the case of Non-Government works costing less than Rs. 1,000. The remission of charges is not permissible in other cases, as such aid as it may be desired to give to a local body in the construction of a work in which it is interested, is usually given separately in the form of a cash grant-in-aid.

9. The percentages referred to in the above Rules are leviable on the actual outlay booked in the accounts, i.e., on the net outlay in case there are any refunds or write-backs, except in the cases mentioned in Note 1 under Rule 7. No item of expenditure should be excluded from the levy on the plea that it involved little or no departmental supervision, etc., but the prescribed percentage charges for tools and plant should not be levied in the case of non-Government works on which tools and plant of the department are not used.

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\*Addition: G.O. (P) 187/82/Fin. dated 16-4-1982.

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*Note*:— Under this rule, even the cost of land acquired through the Revenue Department is not exempt when it is adjusted in the divisional accounts as part of the cost of a non-Government work; but if the estimate for the work does not include the cost of acquisition of land and this cost is not passed through the Public Works Accounts no percentage charge is leviable on account of it.

10. Recoveries made in accordance with Rules 5 to 9 should be classified as indicated in Articles 65 to 72 of this Code, the adjustments being made in the accounts of the Divisional Officer, whenever the cost of work done is adjusted by charge to the deposit, remittance or other account concerned.

11. Recoveries on account of services rendered by Special Officers other than Chief and Superintending Engineers do not appear in the accounts of the Divisional Officer in cases in which there is no works expenditure, e.g., fees for advisory work. Such fees should be paid direct into the treasury to be credited to the head of account which bears the cost of the establishment of the Special Officer concerned when the fees have been recovered from outside bodies or departments of the same Government, and to the corresponding receipt or capital head of expenditure in other cases *vide* Article 67 of this Code.

12. Thus when the accounts of the year are about to be closed the charges detailed below will represent the residual charges to be apportioned to the several classes of works executed in the year, other than those for which either percentage charges were levied under Rules or special establishment was employed (Rules 2 and 3). This apportionment will then be made by the Accountant General as indicated in Rules:

- (i) Net charges booked under the minor head Direction and Administration
  - (ii) Net charges booked under the minor head Machinery and Equipment
  - (iii) Minus the recoveries on account of establishment and tools and plant charges referred to in Rules 9, whether credited to: "Recoveries of Expenditure" or "Receipts and Recoveries on Capital Account".
- } Under several major head

*Note:*—The expenditure on the cost of special tools and plant charged direct to works does not come under the above rule.

13. The *pro-rata* distribution of the establishment or tools and plant charges determined in Rule 6 above should be made thus. The divisible establishment and tools and plant charges should be divided among the several major heads operated on in proportion to the works expenditure under each head.

*Note:*— No item of works expenditure recorded finally under the major head concerned should be excluded.

14. The apportionment should not be carried out further in the regular accounts, but in the *pro forma* (Administrative) accounts of individual productive or unproductive projects of Irrigation, Navigation, Embankment and Drainage Works, prepared annually by the Accountant General suitable additions to the outlays on the projects should be made to cover the cost of establishment and ordinary tools and plant. On the basis of the figure of the establishment (or tools and plant) charges as finally booked under the major head concerned should be determined the percentage (to 4 places of decimals) which that figure bears to the totals works outlay finally booked under that head in the unit concerned. The establishment (or tools and plant) charges on account of each project under that head should then be calculated by multiplying the works outlay on the project by this percentage.

The pensionary charges including the leave charges in respect of Irrigation Schemes (Commercial) where there is no separate establishment exclusively for the execution of the schemes, will however, be debited in the accounts, scheme-wise under the sub-major heads concerned below, the heads of accounts & '333' or @ '533' as the case may be, with a *per contra* credit under "0071—Contributions and Recoveries towards Pensions and Other Retirements Benefits—Subscriptions and Contributions—Recovery of Pensionary charges from Commercial Departments and Undertakings" at the percentage rate arrived at for each financial year on the basis of the following formula:—

Rate fixed by Government for the year based on the effective borrowing rate for the year.	Average cost of pay of officers and establishment under Public Works Department for the proceeding seven years
	Average cost of the total of the Public Works establishment charges for those years

But when once the fraction for a particular year is fixed it will be constant and effective for the succeeding three years. However the total cost of the 'pensionary charges' every year will vary as the total cost of the establishment of the project and the effective borrowing rate of the Government are variables. As soon as the effective borrowing rate of the State Government is fixed the rate of 'pensionary charges' will be reviewed on the basis of the above formula.

In the case of Irrigation Schemes (Commercial) where separate establishment is employed for the execution of the schemes, pensionary and leave charges will be calculated at the percentage rate fixed by Government, for the year based on the effective borrowing rate for the year and this percentage is to be applied on the total pay and leave salary of the establishment. In respect of establishment charges allocated to such schemes towards "Direction", Superintendence", the pensionary charges have to be worked out adopting the ratio applicable for the schemes for which no separate establishment is created.

The *pro forma* adjustment of these charges at 2½ % of establishment charges will not be made in these cases.

*Note:—* In administrative accounts of Irrigation, Navigation, Embankment and Drainage Works, an indirect charges of 1% on account of audit and accounts establishments should be levied on the works expenditure of the year.

15. For the purposes of audit, or of allotment of funds, it is not necessary to include in the estimates for individual works, any provision on account of establishment and tools and plant charges unless percentage charges are leviable under the rules, on actual works expenditure and are adjusted monthly. For administrative purposes, such provision is, however, made in the project estimates of irrigation works for which capital and revenue accounts are kept and of any others of which it is desirable to forecast the ultimate financial results.

Existing Head	Revised Head
@ 533- Capital Outlay on Irrigation, Navigation and Flood Control Projects	4700-Capital Outlay on Major Irrigation 4701-Capital Outlay on Medium Irrigation 5075-Capital Outlay on Other Transport Services 4711-Capital Outlay on Flood Control.
& 333- Irrigation, Navigation, Drainage and Flood Control Projects	2700- Major Irrigation 2701-Medium Irrigation 3075- Other Transport Services 2711-Flood Control.
# 133- Irrigation, Navigation, Drainage and Flood Control Projects	0700- Revenue under Major Irrigation 0701-Revenue under Medium Irrigation 1075- Revenue under Other Transport Services-800-Other Receipts -99- Navigation Receipts. 0702- Minor Irrigation -04- Flood Control.

@ see pages : 24,38,153,158,163

& see pages : 24,30,38,53,163

# see pages : 17,38

## INDEX

THIS INDEX DEALS WITH THE RULES IN THE SEVERAL CHAPTERS AND DOES NOT COVER THE APPENDICES. IT HAS BEEN COMPILED SOLELY FOR THE PURPOSE OF REFERENCE AND NO EXPRESSION USED IN IT SHOULD BE CONSIDERED AS IN ANY WAY INTERPRETING THE RULES

- Note* :—(1) “L.R.” means Local Ruling or Rulings under the Article quoted, e.g., 100 L. R. 9 means Local Ruling 9 under Article 100.
- (2) “Mis.” Stands for “Miscellaneous”.
- (3) Where both the Article and the Local Ruling or Rulings under it have to be referred, only the Article number is given.

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