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# Financial Code

Ch I

Introductory

# Art 1

- Government financial transactions classified into receipts and disbursements.
- Receipts – revenues from taxes, duties, fees, fines bank deposits repayments of loans & advances.
- Payments – revenue/Capital expenditure, banking, loans, advances, repayment of deposits.

# Article 2

- Receipts:
- Assess demands carefully n collect promptly.
- Maintain proper accounts, watch progress, concentrate on arrear collections
- Irrecoverable advances- seek sanction for write off.
- \*applicable to recovery of loans n advances too

# Article 3

## Expenditure

- No expenditure out of public funds, unless a & b fulfilled
- a) the expenditure must have been sanctioned by a general or special order of the authority competent to sanction such expenditure
- b) sufficient funds must have been provided for the expenditure for the FY by way of appropriation or reappropriation
- Standards of financial propriety be fulfilled for sanction/expenditure
- 1. no more than the occasion demands; exercise same diligence in spending as would a person of ordinary prudence with his own money.
- 2. no sanction for personal advantage
- 3. not to benefit particular person or community except i) insignificant amounts ii) claim enforceable by law iii) expenditure as per policy or custom.
- 4. allowances for particular expenditure should be limited so that it is not a source of profit to the recipient

# Article 4

- observe complete integrity in financial matters
- constant watch to maximize value for money and avoid wasteful expenditure

# Article 5

## Accounts

- Maintain proper accounts and file returns as per rules. Guard against irregularities
- Personally responsible for loss due to neglect of duties. No excuse of being misled by subordinates. Should be familiar with financial rules.

# Ch.II

## Definitions

- Art 6. words and phrases when defined by the IC have the same definition here.
- Administrative approval
- Technical approval
- Final payment
- Sub work
- Local Funds
- Market Rates
- Running account

- Book adjustment
- Budget estimates
- Financial Year
- Government account
- Consolidated fund
- Contingency fund
- Head of a Department
- Head of an Office

# Ch III

## Receipts, their collection and check

- Art.7: items of revenue include land revenue, taxes & duties, water n electricity, fees, fines, penalties forest revenue etc.
- Art. 8: make demands before payments are due, realize revenues and account for both recurring/non-recurring. Controlling officer to keep track.
- Art. 9: Departmental controlling officer to reconcile receipts with AG.

- Art 10. revenues of another district collected at the district should be accounted for and intimated to the concerned departmental officers. Explanation should be appended during treasury reconciliation.
- Art 12: service charges recoverable from local/public body should be collected in advance.
- Art 13-22 recovery of rent dues of government buildings from government servants.

- Art. 22. rent due procedure from private and retired persons should be recovered in advance or by short payment of pension.
- Art 22A: Sale of government property by Auction. Entry in words and figures in the sales register along with dated signatures of the successful bidder and L2, L3.

- Art 23 : Miscellaneous properties of PWD or Revenue Dept., assessment and collection of rents rates and taxes.
- Art. 24: Cost of Surveys and recoveries from local bodies
- Art.25: Rent of Hostels
- Art 26: Fines by courts to be reconciled with treasuries.

- Receipts of the Forest dept., collected to be watched by conservator of Forests.
- Art.28: Collection of amounts due to government commercial concerns may be authorized to a bank by govt. approval. Bank will remit to government account.
- Art.29-31: Fees from schools trainings, miscellaneous dues and special recoveries

# Refunds of revenue

- Art 32: Sanctioning authority specified in Appx.2 and procedure in respective departmental manuals.
- Art.33: Voucher preparation and sanction
- Art 34: Refund order to be recorded against original receipt entry.
- Art 35: Time limits for refunds of revenue
- Art. 36: Remissions made should be annually sent to AG with classification and explanation and rules, orders etc.

# Chapter IV

## Expenditure- General Principles and Rules

- Art 38: In accordance with Art 3, sanctions only subject to budget availability. All government dues should be paid promptly. Payments must be entered promptly into accounts
- Art 39: Budget lapses at the close of FY. No rush of expenditure nor bank transfer to avoid lapse of budget.

- Art 40: Ref. to Budget Manual for Budget preparation, distribution, reappropriations, supplementary estimates etc.
- Art. 41: Government can incur expenditure not in contravention of IC subject to Art. 62
- Art. 42: an authority subordinate to the govt., may sanction expenditure/advance when
- i) law or rules are made ii) rules of FC iii) G.O. delegates powers. No expenditure on new principles or practices.

- Art. 43: application for sanction of fresh expenditure should state budget availability by way of appropriation/reappropriation
- Art 44: sanction of expenditure should always expressed in words and figures.
- Art 45: A copy of sanction of expenditure should be marked to AG attested by an officer not below the rank of a Section Officer.

# Communication of Sanction

- Art 45: Two copies of the sanction order be sent to Finance and Planning (BG) Dept and concerned section of the Finance and Planning (Fin-Wing) department. When finance department is consulted at some stage, a para of the G.O. or Memo should state “ the order/memo, issued with the concurrence of the finance and Planning (Fin\_Wing) dept. vide their U.O. No. dated”

- Where administrative department is delegated powers, AG communication should mention that the order does not require the concurrence of the Finance and Planning Department...
- Government officers shall use digital signatures for Electronic Service Delivery in government transactions instead of ink signed signatures (G.O. Ms. No 52, Finance (TFR) dt. 22.2.2014)

- Art.46: an order of addition to the pay of an employee should be sent to AG with reasons for sanction
- Art 47: Sanction order of grant of land or land alienation should be sent to AG for audit of sanction.
- Art 48: Order copies effecting emoluments, leave, postings etc of gazetted officers be marked to AG. The information details of non gazetted officers should be in the pay bills supported by orders for audit purposes.

# Date of effect of Sanction

- Art 49: Statutory rules by President of India take effect from date of passing or gazette publication; executive orders by the President from the date of issue of despatch or letter containing the orders.
- Sanction of the government requiring gazette publication, from the date of publishing or date specified; otherwise from the date of issue of orders.
- G.Os or orders of HoDs etc take effect from the date of order conveying the sanction.

- Art 49: Generally concessions such as revision of pay, grant of compensatory allowances, special pay should not be with retrospective effect. However if rules or orders themselves provide for a specified date they take effect accordingly.

# Lapse of sanction

- Art 50: a sanction for fresh charge by govt or subordinate officers lapses if it is not acted on for a year, except when i) sanction of allowance on condition not drawn due to conditions not fulfilled ii) sanction of additions to permanent establishment progressively year to year iii) sanctions based on court orders .
- Partial payments and subsequent payments due to budget availability; It lapses at the end of FY, if so specified; GPF 3 months.

# Contracts

- Art 51 a) Contract for a) supply of stores.
- For entrustment of EPC contracts the Government may approve a panel of firms/agencies based on certain prescribed eligibility criteria. This empanelment shall be reviewed at a periodicity of not more than 2 years. In respect of EPC works, limited tender system inviting bids from the approved panel of firms/agencies under each category or open tender system shall be followed. The form of bid documents and contract format approved specially for EPC mode of works shall be used. In respect of pre-qualified agencies, financial bid evaluation shall be done. In respect of open category tenders, technical evaluation shall be done first following the criteria specified in the bid document and financial bid evaluation shall be done in respect of those who are qualified in technical bid evaluation.

- b)execution of works, c) employ a person to serve for a definite period of time.
- Terms of contract should be precise and definite, with no room for ambiguity or misconstruction.
- Take legal financial advice if codes and rules do not cover the matter.

- Art 51 (a): open invitation of tenders- use standard forms of rates- prior scrutiny of rates- safeguard government property against loss or damage- strictly enforce terms of contract- no actions that may tend to nullify or vitiate the contract.

- 51 b): Appendix 4 contains a list of authorities who can enter into contracts on behalf of the Governor.
- Contracts with unusual terms and conditions or indefinite liability, should be sent for special sanction of the government.
- If for sp. Or exceptional reasons, to agree to any material variation in the terms of an existing contract made on behalf of the govt., govt. orders should be obtained.

# Arrear Claims

- Art. 52: Claims not preferred within a year of their becoming due, if below Rs. 500/- per month may be paid without pre audit by AG/PAO. A claim becomes due either on the date of sanction/accrual whichever is late.
- TA bills claim if made after 3 months after due date, shouldn't be countersigned. For members of legislature n non official members, it is 1 yr. For touring officers, from the end of last journey in that month.

# G.O Ms No. 161 Fin & Plg, dt.27.4.91

- Claims below 6 yrs – AG pre-audit after Adhoc sanction of the HoD
- Claims above 6 yrs ad-hoc sanction by HoD and pre audit by PAO/AG.
- Indemnity bond; SR entry; Arrear bills to be passed by DT though can be drawn at sub treasury.

- Art.53: Doubtful and extraordinary cases to be referred to AG for pre-audit
- Art.54: AG pre-audits only when Government issues sp. Orders or some competent authority.
- TA claims if delayed beyond 3 months 15% cut, if not preferred within 3 yrs from completion of last journey should not be admitted.

- Art 55: The period of limitation of time is 3 yrs in cases of pay n allowances, pensions, TA, Contingent bills. If due to mistake, 3 yrs from detection.
- Art.56: overcharges and audit objections. DDO to make good the excess drawn/ countersigning officer/Treasury officer.
- Art 57: AG recovers excess through Treasury officer. Through DFO in cases relating to Forest Dept. Short drawal intimation to DDO.

- Art 58: Recoveries not exceeding 1/3<sup>rd</sup> of pay unless wrongly excess drawn or misuse of advance.
- Art 59: AG objections and orders should be complied without delay
- Art 60: No representation against AG recovery be considered by administrative authority, unless it is within 3 months of receipt of orders of recovery.

# Ch V

Power of the Government to create and abolish Posts

Art 62: Art 312 (1) of the Indian constitution.

Art 63: government can sanction additional establishment, permanent or temporary, subj to conditions in Appendix 5.

Budget provision, FR and SRs to fix pay.

- Temporary establishment, period to be specified. Pay bills beyond 3 months can be admitted on certificate from Head of the Office.
- Additions to establishments or increase in the employment of existing posts. Art 64: HoD to scrutinize financial implications/Pension before sending proposals to government as essential.

- Art 65: Scales of pay for new posts- time scale of same class/ category. Or minimum of time scales of corresponding permanent posts. Or appropriate scales with additional responsibilities.
- Art 66: Additions or changes to establishment proposals should contain reasons of necessity, additional cost, details of posts and pay, full details of scheme, estimate of fixed/variable cost as nearly accurate as possible.

# Proposition statements

- Art 67: proposition statement in Form 2 or 3.
- No need if no extra cost involved.
- Art 68: detailed procedure for cost estimate
- Art 69: Proposition statements verified by AG and figures (cost) should be accepted by sanctioning authority (govt).
- Art 70: AG in consultation with HoD divides non gazetted establishment into sections for audit and preparation of pay bills.

# Annual Returns of Establishment

- Art 71: In March HoD should prepare a detailed statement of permanent and temporary establishment as on 1<sup>st</sup> March (Appendix 6) for state and central cadre and send it to AG by 15<sup>th</sup> April and 15<sup>th</sup> May of each year.

# Claims of Government servants

- Art 72: Pay and allowances, pensions on the last working day of the month, except March salaries. Pensions can be preponed if 1<sup>st</sup> is a holiday. Teachers salaries in April on 22<sup>nd</sup> or later date. If on transfer to another audit circle, department, deputation, foreign service, etc., draw salary at once to that extent. When a portion of civil pension is commuted, unreduced pension along with commuted value of pension should be paid.

- Art 73: Signing and presentation of pay bills, not too early but before 5 days before last working day.
- Art 74: Drawal of pay above efficiency bar after careful scrutiny.
- Art 75: increment in form 49 oc to be maintained and certificate of completion of probation/direct recruit or promotee be indicated.

- Art 78: Reports of transfers of charge of gazetted officers to CS, AG, treasury officer, HoD.
- Art 80: Pay etc due to deceased government servant may be paid without production of legal heir certificate if Head of the office is satisfied about the title of the claimant and if the gross amount is below Rs.5000/- If in doubt take legal heir certificate. If amount above rs. 5000/ HoD sanction, indemnity bond in form 6 with sureties.

- Art 81 Pay due to a government servant whose whereabouts are not known, till presumption of death as per rules is made and procedure for payments due as in Art 80 to be followed. After due process can apply for FP & DCRG - G.O. Ms. No.241, Fin & Plg (F.W. Pen.Dept, Dt.10.09.1987); G.O. Ms.No.41. Fin & Plg (FW.Pen.I) Dept. Dt. 8.2.1994; On Pension payment G.O. Ms. No. 111, Fin & Plg(FW.ACCT.II) Dept. Dt. 22.04.1988 on Payment of Insurance and Savings Fund amount.
- Art82: TA bill to be counter signed by controlling officer.
- Art 84: Advances of travelling expenses for tour to permanent employees. Sanction by Officer authorised to draw pay and T.A. Bills of establishment. DDOs to maintain register in form 23 to watch recoveries of tour advances. Settlement as soon as completion of tour or by 31<sup>st</sup> March. March bills by April 30th or end of journey.

- Art 85: Fund deductions – GPF, APGLI, PLI. Ref to Appendix 26 FC II.
- Art 86: deduction of IT
- Art 87: Attachment of pay and allowances by civil courts. A)  $\frac{1}{3}$ <sup>rd</sup> of salary is exempt in decrees of maintenance B) the maximum amount attachable is calculated on the amount earned and not on what remains after deductions and advances. Allowances are exempt from attachment. Subscriptions and taxes from non attachable portion of salary.

- Art 87: Where X represents gross emoluments and Y represents aggregate amount of the allowances exempted, attachable amount is calculated with the formula
- For maintenance— $(X-Y) \frac{2}{3}$
- For other than maintenance— $(X-Y) - 400/3$
- If another attachment is received, attachable portion is less, return the orders letting know the court of earlier attachment order. Amount already paid and balance to be paid.

- Exempted allowances:
- Subsistence allowance, all kinds of TA, All kinds of conveyance allowances, Allowances to meet the cost of uniforms and rations, Allowances granted as compensation for higher cost of living in localities considered expensive by government including hill stations, All HRA, All allowances granted to provide relief against increased cost of living, children's Educational allowance, amounts rcd towards reimbursement of medical expenses.

- Art 88: Head of the office is responsible for recoveries, should maintain register of court attachment in form APTC Form 41-C
- Art 88A: Recoveries of amounts due to cooperative societies from salaries of govt servants on the advice of the AG or disbursing officer concerned.
- Art 88 B: recoveries if written authorisation & unrevoked, then deductions to cooperative society can be made.

# Ch VI

## Contingent charges

- Art 91: incidental expenditure which is necessarily incurred in running an office. Eg: expenditure on furniture, books, periodicals, service postage, telegrams, bicycles, current, cleaning charges, freight and tour charges. Includes technical and special items in particular offices/depts.
- Art 92: Head of the office can sanction/incur contingencies which are non recurring.

- Art 94: Permanent advance- is an exception to general rules-unforeseen expenditure of immediate nature- for ordinary requirements.
- Art 95: Sanction or revision of PA to HoD or subordinate offices through respective depts to Finance and plg (FW) dept for concurrence
- Art 96: no advance of pay from PA. PA should be average of a months contingent expenditure of last 12 months. Recoup twice a month.

- Art 98: On 15<sup>th</sup> April PA acknowledgment to the sanctioning authority and a copy of it enclosed to their salary bill of April.
- Art 99: Temporary advances sanctioned by government should be adjusted by the detailed bills and vouchers. 2<sup>nd</sup> advance can be drawn when the 1<sup>st</sup> advance is adjusted. Revised procedure for submission of DC bills in G.O. Ms. No. 391, finance (TFR) Dept. dt. 22.03.2002.
- Art 100: Head of an office can sanction advance to cover contingent charges during a journey or tour.
- Art 102: For purpose of control and audit Contingent charges are classified as Countersigned and non countersigned contingencies. Countersigned are again before and after countersigned categories. Appendix 8 –List of contingent charges requiring countersignature. Subvchrs above 1000 enclosed to DC bill- non countersigned. These are called audited contingencies.

- Art. 103-105: Contingent register to be maintained in form 7 with budget head indication/ sub head/ detailed heads.
- Art 106-107: Recoupment of PA procedure. Sub Vchrs and register to be submitted for scrutiny.
- Art 108: Detailed monthly bill for countersigned contingencies. Enfaced as “ Not payable at Treasury”. Certificate on check and defacement of sub vchrs of Rs. 50.

- Art. 110-112: Countersigning authority's contingent register.
- Art 113: All the DDOs shall send to their controlling officers list of AC bills drawn and DC bills not sent.
- Art 118: control of contingent expenditure against appropriation.
- Art 119: service postage stamps for bonafide government service.

# Rates and Taxes

- Art 120: Payment of municipal and other local taxes on buildings occupied by Depts/ employees. Single Dept/ more than one Dept-revenue Dept should pay/ as decided by Superintendent Engineer. Pro rata basis for other than state govt. offices. Govt will pay tax in full and recover from Govt servants occupying accommodations. Rents and service taxes no more than 10% of emoluments. Rent free quarters exempted from service taxes.

# Finance Code

Stores

Ch VII

- Art 122: stores indicates all articles and materials required for public service coming into an officers possession for various purposes e,g., furniture, chemicals, scientific instruments, appliances and stationery articles, articles of diet in Hospitals, Jails material for construction of buildings departmentally, manufactured stores, tools and plants. Excluding books etc in library.

# Authorities competent to purchase Stores

- Art 123: stores expenditure is contingent expenditure.
- Articles of normal usage not exceeding Rs.2000; individual items not exceeding 500 per unit subject to Rs.5000 max.stores covered by rate contract of Directorate general, supplies and disposals, Gol.
- Delegation of powers to the Director, central stores purchase Dept: price preference to

- Indigenous products over imported products upto 10%; Local products preference upto 5%; cottage and small scale industries-10% price preference; cooperative societies 5% price preference.
- Collect Security deposits at 10% of indented value exceeding Rs. 10000.
- On reciprocal basis, SSIs, Govt institutions, federation of industrial cooperatives exempted.

- Proprietary items- single tender.
- Repeat orders within 6 months, not exceeding original quantity.
- Tender cum negotiation without change in specifications.
- Extension of delivery period not beyond 6 months
- Passing over of lowest tender, reasons to be recorded.

- In case of emergencies, HoD may with government approval make direct purchases.
- Permissible to obtain at a different rate the balance of stores from next higher tenderer if delivery by L1 fails.
- Placing of orders for foreign goods through local representatives of the firms for after sale service.

- Art 124: forecast of requirement and time of purchase is when cheapest season.
- Art 125: when quality and price are equal 1<sup>st</sup> pref. to made in India including raw materials.
- 2<sup>nd</sup>, wholly or partially manufactured held in India
- Foreign made but stocked in India
- Imported. For made in India upto 5% price preference

- The purchasing officer should exclude taxes for arriving at competitive prices.
- Delivery in India and payment in Indian Rupees.
- Tenders should be 1. By advt/ open tender; 2. direct invitation to limited no. of firms / Limited tender (less than 5 lks or more too G.O. Ms. No. 489, Fin (TFR.I) dt 8.12.2008.) 3. invite one firm / single tender (10k/20k.

- The advt should invite tenders in sealed covers-state time n place for opening of tenders- one month time in case of open tenders- to be opened by responsible officers.
- For single and limited tenders- maintain and update list of firms/list of approved contractors.
- Payment after delivery, satisfaction on quantity/quality.

- IT certificates, EMD by crossed bank drafts to be rmtd into treasury in the name of the parties concerned.
- G.O. Ms.No. 258, Fin (TFR), Dt. 20.9.2013 stores costing more than 1lk procurement through e tender only.
- HoDs to circulate to other HoDs lists of usable surplus items.

- Art 126: if the procedure in Art 125 is not followed AG would object and ask for justification.
- Art 127: acceptance of tenders: financial status of the tenderer is to be taken into account. After opening of tenders record names, amounts n take dated signatures. No tenderer or L1 has a right to be told why his tender is rejected. Discretion is subject to justification when called upon to do so. No nepotism in accepting tenders.

- Art 128: Execute agreement. No order should be given for any stores without obtaining at least a written agreement from the supplier as to the price, if not a formal contract. Provide for price fluctuation at market rate.
- Art 129: Security should be taken at 10% of the contract value in forms as provided under Art 279. May be exempted by HoD.

- Art 130: AG scrutiny of contracts during audit.
- Art 131: Form 9 for tenders.
- Art 133: Stock accounts to be maintained as per Departmental manuals, separately for perishables, expendables, office furniture and safeguard against losses by theft , fraud, negligence & accident.
- Art 134: when no specific forms prescribed, Forms 143 & 268 shall be used. Stock accounts include day book of receipts and expenditure.

- Art 135: Stock accounts in Form 10. Inventory of furniture be kept in each room for annual verification. Stock accounts for forms and stationery and a register of books belonging to the office. Maintain catalogues and prescribed stock accounts and inventories of libraries and museums.
- Art 136: Valuation of stores in the stock accounts at market rates and review at intervals

- Art 137: The clerk who maintains stock accounts must receive every new item supplied and record its receipt. Certification of verification should be filed with oc of the relevant bills.
- Govt instructions to physically verify stores once a FY year by count, measurement and weights 100%. Art 139- verify perishable goods every 6 months. Obsolete/excess items should be valued to be disposed by competent authority.
- Art 138: issue of stores on indents by Govt. officers n record issues.

- Art 140: Unserviceable stores may be condemned under Art 123 and certified by competent authority that he is issuing procdgs of “written off after personally satisfied they have become unserviceable in the ordinary course, through proper usage or by fair wear n tear”
- Art 141: If writing off in cases of neglect etc., it should be considered a loss to govt to the extent of its value/cost.

- Maintain lists of condemned stores. Orders should specify whether to be disposed by sale/ public auction or destruction when they cannot be repaired at ordinary cost. When worthless destroy.
- Art 143: Stores verification in the presence of the officer responsible for the custody or deputed to watch verification. Art 144 – handing over, taking over of stock and send copy to HoD.

- Art 145: Discrepancies found on stores verification due to incorrect or careless accounting; fraud, theft, negligence; unavoidable cause like shrinkage, spilling etc. Investigate and take action of recovery, write off deficiency, or take into stock account. Investigation to be finalised within 6 months, extension by government.

# Works

## Ch VIII

- Art 163: Works execution by 4 methods- the departmental method; the piece-work contract method; the lump-sum contract method; the schedule contract method. In addition to the four methods of execution fifth method is introduced for execution of EPC works : (v) By an agreement in the form approved by Government for EPC works. In regard to method (v) the details are set forth clearly in the form of articles of agreement, tender notice and tender documents approved by Government.
- Art 166: No work to be executed without formal written agreement with the contractor.
- Art 171: day labourers executing work engaged departmentally should be paid wages drawn on muster roll.

- Art 174: all work done and all supplies relating to work should be entered in measurement book.
- Note under Article 175 : 1. In case of EPC works, measurements shall be recorded by EPC agency in M.Books and L.F.Books issued by the concerned Engineer-in-Charge duly numbered and certified. The M.Books and LF.Books have to be maintained by the EPC agency through authorized graduate engineers as per procedure prescribed in Code and finally to be handed over to the department (Engineer-in-charge). 2. in Earth Work Excavation and embankment AE/AEEs have to verify and record— a. 1/3rd of pre-levels taken by EPC agency, b. 100% levels in case of cut off and foundations, c. 25% of intermediate work done levels, d. 100% for final levels recorded by EPC Agency. e. All measurements recorded by the EPC agency in the M-Books issued by the EE shall be checked to 100% extent by AEs/AEEs f. DEEs, EEs and SEs have to check the above levels and measurements as per standing codal provisions and orders. 3. Wherever Quality Control agencies are in existence, such agency has to record its findings in M Books/LF Books besides furnishing certificates as prescribed separately.

- Art 176: if payment to contractor only after check measurement details of it should be maintained.
- Art 177. 1. In EPC contracts, Mobilisation advance not exceeding 5% of the contract value is payable at the prescribed stages of execution. Mobilisation advance on new machinery at the prescribed percentage of the value of 'new machinery not exceeding 5% of contract value is payable against production of original invoices in proof of purchase of the machinery by the contractor/firm/joint venture. 2. The invoices should be in the name of the contractor/firm/joint venture only and the new machinery should have been purchased only after the date of conclusion of the agreement for the work. 3. No mobilisation advance is payable on machinery purchased by an individual firm in respect of joint ventures though that individual firm is a partner in the joint venture.

- 4. The contractor/firm/joint venture should submit an undertaking to the effect that they have not obtained any mobilisation advance from the government against the machinery for which they are presently claiming payment of mobilisation advance. This is to ensure that mobilisation advance is paid only once against one purchase. Any wrong declaration, when comes to light, entails recovery of the entire amount paid with penal interest in a lump from their immediate next work bill apart from instituting other prescribed penal actions. 5. Payment of mobilisation advance is also permissible on ordered machinery with approval of Government. 6. Recovery of mobilisation advance along with interest shall be made as per provisions of the contract.

- . Art 179: once agreement done, even at loss contractor has to complete it
- Art 181: Completion report should show details of work, sanction orders and expenditure details.  
Art 199: EE informs formally in writing that work is completed as sanctioned.
- Art 185: every original work not covered by delegations needs government approval. For works above Rs. 5000 detailed plans and estimates should be submitted for technical sanction

- Note (2) : The estimate shall be prepared based on available preliminary data, the scope of works and project parameters taking into consideration the points mentioned in Para 390 and duly furnishing approximate financial break up of component parts as envisaged in Para 101 of A.P.P.W “D” Code and submitted in case of works to be taken up under EPC for according Administrative approval.

- Art.195 f: 1. Entrustment of the additional items contingent to the main work and within the scope of contract will be authorised by the employer and the contractor shall be bound to execute such additional items at no extra cost to the employer and the cost of such items shall be deemed to have been included in the contract price quoted. 2. Entrustment of additional items of work contingent to main work and outside the scope of the contract will be authorised by the employer with the prior approval of the Government and the contractor shall be bound to execute such additional items and shall be compensated at the price decided by the Government. 3. Whenever additional items not contingent on the main work and outside the scope of original contract are entrusted to the contractor, entrustment of such items and the price to be paid shall be referred to the Government for final decision.

- Art 196: Alteration in design or structure needs fresh administrative sanction of the one who gave the original sanction.
- Art 197: Revised estimates to be submitted if the sanctioned estimate is to be exceeded by 5%.
- Art 198: Other than annual repairs- 5 yrs. Ordinary repairs end of FY.

- Art 202: Electrical works like internal wiring ordinarily should be through lump-sum contract but not small repairs to electrical installations in govt bldgs.
- Ch IX- Miscellaneous expenditure
- Art 209: no miscellaneous expenditure without sanction or delegation of powers.
- Art 211: Grants-in-aid sanction should specify the purpose, conditions and time limits of spending, audit by AG etc.

- Certified Ucs to be submitted if the grant in aid is not of reimbursement nature. Unutilised portion of grant to be surrendered to government.
- Art 212 Scholarships and stipends or scholarships governed by specific rules and codes.
- Art 213: Discretionary grants by Governor, District Collector. Art 215: Compensation for loss of property when not an act of God and as a matter of grace while HoD recommends to Government.

# Ch X

## Loans and Advances

- Art 219: Main Heads of Loans bearing advances: Loans to municipalities port trusts etc; Loans to government servants; Advances repayable; Permanent advances.
- Art 220: HoDs can sanction Advances to cultivators; Advances under special laws, miscellaneous loans and advances. Art 221 deals with interest and repayment. Art 225A : At district level reconcile with treasury plus and minus memoranda and HoD with AG.

# II Loans to Government Servants

- Art 226: interest bearing advances for A) purchase of motor cars B) Advances for purchase of other conveyance C) passage advances D) Advances for the purchase and construction of houses E) Advances for the purchase of horses & saddlery F) Other advances.
- Art 227: advances to persons in permanent service, on personal security bond, simple interest, compulsory pay bill deduction, penal interest if loan is misutilised.

- Art 228, 229: Sanctioning authority and procedure for sanction- sanction lapses within 2 months from the date of sanction or specify the date. Art 230: eligibility / pay range; execute within 1 month a mortgage bond hypothecating to govt as security for car advance and insure it , no 2<sup>nd</sup> advancement till 5 yrs from previous loan; either Motor car or motor cycle loan and not both.

- Art 238: advances on transfer, Festival advances (Art 242-B), Ex gratia payments to families of deceased government employees (ART 242-C).
- Art 239: Advances on transfer – of pay and TTA. If given, to be recorded in LPC; recovery in 3 monthly instalments; and from TTA bill. Separate advance for family within 6 months from the date of transfer is permissible.
- Art 260: when ascertained that advance is irrevocable , with competent authority's sanction, write off loans/advances to the extent stated in Appendix 20.

- G.O. Ms.No 39 Finance (HRM.IV) Dept. Dt.15.4. 2015
- Motor car 60K (135, 65), Motor Cycle/scooter 80K (80, 16), Moped 35K (60,16), Bicycle advance 10K26, 4), Marriage advance75K (70,10) for class IV/1.25lks for F employees 1lk for class IV/2 lks for others; Personal computer advance 50K (135, 65), FA 5000/7000 (10); Sp. FA &500/6000/4500; educational advance 7500.

- HBA rules under G O MS No. 37 Fin (HRM.IV) Dept. Dt. 10.4. 2015 based on different basic pay 10 lks to 25 lks can be sanctioned with recovery in 240, 60 instalments. Repairs upto 4 lks with 75, 15 instalments; house site 60, 2 instalments.

# Ch XI

## Deposits

- Art 262: civil deposits include – Revenue, civil court deposits, criminal court deposits, personal deposits, public work deposits, Trust Interest funds, Deposits for work done for public bodies or private individuals, unclaimed provident fund deposits, deposits of subscription to government loan.
- Art 267-270: general principles and rules- if full receipt particulars unavailable or can be credited to some H of account etc don't treat it as deposit and follow TRs 10 & 16.

- Art 271: Lapse of deposits to the government. Revenue deposits and Criminal court deposits, Public works deposits lapse similarly. Caution money deposit 3 FYs / 5 FYs for BE students /7 FYs for MBBS students from the date it is repayable.
- G O MS 43 F & P (FWACT.II) Dept. dt. 24.2.87 divides deposits into 3 categories A) non-lapsable deposit accounts, B) Lapsable as per codal provisions and C) Lapsable as per govt, orders.

# Ch XII

## Responsibility for losses

- Art 273: Govt servant will be held personally responsible for losses due to negligence or fraud.
- Art 275: to minimize risk and enhance recovery, security to be obtained who handle cash or stores. Art 276: Register of security deposits be maintained and security from cashiers and store keepers be recorded. Art 279 deals with forms of security to be accepted viz., cash, bonds, promissory notes, post office savings bank deposits . Bank deposits, Insurance company fidelity bonds etc.

# losses

- Art 294: serious irregularity of account, defalcation, loss of public moneys. Stores when noticed HoO to be immediately informed. He to AG & HoD and HoD to government. This even when loss is made good. Investigate fully n send detailed final report stating if disciplinary action recommended against responsible officer.
- Art 297: If impossible to recover as per Art 81, 82 of T AC-I write off as losses.

- Art 298: record in stock accounts losses due to market price fluctuations, wear and tear, neglect after purchase etc and Losses due to theft, neglect, calamities separately.
- Art 300; General principles and procedure for enforcing responsibility for losses. Investigate fully reasons for losses without avoidable delay. If complex, request to depute an audit officer for assistance; take legal advice if judicial procdgs seem likely; consider recovery of money and disciplinary action; in frauds endeavour to recover fully from the guilty. Supervisory lapse be evaluated for personal liability for facilitation and punish by increment stoppage or reducing pay.

- Pension not be sanctioned until responsibility for irregularity is determined. Recovery from, forfeiture of security deposit, deduction from last pay or leave salary, take written consent for recovery from pension, or permanent reduction in pension. If not possible to recover from pensioner recover from others also responsible and still in service. Recovery should be loss & interest rate +2%.

- Art 310: departmental enquiry should be instituted under CCA rules
- Art 302: When a Head of Office suspects criminal offence committed against public moneys report at once to police and Collector and HoD. He should see that witnesses in his department, documentary evidence is produced in the court. Appoint an officer to attend the court proceedings.

- Government should be kept informed of commencement of police investigation, decision to prosecute in any particular case. The result of prosecution, decision to appeal, result of appeal and if necessary take government orders before taking action.

# Ch XII Local Funds

- Art 303-313 deals with main classes of local funds and procedures of assignment from proceeds of the entertainment tax collected by CTOs. Arrear claims of local bodies etc.
- Miscellaneous subjects under XV include Art 320 dealing with rounding off of transactions in government accounts.
- Art 323: Erasures in cash book etc. not permitted. Cancel in red ink, insert correction, attested by head of office.

- Art 325: service books be maintained according to Fundamental Rules 74 (a)(iv) part III, Annexure II.
- Art 326: Destruction of official records connected with accounts.
- Art 328: Report of death of pensioners to AG.
- Art 330: Relaxation of rules of this code, government may issue.

- T FC I has list of 27 Forms
- T FC II has 27 Appendices
- T FC III Delegation of Financial Powers
- GO Ms No 148 Fin & Plg (FW. ADMN.I. TFR) Dt 21.10.2000 and GO MS NO. 178 Fin (TFR) Dept Dt 19.8.2011.

• **Thank**

**You**