

FINANCIAL CODE

IT CONSISTS OF 3 VOLUMES

VOLUME 1 CONSISTS OF 329 ARTICLES

VOLUME 2 CONSISTS OF 27 APPENDICES

VOLUME 3 CONSISTS OF DELEGATION OF
POWERS

□ Issues covered :


- ✓ Standards of Financial Propriety**
- ✓ Procurement of stores**
- ✓ Losses to government**
- ✓ Miscellaneous rules**
- ✓ Loans and Advances**

PRINCIPLES OF FINANCIAL PROPRIETY


- ART.3**- CONDITIONS OF EXPENDITURE-
BUDGET/SANCTION
- ART.4**-INTEGRITY IN FIN. MATTERS
 - ✓ AVOID WASTEFUL EXPENDITURE
- ART.5**- MAINTAIN ACCOUNTS
 - ✓ CHECK ACCOUNTS PERIODICALLY
 - ✓ PERSONALLY RESPONSIBLE FOR LOSSES

- ✓ control over subordinates
- ✓ misled by subordinates is no excuse
- ❑ **Art- 38-** expenditure as per appropriation and sanction
- ✓ prompt payments to be done
- ✓ All payments to be brought in to govt accounts
- ❑ **Art 39-** no undue rush of expenditure in month of March
- ✓ Amounts cant be drawn from the treasury and kept in the cash chest
- ❑ **Art 42-** Sanctions as per Legislative enactments/
Codes/Orders of the govt

- Art 45-** Sanction order to be ink signed
- Art 50-** Lapse of sanction
 - ✓ On March 31st
 - ✓ After ONE year from the date of order
 - ✓ 3m in r/o GPF TA
 - ✓ 3m in r/o EEL
- Art 51-** All purchases to be made only after execution of contract
- All contracts in the name of Governor
- Art 56-** All excess amounts have to be recovered from the concerned by the DDO
- Art 57-** AG is responsible for audit of expenditure

- ❑ **Art 86**-DDO is responsible for Income Tax deductions
 - ❑ **Art 87**- All court attachments have to be recovered compulsorily
 - ❑ **Art 88 A**- DDO shall make all recoveries regarding the dues to cooperative societies etc
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- ❑ **Art 125-** specifies the rules for making purchases
- ❑ **Art-133-** All contracts will be verified by AG
- ❑ **Art 134-** All stocks purchased shall be accounted for in stock accounts
- ❑ **Art 136-** All items entered in stock accounts shall be valued in the registers
- ❑ **Art 137-** Procedure for physical verification of stores
- ❑ **Art 125-** specifies the rules for making purchases
- ❑ **Art-133-** All contracts will be verified by AG
- ❑ **Art 134-** All stocks purchased shall be accounted for in stock accounts
- ❑ **Art 136-** All items entered in stock accounts shall be valued in the registers
- ❑ **Art 137-** Procedure for physical verification of stores

- ❑ **Art 139-** All stores have to be inspected atleast once a year
 - ❑ **Art 145-** Discrepancies in stores due to Incorrect accounting
 - ✓ Loss due to fraud/theft/negligence
 - ✓ Unavoidable wastage
 - ❑ **Art 146-** AG will inspect audit of stores
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STORES

ART 123 ALL STORES ARE PURCHASED SUBJECT TO BUDGET, SANCTION OF COMPETENT AUTHORITY AND DELEGATION OF POWERS -

ART 124-ALL PURCHASES SHALL BE AS PER THE POLICY OF THE GOVT AND PROCEDURES PRESCRIBED

✓ POLICY- INDIGENOUS PRODUCTS BE GIVEN PREFERENCE OF 10%

✓ LOCAL PRODUCTS BE GIVEN 5% PREFERENCE

✓ SSIS BE GIVEN 10% PREFERENCE

✓ COOPERATIVE SOCIETIES-5% PREFERENCE

Procedure for purchases – **Art 125**

✓ Open tender- Above Rs 5.00 Lacs

✓ Limited tender- Above Rs 20,000 and less than Rs 5.00 Lacs

✓ Single tender- Less than Rs 20,000

Process involved:

✓ Preparation of tender schedule

✓ Sale of tender forms

✓ Advertisement in papers




- ✓ Documents to be submitted:
- Registration of firm
- Partnership deed
- Educational qualifications certificates
- IT returns of three years
- GST returns
- Experience certificate
- Bank updated statement
- Earnest Money Deposit (EMD) @ 2%

- Last date of tenders- 21 days
- Constitution of Purchase committee
- Purchases made without tenders will be questioned by audit authorities-**Art 126**
- Acceptance of tenders- **Art 127**
- Opening of tenders-procedure
- Lowest bidder to be selected
- Negotiation with firms
- Passing off of lowest tender
- All tenders to be checked by AG
- Security deposits @ 10%

- ✓ Limited tender system
- ✓ Single tender system
- ❑ Agrreements have to be made with the selected bidder
- **Art 128**
- ✓ Agreements as per Appendix 4
- ✓ On the name of the Governor
- ✓ Payments to be made after supply of stores
- ❑ Security to be obtained from **bidder-Art 129**
- ✓ @ 10%
- ✓ HOD can exempt in respect of reputed dealers

- ❑ All contracts to be examined by AG and report to the govt. of any lapses-**Art 130**
- ❑ Agreement form is in Form 9 format-**Art 131**
- ❑ Separate stock accounts to be maintained in r/o raw materials,-**Art-133(a)**
- ❑ Separate stock accounts to be maintained in r/o furniture- **Art-135**
- ❑ Valuation of the stocks- **Art 136**
- ❑ Receipt and disposal of stores-**Art 137**
- ❑ Stocks to be issued as per indent-**Art 138**

- ❑ Inspection of stores-**Art 139**
 - ✓ By a responsible officer
 - ✓ At least once a year
 - ✓ Submit a report of write off (**Appdx23 and Art 297**)
 - ❑ Condemnation of Unserviceable articles by wear and tear- **Art 140**
 - ❑ Condemnation for reasons other than wear and tear-
Art 142
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Verification of stores-**Art 143**

✓ Not to low paid subordinate

Verification at the time of transfer-**Art 144**

✓ HoO is also responsible for the upkeep of materials

Discrepancy in stores-reasons- **Art-145**

✓ Reasons-

○ Incorrect accounting

○ Loss due to fraud, theft, negligence

○ Unavoidable cause

- ✓ Cause enquiry for reasons of loss
- ✓ Fix responsibility
- ✓ Loss amount involved
- ✓ Recommendation for recovery of loss
- ✓ Report to the competent authority
- ❑ AG will conduct audit of stores-**Art 146**
- ❑ **Art 294**- Loss of property
- ✓ Report to the HOD/Govt
- ❑ **Art 297**- Write off of losses as per provisions of Accounts code-I art 81 and art 82
- ❑ **Art 298**- Losses of stores-
- ✓ Reasons to be recorded
- ✓ Sanction of write off to be obtained

- ✓ Losses due to depreciation
- ✓ Wear and tear
- ✓ Fluctuation of prices
- ✓ Neglect after purchase
- ✓ Lack of foresight
- ✓ Loss due to other reasons
- ✓ Theft
- ✓ Natural calamities
- ❑ **Art 300**- Enforcing responsibility for loss
- ❑ **Art 301**- Departmental enquiries in respect of losses
- ❑ **Art- 302**- Prosecution for embezzlement of public money

MISCELLANEOUS RULES

ART 51- ALL MATTERS RELATED TO STORES PURCHASE OR WORKS SHALL BE CONTRACT BOUND

✓ TERMS OF CONTRACT TO BE SPECIFIC

✓ LEGAL AND FINANCIAL ADVICE TO BE OBTAINED

WHEREVER REQUIRED

✓ ALWAYS PROTECT THE INTERESTS OF THE GOVERNMENT

✓ ALL TERMS OF THE CONTRACT TO BE COMPLIED WITH

❑ Art-52-Arrear Claims-

- ✓ All claims not claimed within one year is an arrear claim
- ✓ An arrear claim has to be pre audited by AG
- ✓ Amount not exceeding Rs 500 p.m can be claimed without pre audit by AG
- ✓ TA claims after 3m from the last date of journey should not be countersigned
- ✓ Adhoc sanction of an arrear claim can be made by HOD(GO Ms No.161 F&P dt27-4-91)

- Arrears more than 6 years to be prepared in 2 spells i.e more than 6yrs and upto 6yrs
- Amounts less than 6 yrs to be sanctioned by HoD and sent to AG for pre audit
- Bill for amount less than 6 yrs to be sent for pre audit
- When increment is due, the date of actual accrual of increment is considered for treating whether its an arrear or not
- ✓ When an increment is delayed due to declaration of Probation, the date of declaration of probation is the reckoning date for treating it as an arrear
- ✓ In r/o Pay fixation arrears, one year from the date of proceedings sanctioning the PF statement is the reckoning date

❑ **Art 55-** Sanction of the govt is required wherever there is limitation of time is applicable

✓ Limitation of time period for arrear claim is 3months for Salary, Leave salary,Pensions,TA

Art 57- Ag is responsible for auditing of all expenditures

✓ DDO is responsible for recovering all excess payments

❑ **Art 58-** Recoveries shall not exceed 1/3rd of pay

❑ **Art 59-** All audit objections made by AG should be answered promptly

❑ **Art 72-** Due date for payment o salaries

❑ **Art 75-** DDO should sign increment certificate in form 49 and certify that the probation is completed successfully

❑ **Art 80(A)**- Pay due to a deceased govt servant-

- ✓ From the date of death
- ✓ When amount is less than Rs 5000, no certification is required
- ✓ When the amount is more than Rs 5000, an indemnity bond to be obtained from the legal heirs and two sureties

❑ **Art 81**- Payments in r/o those GS whose whereabouts are not known-

❑ **Art 84**- Advances for Tours-

- ✓ For all permanent GS
- ✓ In r/o Temporary employees, surety bond to be obtained

- ✓ Amount be limited to actual amount
- ✓ It has to be settled immediately after return from the tour
- ✓ No 2nd advance be given when the 1st advance is pending
- ✓ HoO/DDO is competent to sanction the advance
- ❑ **Art 86(a)**- Deduction of Income Tax-
- ✓ DDO is authorised to make IT ded at source
- ❑ **Art 87(a)**- Attachment by Civil Courts-DDO to recover all court attachments
- ✓ Deductions formula is $X - Y - 100/3$

- ✓ X is gross, Y is exempted allowances which include HRA,CCA etc
- ❑ **Art 91**- Definition of Contingent charges
- ❑ **Art 93**- Sanction of contingent charges by the HoO/HoD/Govt
- ✓ As per Appendix 7
- ✓ As per delegation powers contained in G.O Ms no. 148 dt 2000
- ❑ **Art 94**- Permanent advance- To meet unforeseen expenditure
- ❑ **Art 106**- PA has to be recouped once a fortnight

- ❑ **Art-113**-Some departments are permitted to draw amounts in Abstract contingent bills
 - ❑ **Art 114**-All payments meant for private parties should be endorsed in their names
 - ❑ **Art 120-A**-To clean the offices, only part time arrangements to be made to clean the office
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