

APPENDIX 7-A
(See paragraph 17.2.1)

Detailed procedure to be followed by Public Works Divisional Officers for the settlement of inter-divisional transactions by Cheque/Bank Draft.

1. Pursuant to the dispensation of the operation of minor head "107 – Cash Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts" for the settlement of inter-divisional transactions in Public Works Divisions w.e.f. 1.4.1993, a new procedure for "Advance Payment" as enumerated below has been introduced.
2. According to the new procedure applicable in the case of inter-divisional transactions whether on account of stores supplied, services rendered or works executed, Indenting Division after obtaining proforma invoice for supply of stores etc. will make "Advance Payment" by Debit to Sub-head "Stores/Service Advance" under the Minor Head "799 – Suspense" below the functional Revenue or Capital Major/Sub-Major Heads concerned per contra credit to Sub-Head "Public Works Cheques" under the minor head "102 – Public Works Remittances" below the Major Head "8782 – Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer." Such payments made to other Divisions should not be mixed with the advance payments to contractors/suppliers.
3. Supplying Division on receipt of the above cheque will make necessary entries in the Cash Book and remit the cheque to Bank for clearance. Entries in the Books of Supplying Division will appear as Minus Debit to sub-head "Stores supplied/Services rendered" under the minor head "799 – Suspense" below the functional Major/Sub-Major Heads of Account concerned per contra Debit to Major/Minor/Sub-head "8782 - Cash Remittances etc – 102 – Public Works Remittances – Remittances into Bank."
4. After actual delivery of stores or rendition of services, Supplying Division will debit Sub-Head "Stores supplied or Services rendered" under the minor head "799 – Suspense" below the functional Major/Sub-Major head concerned by credit (i.e., minus Debit) to Sub-head "Stock" under the minor head "799 Suspense" below the functional Major/Sub-Major head concerned. Excess Debit, if any, will be refunded to the Indenting Division before the close of financial year.
5. The invoice-cum-bill received from the Supplying Division, should be adjusted in the same month by the Indenting Division debiting the value of the Bill to "Stock" with a corresponding minus Debit to Sub-Head "Store/Service Advance" under the head of account to which the same stands debited originally.
6. The above procedure will be followed mutatis mutandis in the case of "Works Advance."
 - A. Adjustment of Payment Scroll in the Books of the PAO of the Indenting Division.

7. On receipt of Payment Scroll together with paid cheque from Focal Point Branch of the accredited Bank, PAO of the Indenting Division will verify the correctness of the scroll and enter the amount, if found correct, in Payments Column (2) of Form CAM -17 – Register of P.S.B. Suspense. Thereafter PAO will pass an entry in his Accounts by affording (-) Credit to Sub-head “Public Works Cheques” under the minor head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances etc.” per contra credit to minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts.” Minus Credit to Sub-head “Public Works Cheques” in the books of the PAO of the Division would clear the original credit entry under this Sub-head appearing in the books of Divisional Officer which was made at the time of the issue of the said cheque.

B. Action in the Divisional office of the Indenting Division.

On receipt of the copy of Payment Scroll without paid cheque from the dealing branch of the accredited Bank, the Divisional officer of the Indenting Division will note the amount in Part II – Cheques issued and paid of the “Schedule of monthly reconciliation of Cheques and Remittances” in “Form 51” to be sent alongwith the Monthly Account to the PAO of his Division who will verify and reconcile with the booking of this amount in his Account.

C. Clearance of minor head “108 – Public Sector Bank Suspense” by the Principal Accounts Office on receipt of “Payment Put Through Statement” from Reserve Bank of India.

On receipt of PAO wise “Payment Put Through Statement” from Reserve Bank of India, Principal Accounts Officer of the Ministry of Urban Development and Poverty Alleviation will prepare the following Transfer Entry in Form CAM 34 to clear the minor head “108 – Public Sector Bank Suspense.”

(-) Credit	Major Head “8658 – Suspense Accounts:”	
	Minor Head “108 – Public Sector Bank Suspense”	
	To	
	Major Head: “8675 – Deposits with Reserve Bank”	
	Minor Head: “101 – Central (Civil)”	
	Sub-Head: “Reserve Bank (PSB)	Credit

After preparing the above T.E., Principal Accounts Officer will intimate the PAO of the concerned (in the instant case – Indenting) Division for keeping a suitable Note against this minor head appearing in his Books.

D. Adjustment of Receipt Scroll in the Books of the PAO of the Supplying Division.

Note 1: However, for the clearance of old outstanding Debit balances, minor head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” will remain in operation in Public Works Divisions till all the balances thereunder are liquidated.

Note 2: Minor Head “107 – Cash Settlement Suspense Account” below the Major Head “8658 – Suspense Accounts” below the Major Head “8658 – Suspense Accounts” will now be operated by Public Works Divisions including PAO of the Division for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence. The accounting procedure for the settlement of inter-departmental transactions with Cabinet Secretariat and Ministry of Defence is laid down in Appendix 7-C of CPWA Code.

Indicative Example explaining accounting adjustments in the case of Inter-Divisional Settlement by exchange of Cheque/Demand Draft.

Example: Division “A” of CPWD issued a cheque amounting to Rs.15,000/- to Central Stores Division, New Delhi towards the cost of 100 bags of cement @ Rs.150/- per bag in the month of June 2005 for Stock purposes in the Revenue Major/Sub-Major Heads “2059 – Public Works – 80 General.” Central Stores Division (CSD-I) issued the requisite quantity of cement to Division “A” in the month of June 2005 itself as per the indent placed by Division “A”. Enumerate the entries step by step in the books of Division ‘A’ and the “Central Stores Division” of CPWD.

Solution:

1. When Division “A” of CPWD makes “Advance Payment” to Central Stores Division towards the procurement of 100 bags of cement @ Rs.150/- per bag. The following entries will appear in its books.

Debit	Major-Head: 2059 – Public Works
Rs.15,000/-	Sub-Major Head: 80 – General
	Minor Head: 799 – Suspense
	Sub-Head: Stores Advance (x)
	To
	Major-Head: 8782 – Cash Remittances etc
	Minor-Head: 102 – Public Works Remittances
	Sub-Head: Public Works Cheques (*) CreditRs.15,000/-
	(To be drawn in favour of the Divisional Officer of Central Stores Division)

2. Action in Supplying Division i.e., Central Stores Division on receipt of cheque Central Stores Division will make necessary entries in the Cash Book and remit the cheque to Bank for clearance.

Entries in the books of Central Stores Division(I) will appear as under:-

Debit	Major-Head: 8782 – Cash Remittances etc
Rs.15,000/-	Minor-Head: 102 – Public Works Remittances
(***)	Sub-Head: Remittances into Bank

	To
	Major Head: 2059 – Public Works
	Sub-Major Head: 80-General
	Minor Head: 799 – Suspense
	Sub-Head Stores Supplied (xx) (-)Debit Rs.15,000/-

3. After actual delivery of Stores to Division “A”, the Central Stores Division (CSD-I) will carry out the following entries to credit its Stock.

Debit	Major Head: 2059 – Public Works
Rs.15,000/-	Sub-Major Head: 80-General
	Minor Head: 799 – Suspense
	Sub-Head: Stores Supplied (xx)

	To
	Major Head: 2059 – Public Works
	Sub-Major Head: 80 – General
	Minor Head: 799 – Suspense
	Sub-Head: Stock (xxx) Credit, i.e.,
	(-) Debit Rs.15,000/-

4. On receipt of Stock and verification thereof Division “A” will account for the Stock in its books as follows:-

Debit	Major Head: 2059 – Public Works
Rs.15,000/-	Sub-Major Head: 80-General
	Minor Head: 799 – Suspense
	Sub-Head: Stock(xxx)

	To
	Major Head: 2059 – Public Works
	Sub-Major Head: 80 – General
	Minor Head: 799 – Suspense
	Sub-Head: Stores Advance (x) (-) Debit
	Rs.15,000/-

From the above entries it could be seen that Debit to Sub-Head “Stores Advance” appearing at (x) at Sl.No.1 gets cleared by minus Debit to Sub-Head “Stores Advance” appearing at (x) at Sl.No.4.

Similarly minus Debit to Sub-Head “Stores Supplied” appearing at (xx) of Sl.No.2 gets cleared by Debit to Sub-Head “Stores Supplied” at (xx) at Sl.No.3.

Stock amounting to Rs.15,000/- reduced by Credit in the books of Central Stores Division – I appearing at (xxx) at Sl.No.3 matches with Debit to Stock appearing at (xxx) at Sl.No.4 above.

5. In so far as the clearance of Sub-Heads “Public Works Cheques” appearing in the books of Division”A” and “Remittances into Bank” appearing in the books of Central Stores Division I is concerned, the same will be cleared by their respective PAOs on receipt of Payment Scroll and Receipt Scroll respectively.

6. Adjustment of Payment Scroll together with Paid Cheque received from Focal Point Branch of the accredited Bank by the PAO of Division “A”

(-) Credit
Rs.15,000/-(*)

Major Head “8782 – Cash Remittances”
and adjustments between officers rendering accounts to
the same Accounts Officer
Minor Head: 102 – Public Works Remittances
Sub-Head: Public Works Cheques

To
Major Head: 8658 – Suspense Accounts
Minor Head: 108 – Public Sector Bank Suspense

Credit
(**) Rs15,000/-

7. Action by the Divisional Officer of Division “A” on receipt of the copy of the Payment Scroll (without supporting Paid Cheque) from the dealing branch of the accredited Bank. Divisional Officer of Division “A” will note the encashment of cheque in Part II - Cheques issued and paid of the Schedule of monthly reconciliation of Cheques and Remittances” in Form 51 to be sent alongwith Monthly Account to PAO of Division “A” for reconciliation purposes.

8. Clearance of minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” by the Principal Accounts Office.

On receipt of PAO wise “Payment Put Through Statement” from Reserve Bank of India, Principal Accounts Office will prepare the following Transfer Entry in Form CAM-34 to clear the credit lying under the minor head “108 – PSB Suspense.

(-) Credit
Rs.15,000/-
(**)

Major Head: “8658 – Suspense Accounts”
Minor Head: 108 – Public Sector Bank Suspense

To

Major Head: 8675 – Deposits with Reserve Bank
Minor Head: 101 – Central (Civil)
Sub-Head: Reserve Bank (PSB)

Credit
Rs.15,000/-

This T.E. will be incorporated in the Monthly Account and PAO of Division “A” will be intimated about the clearance of minor head “108 – Public Sector Bank Suspense” to keep suitable Note against the original entry in his books.

9. Adjustment of Receipt Scroll together with Receipt challan received from Focal Point Branch of the accredited Bank by the PAO of Central Stores Division I

Debit
Rs.15,000/-
(****)

Major Head: “8658 – Suspense Accounts”
Minor Head: 108 – Public Sector Bank Suspense
To

Major Head: 8782 – Cash Remittances and adjustments
between officers rendering accounts to the same Accounts
Officer

Minor Head: 102 – Public Works Remittances
Sub-Head: Remittances into Bank

(-) Debit
Rs.15,000/- (***)

10. Action by the Divisional Officer of Central Stores Division (I) on receipt of the copy of Receipt Scroll (without challan) form the dealing branch of the accredited Bank.

Divisional Officer of the Central Stores Division(I) will note the remittance in Part I – Cash remitted and acknowledged of the “Schedule of monthly reconciliation of Cheques and Remittances” in Form 51 to be sent alongwith Monthly Account to the PAO of Central Stores Division for reconciliation purposes.

11. Clearance of minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” by the Principal Accounts Office.

On receipt of “Receipt Put Through Statement” from Reserve Bank of India, Principal Accounts Office will prepare the following Transfer Entry in Form CAM-34 to clear the Debit lying under the minor head “108 – Public Sector Bank Suspense”

Debit

Major Head: 8675 – Deposits with Reserve Bank

Rs.15,000

Minor Head: 101 – Central (Civil)
Sub-Head: Reserve Bank (PSB)

To

Major Head: “8658 – Suspense Accounts
Minor Head: 108 – Public Sector Bank Suspense

(-) Debit
Rs.15,000/-
(****)

This Transfer Entry will be incorporated in the Monthly Account and the PAO of Central Stores Division I will be intimated about the clearance of minor head – “108 – Public Sector Bank Suspense” to enable him to keep suitable Note against the original entry in his books.

From the above mentioned accounting adjustments it could be seen that credit to sub-head “Public Works Cheques” under the minor head “102 – Public works Remittances” below the Major Head “8782 – Cash Remittances Etc.” at (*) at Sl.No.1 gets cleared by minus credit to this head at (*) at Sl.No.6.

Similarly credit under the minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” appearing at (**) at Sl.No.6 gets cleared by minus credit to this head at (**) at Sl.No.8

Debit to Sub-head “Remittances into Bank” under the minor head “102 – Public Works Remittances” below the Major Head “8782 – Cash Remittances Etc.” appearing at (***) at Sl.No.2 gets cleared by minus Debit to this head at Sl.No.9 (***).

Debit under the minor head “108 – Public Sector Bank Suspense” below the Major Head “8658 – Suspense Accounts” appearing at (****) at Sl.No.9 gets cleared by minus Debit to this head at (****) at Sl.No.11.