

CHAPTER 10 – WORKS ACCOUNTS

10.1 General

10.1.1 Expenditure on the construction or maintenance of a work may be divided broadly into two classes viz (i) Cash (ii) Stock Charges. In addition to the main Charge, there are other charges affecting the cost of work. For example, there may be charges incurred in other Divisions, Departments or Government, materials received from them or services rendered by them, or there may be cash receipts such as are taken in reduction of expenditure in accordance with the rules. To account for all these charges affecting cost of works, separate accounts are maintained in Sub-Divisional /Divisional Offices for recording (i) the cost of individual works and (ii) the transactions of individual contractors/suppliers. These are known as works accounts.

10.1.2 The initial records upon which the accounts of works are based are enumerated below:-

- (i) Muster Roll including casual labour Roll
- (ii) The measurement Books
- (iii) Work-charged Establishment Bills (**other than those borne on regular Establishmentt**)

10.1.3 The measurements of work done by daily rated labourers on a Muster Roll are recorded in the Measurement Books. The payments to contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the Measurement Book.

10.1.4 General instructions in regard to preparation of Muster Roll and recording of the quantum of work done in Measurement Book and also of writing the measurements in respect of work done by contract and supplies made in Measurement Books including Standard Measurement Books are detailed in this Chapter in paras 10.2.3 & 10.2.7 to 10.2.9. The Administrative Ministry, may in consultation with the Accounting Organisation, prescribe detailed procedure in this behalf.

10.1.5 In recording the cost of an individual work, in the accounts, no attempt is made to include therein any charge on account of general services, like Establishment and Tools and Plant, the entire cost whereof is 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 or department or Government and the claim made by it includes an authorized charge on account of such general services, such charges may be accepted and adjusted in the accounts of the work as part of the cost of the work in the same way as if the services had been rendered by a contractor.

Note 1: When the cost of special tools and plant is included in the cost of a work under paragraph 7.3.1, the rules in Chapter 7 regarding numerical lists or returns will apply mutatis mutandis and adjustments on account of the cost of tools and plant transferred to

other works, divisions, departments, or Governments will be governed by the rules in paragraph 7.3.15.

Note 2: The cost of special establishment employed in the acquisition of land when chargeable to the accounts of the works concerned under paragraph 17.1.3 should be treated as a part of the works expenditure.

Note 3: Lump sum charges of Establishment and Tools and Plant recoverable from other Governments and Departments for works executed for them as a standing arrangement, should not be included in the accounts of the works, but dealt with under the rules in Appendix 4.

10.2 Cash Payments

I. Introductory

10.2.1 Cash charges on works consist of payments (1) to labourers and members of the work charged establishment, of their wages and (2) to contractors and others for work done or other services rendered. The cost of material procured **in exceptional cases (since Ministries/ Departments in terms of the provisions of Rule 140 of General Financial rules, 2005 have been delegated full powers to make their own arrangement for procurement of goods)** through DGS&D or direct from supplier specially for works are to be accounted for as minus credit to Sub-head "Payment for purchases through DGS&D". In case of direct purchases from Supplier, if payment not made in the same month in which Stores have been received the account will be by credit to Sub-head "Purchases pending adjustment/payment to Supplier". Both the Sub-heads are to be opened under the minor head "129 – Material Purchase Settlement Suspense Account" below the Major Head "8658 – Suspense Accounts". Payments to Suppliers are governed by the same rules as payments to contractors for work done.

The general rules relating to cash payments and vouchers in paragraphs 6.4.1 to 6.4.8 apply to all these classes of payments. Only special rules are, therefore, set forth in this Chapter.

10.2.2 Initial accounts and vouchers connected with charges relating to works must invariably specify:-

- (a) The full name of the work as given in the estimate
- (b) The name of the component part of it, if separate accounts are kept up for the several component parts and
- (c) The charges (if any) which are of the nature of recoverable payments and the names of the contractors or others from whom recoverable.

Note: Normally no charge is to be incurred on behalf of a contractor, but where such expenditure is incurred under the orders of the competent authority, it should be seen particularly that the contractors or others on whose behalf the charges are incurred do not

get the benefit of any concession to which they would not be entitled if they had themselves incurred the charges.

II. Payments to Labourers

(a) Departmental Labour

10.2.3 With the following exceptions, all persons engaged departmentally for the execution of works are considered as day labourers and their wages should be drawn on Muster Rolls. Form **CPWA 21** and charged to the estimates of the works on which they are employed:-

- (a) Permanent and temporary employees of the division whose pay is charged to the head Direction and Administration.
- (b) Members of the work-charged establishment as defined in paragraphs 10 and 11 of the Central Public Works Department Code (**i.e Work-Charged Establishment borne on regular establishment**).

For all the labourers and workmen employed on Muster Rolls, **Form CPWA 21** a daily labour report in the Form CPWA 30 indicating the number of labourers and workmen employed is required to be sent on each day to the Sub Divisional Officer/Divisional Officer and any discrepancies between labour reports and muster rolls should be investigated as soon as the latter are received for payment.

Note: Labour reports for Muster rolls containing 15 persons or less are not required to be sent.

10.2.4 Subject to such departmental instructions as are issued from time to time, Muster Rolls should be prepared in Form **CPWA 21** and dealt with in accordance with the following rules:-

- (a) One or more muster rolls should be kept for each work, but muster rolls should never be prepared in duplicate. It is permissible, however, to keep one muster roll for labourers employed upon several small works, in cases in which the total **unpaid** wages may conveniently be recorded as relating only to the larger work in the group.
- (b) Labourers may be paid more than once a month and the period covered by each payment may be determined locally, but separate rolls must be prepared for each period of payment.
- (c) The daily attendances and absences of labourers and the fines inflicted on them should be recorded daily in Part I of the muster roll in such a way as:-

- (i) to facilitate the correct calculation of the net wages of each person for the period of payment.
- (ii) to render it difficult to tamper with or to make unauthorized additions to, or alterations in, entries once made; and
- (iii) to facilitate the correct classification of the cost of labour by works and subheads of works where necessary.

(d) After a muster roll has been closed, payment thereon should be made as expeditiously as possible. Acknowledgement, duly stamped where necessary should be obtained from each payee on the Muster Roll and each payment should be made or witnessed by the Official of highest standing available who should certify to the payments individually or by groups, at the same time specifying, both in words and in figures at the foot of the muster roll, the total amount paid on each date. If any item remains unpaid, the details thereof should be recorded in a Register of Unpaid Wages, Form **CPWA 21-A** (which should be maintained in the Sub-Division), before the memorandum at the foot of the muster roll is completed by the person who made the payment.

(e) The subsequent payment of unpaid wages should be made on Hand Receipt, Form **CPWA 28**; a note of the payment being kept in the Register of Unpaid Wages as well as the relevant Muster Roll.

(f) Wages remaining unpaid for three months should be reported to the Divisional Officer who will decide in each case, whether the liability as an amount available for payment should continue to be borne in the accounts of the work concerned as exhibited in the sub-divisional record prescribed in clause (e) or should be credited to capital or revenue.

Note- For action to be taken on the completion of work, see para 10.5.18.

(g) In Part II of the muster roll form should be recorded the progress of work done by the labour shown thereon in all cases where such work is susceptible of measurement. If the work is not susceptible of measurement, a certificate to this effect should be recorded.

Note 1: It is not necessary to reproduce the details of measurement in Part II, nor need Part II be written up if progress is reported once a month or often in any other suitable Form and such separate reports are considered sufficient.

Note 2: The check of Muster Rolls **with** reference to the entries in the Measurement Books will be done to the extent of 100% by the Sub-division before payments are made by the Divisional Officer.

(h) In exceptional and urgent cases, such as urgent silt – clearance of canals or closing breaches, where labourers are employed casually for short periods, payments may be made on a Casual Labour Roll, Form **CPWA 22**, in which the names of the labourers need not be given but such payments may not be made except by a gazetted

officer. Nor need muster rolls in Form 21 be used in the case of work done on Requisition, Form CPWA 32, when entries of daily labour are few, in such cases the particulars can be entered on the Form of Requisition.

The Administrative Ministry may prescribe the procedure in prescribed form for the custody and accounting of Muster Roll Forms, in consultation with the accounting organization as a safe-guard against their possible misuse.

(b) Labour engaged through a Contractor

10.2.5 The payment of daily labour through a contractor, instead of by muster roll in the usual way, is objectionable in principle. In a case of great emergency it may some times be found impossible to employ labour otherwise than through a contractor. Should it be possible, in such a case, to determine the quantities of work done after its completion or at intervals during its progress, it is expedient to pay the contractor, at suitable rates, on the basis of work actually executed. But, if as in the case of urgent repair of canal breaches, this method of payment is not practicable, it is permissible to pay the contractor on the basis of the numbers of labourers employed, day by day, his own profit or commission being either included in the rates allowed, or paid separately in lump sum or at a percentage rate. When this course is adopted a report of the numbers of labourers of each class employed day by day should be made daily by the official incharge of the work to the Sub-divisional Officer to enable the latter to keep a check on the expenditure and to deal with the contractor's claim when received. To avoid disputes with the contractors, they should be encouraged to sign the daily reports in token of their acceptance as correct.

Note: The use of the muster roll or the measurement book (paragraph 10.2.7) is not permissible in such cases.

(c) Travelling Expenses

10.2.6 When it is necessary to bring labourers and artificers from a distance they may be allowed wages for the number of days occupied in the journey to and from the site of the work, if they join the work with proper despatch. At the discretion of the Divisional Officer, bona fide traveling expenses may also be allowed to them. The above charge must be borne by the estimate of the work.

II PAYMENTS TO SUPPLIERS AND CONTRACTORS

(a) Record of Measurement

(i) Measurement Books

10.2.7 Unless in any case, the Administrative Ministry/Administration concerned, after consultation with the **Chief Controller of Accounts**, direct otherwise, payments for all work done otherwise than by daily labour and for all supplies required for specific works are made on the basis of measurements recorded in measurement books, Form CPWA

23 in accordance with the rules in paragraph 10.2.8. The measurement books should, therefore be considered as very important account records, and should be so written that the transactions are readily traceable in the Accounts of the Department. All the measurement books belonging to a division should be numbered serially and a register of them should be maintained in Form CPWA 92 in the divisional office showing the serial number of each book, the names of the sub-divisions to which issued, the date of issue and the date of its return, so that its eventual return to the divisional office may be watched.

Note. A similar register should also be maintained in the Sub-divisional office showing the names of the Sub-divisional Officer and Sectional Officers to whom measurement books are issued. Books no in longer use should be withdrawn promptly even though not completely written up.

(ii) Detailed Measurements

10.2.8 In recording detailed measurements, the following general instructions should be carefully observed:-

(a) Subject to such subsidiary orders as may be laid down by the Administrative Ministry/Administration concerned, detailed measurements should be recorded only by Executive Engineer, Assistant Executive Engineer or Assistant Engineers, or by the executive subordinates in charge of works to whom measurement books have been supplied for the purpose.

(b) All items of work in a project, irrespective of their cost, shall be measured and recorded by the Officer-in-charge of the work, not lower than the rank of J.E. It is, however, open to the rank of Sub-Divisional Officer to record measurements for any particular item of work himself.

(c) The Officer accepting the tender for any work may stipulate and require the Assistant Executive Engineer/Assistant Engineer to record measurements himself or exercise 100% check on the measurements recorded by his subordinate for any item including those, which owing to their situation, cannot subsequently be check-measured or which have very high unit rates or which in the opinion of the officer, are important.

(d) All measurements should be recorded neatly and directly in a measurement book, at the site of work, and no-where else.

(e) Each set of measurements should commence with entries stating:-

(i) In the case of bills for work done:-

- (a) full name of work as given in estimate/agreement,
- (b) situation of work, (c) name of contractor,
- (d) number and date of his agreement,
- (e) date of written order to commence work,

- (f) date of actual completion of work,
- (g) date of measurement and,
- (h) reference to the previous measurement.

Note: As an exception, the recording of entries (e) and (f) is not required in the case of work done under a piece-work agreement.

- (ii) In the case of bills for supply of materials required for specific works:-
 - (a) name of supplier, (b) number and date of his agreement or order (c) purpose of supply in either of the following forms applicable to the cases:-
 - (i) "Purchases" for direct issue to (here enter full name of work as given in estimate) or
 - (ii) "Purchases" for (here enter full name of work as given in estimate)....(d) date of written order to commence supplies (e) date of actual completion of supplies and (f) date of measurement, and should end with the dated initials of the person making the measurements and with the acceptance of the measurements, by the contractor in terms of relevant clauses of his contract agreement, see also paragraph 10.1.2. A suitable abstract should then be prepared which should collect, in the case of measurements for work done, the total quantities of each distinct item of work relating to each sanctioned estimate.

Note – As an exception, the recording of entries (d) and (e) is not required in the case of supplies made against a piece-work agreement.

(f) In the M.B.'s and bill forms for running accounts bills, the full nomenclature of agreement items need not be reproduced but only the abbreviated nomenclature need be used. The agreement item No. shall, however, be mentioned against the abbreviated nomenclature. In the case of extra and substituted items of work for which no abbreviation/nomenclature is provided in the agreement, the full nomenclature of item shall be reproduced in the M.B.s and bill forms for running account bills by the S.D.O or executive subordinate incharge of the work. A certificate in the M.B. as under will also be recorded.

"Certified that for items where abbreviated nomenclature has been adopted, the work has been executed according to full nomenclature of the corresponding item of agreement."

(g) As all payments for work or supplies required for specific works are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately, and also to work out and enter in the measurement book the figures for the "contents or area" column. If the measurements are taken in connection with a running contract account on which, work has been previously measured, he is further responsible (1) that reference to the last set of measurements is recorded and (2) that if the entire job or contract has been completed, date of completion is duly noted in the prescribed place, vide clause (c) above. If the measurements taken are the first set of measurements, on a running account or the first and final measurements this fact should be suitably noted against

the entries in the measurement book and in the latter case, the actual date of completion noted in the prescribed place.

(h) The pages of the book should be machine numbered. Entries should be recorded continuously, and no blank pages left or page torn out. Any pages left blank inadvertently should be cancelled by diagonal lines, the cancellation being attested and dated.

(i) The entries should be made in ink only. No entry may be erased. If a mistake is made, it should be corrected by crossing out the incorrect words or figures and inserting the corrections, the correction thus made being initialled and dated by the responsible officer. When any measurements are cancelled, the cancellation must be supported by the dated initials of the officer ordering the cancellation or by a reference to his orders initialled by the officer who made the measurements, the reasons for cancellation being also recorded. A reliable record is the object to be aimed at, as it may have to be produced as evidence in a Court of Law.

(j) On completion of the abstract, the Measurement book should be submitted to the Sub-divisional Officer who after carrying out the required test check should enter the word "Check and Bill" with his dated initials. The Sub-divisional Clerk should then check the calculation of quantities in the abstract and the bill, in case of work carried out by contract, and should then place the Measurement Book and the bill before the Sub-divisional Officer who after comparing the two, should sign the bill and the Measurement Book at the end of the abstract.

(k) Any corrections to calculations or rates made in the Sub-divisional, as well as, in Divisional Office should be made in red ink and brought to notice of the Sub-Divisional Officer or the Divisional Officer, as the case may be, and of the person recording the original measurements. In the case of final bill, payment should be deferred until the corrections have been accepted by the person making the measurements. All corrections made by the clerical staff should be in red ink.

(l) Each measurement book should be provided with an index which should be kept up-to-date.

Test Checking of Detailed Measurements

10.2.9 The Sub-divisional Officer must satisfy himself [before passing a bill for payment] before submitting it to the Divisional Officer for payment that the work or supply billed for has actually been carried out/completed in accordance with the claim preferred. He should personally inspect all works of any magnitude before submitting claims of final payments in connection therewith.

In addition to the above, the Sub-divisional Officer is to check measurement of the works in his charge as laid down in departmental manual.

(iii) Standard Measurements

10.2.10 If standard measurement books of buildings are maintained in order to facilitate the preparation of estimates for periodical repairs they may be utilized for the purpose of preparing contractors' bills for such repairs, subject to such subsidiary instructions as may have been laid down by the Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts** for the efficient maintenance of the books, so that it may not be necessary to take detailed measurements on each occasion. Interalia the following precautions are necessary:-

(i) The measurement books used as standard books should be numbered in an alphabetical series, so that the numbers may be readily distinguished from those assigned to the ordinary books wherein detailed measurements are recorded whenever work is actually done.

(ii) The entries of measurements (and abstracts thereof) in the standard measurement books should be recorded legibly in ink, and certified as correct by a responsible officer.

The Standard Measurement Books should either be written by the S.D.O. himself or the executive subordinate incharge under his orders. Each set of measurements taken by the executive subordinate incharge should, however, be fully checked by the S.D.O. after which it should be examined by the Divisional Officer and declared in writing in the book itself as finally approved by him for the purposes of preparing annual repair estimates and contractors' bills for the work done. Until this is done, the book will not be assigned a number and will not be entered in the Register of Standard Measurement Books.

The Standard Measurement Books will be brought up-to-date under the supervision of Sub-Divisional Officer with reference to the building or work concerned within one month of closing of the accounts of the estimate therefor. All such corrections will be attested by the S.D.O. These should be maintained very carefully and accurately as they may have to be produced as evidence in a Court of Law.

(iii)The Divisional Officer should periodically certify that all the standard books of the division have been inspected by him, that entries therein have not been tampered with and that all corrections due to additions and alterations in the buildings have been made in the books and the latter are reliable and upto date records.

(iv) When a payment is based on standard measurements, the gazetted officer or subordinate preparing the bill for payment should be required to certify that the whole of the work, (or work since previous running bill, as the case may be) as per standard measurements has been done and that it has not previously been billed for in any shape.

(iv) Review of Measurements

10.2.11 The entries recorded in each completed measurement books may be subjected to a percentage check by the Divisional Accountant under the supervision of the Divisional Officer. Detailed rules on this subject may be laid down by the Administrative Ministry/Administration concerned who will also prescribe the procedure for a system of test check of recorded measurements by the superior officers of the department.

- (b) Bills and Vouchers
- (i) Forms of Bills and Vouchers

10.2.12 **The following are** authorized forms of bills and vouchers :-

- (a) First and final Bill, Form **CPWA 24**
- (b) Running Account Bill Form **CPWA 26**
- (c) Hand Receipt, Form **CPWA 28**

The use of the forms is explained in the following paragraphs and a few explanatory foot-notes are printed on the Forms.

10.2.13 First and Final Bill, Form **CPWA 24**:- This Form should be used for making payments both to contractors for work and to suppliers, when a single payment is made for a job or contract, i.e., on its completion.

10.2.14 Running Account Bill, Form **CPWA 26**:- This Form is used for all running payments to contractors and suppliers (other than those relating to lump sum contracts for which Forms **CPWA 27-A** and **27-B** are prescribed), including cases where advance payments are proposed to be made or are already outstanding in respect of the same work against the contractor. The final payment of running work shall also be made in Form **CPWA 26** printed on yellow pages. In cases, where secured advances are to be made or are already outstanding in respect of the same work against the contractor, Account of Secured Advances, Form **CPWA 26-A** should be attached to the bill.

10.2.15 Hand Receipt, Form **CPWA 28**:-This is a simple form of voucher intended to be used for all miscellaneous payments and advances, for which the special Forms **CPWA 24** and **26** are not suitable. The claim for refund of lapsed deposit should, however, be preferred in Form **G.A.R.46**

(ii) Preparation, Examination & Payment of Bills.

10.2.16 Before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work of supplies should be scrutinized and check measured by the Sub-divisional Officer as contained in Para 10.2.9 and the calculations of "Contents or area" should be checked arithmetically under his supervision. The bill should then be prepared from the entries in the Measurement Book, in one of the

Forms prescribed in Paragraph 10.2.12, **as may be applicable** . The rates allowed should be entered in the Abstract of measurements and in the bill. Full rates as per agreement catalogue, indent or other order should be allowed only if the quality of work done or supplies made is up to the stipulated specification. When the work or supplies fall short of that, **specification**, standard, and under the agreement it is permissible to make a final payment if the contract is to run on, only, such a fraction of the full rate to be determined with regard to the work remaining to be done and the general terms of the agreement.

Note 1:-If the contract agreement does not specify the rates to be paid for the several classes of work or supply, but merely states that the estimated rates or a certain percentage below or above them, will be allowed, it should be seen that the standard rates adopted are those of the sanctioned estimate which was in force at the time the agreement was executed, or if the agreement was preceded by a tender, on the date the tender was signed by the contractor. Subsequent sanctions to original or revised estimate have no effect on the terms of such an agreement. If no sanctioned estimate is in existence at the time of signing the agreement or the tender, as the case may be, the rates payable for each item of work should be, specified, as any reference to an estimate not yet sanctioned is meaningless and cannot be acted upon.

Note 2:- As a general rule, payment for supplies is not permissible until the stores have been received and surveyed. If in any case, the Administrative Ministry/Administration concerned has permitted payment on production of a Railway Receipt, the payment will be treated as an advance against final settlement on receipt of the stores. The advance payments against production of Railway Receipts or to make advance payment to firms for supply of stores, should be debited to the Suspense Account "Contractors-other Transactions/Advance Payments" in the Schedule Docket of stock or Work concerned, which should be cleared by minus debit when the material is actually received.

10.2.17 Before signing and submission of the bill to Divisional Officer for check and payment, the Sub-divisional Officer should compare the quantities in the bill with those recorded in the measurement book and see that all the rates are correctly entered and that calculations have been checked arithmetically. When the bill is on a running account, it should be compared with the previous bill. Memorandum of Payments should then be made up, any recoveries which should be made on account of the work or supply on other accounts being shown therein.

Note 1:Subject to such special orders as may be issued by Government in this behalf, whenever fractions of a rupee occur in the totals of contractor's bills, or in the case of supplies or works chargeable to each estimate, fractions less than half a rupee may be disregarded, and half a rupee and over taken as a rupee.

Note 2: If the contract is for the completed items of work and, under the provisions of paragraph 10.3.2, the contractor is required to obtain materials of any description from Government, it should be seen that this condition is being complied with and that necessary recoveries of the cost of the materials, supplied to him, are being made in

accordance with the paragraph 10.3.7. In such a case it is not permissible for the contractor to obtain the materials otherwise. Also refer note under 10.3.3(a)

Note 3: Before signing a first and final bill or the first bill on a running account the sub-divisional officer should see that the relevant measurement entries were marked as pertaining to such bills by the person taking the measurements, vide paragraph 10.2.8.

Note 4: Bills which include charges on account of purchase of goods on which Sales Tax has also been charged should be supported by the following certificate signed by the Divisional Officer.

“Certified that in the case of items relating to the purchases of goods on which Sales Tax/Value Added Tax has been charged, the goods have not been exempted under the Central/Sales Tax and value added tax Act or the rules made thereunder and that the amounts paid on account of Sales Tax/Value Added Tax on these goods are correct under the provisions of that Act or the rules made thereunder and that in the case of supplies against regular contracts the relevant contract includes a specific provision to the effect that Sales Tax/ Value Added tax payable by Government”.

With the introduction of Value Added Tax (VAT), the same should be taken care of in the said certificate.

Note 5: Under section 194-C of the Income Tax Act, 1961 introduced by Finance Act, 1972, deduction of Income Tax is required to be made at source by disbursing officers from payments made to contractors in certain cases.

Note 6 : All Payments to contractors should henceforth be made through “e-payment” for which contractor will furnish particulars of his Bank Account, name of the Branch and Bank with complete address in the Tender documents which should provide a column to this effect.

Before signing the first and final bill/the Running Account bill/or the final bill in the case of Running Account Bill, the Sub-divisional Officer/Divisional Officer should see that:-

(i) the statutory deductions on account of Income Tax, wherever due, has been made from the bills of the Contractors; and,

(ii) the same is specifically shown in the Memorandum of payments thereof under the item. “By recovery of amounts creditable to other works or heads of account”.

10.2.18 From the measurement book all quantities should be clearly traceable into the documents on which payments are made. When a bill is prepared for the work or supplies measured, every page containing the detailed measurements must be invariably scored out by a diagonal red ink line, and when the payment is made an endorsement must be made in red ink, on the abstract of measurements, giving a reference to the number and date of the voucher of payment.

Note 1: The document on which payment is made should invariably show, in the space provided for the purpose, the number and page of the measurement book in which the detailed measurements are recorded and the date on which the measurement was made

Note 2: The debits or claims on account of stores acquired for specific works are verified as follows:-

In the indenting sub-division, the receipt of the materials should be recorded in the Measurement Book after comparing the quantity with the indent received back from the supplying Division and a certificate to that effect recorded on the indent. Simultaneously the entry regarding the actual quantity of materials received will be made in the Register of Indents against the quantity indented. This indent will then be valued with reference to the priced Vocabulary of Stores and sent to the Divisional Office with the Omnibus Transfer Entry Order. When the Omnibus Transfer Entry Order is prepared and sent to Division, the corresponding entries in the Measurement Book should be scored out, giving a reference to the Omnibus Transfer Entry Order. **When the claim is received in the indenting Division, the indent attached thereto should be verified with reference to the indent received from the sub-division along with the Omnibus Transfer Entry Order.**

10.2.19(a) Payments for work done or supplies made on a running account should ordinarily be made monthly, in terms of the relevant clauses of the Contract Agreement. Both the “quantities” and “amount” of each distinct item of work or supply should be shown separately in the bill except in the case of advance payments when quantities need not be specified.

(b) Such payments should be treated as payments on account, subject to adjustment in the final bill which should be drawn, in the appropriate Form (**FORM CPWA 27-B**) but printed on yellow paper, when work or supply is completed or the running account is to be closed for other reasons. When a final payment is made on a running account, the payee, if he is able to write, should add in his own hand writing that the payment is “in full and final settlement of all demands”. If the payee is illiterate, or is unable to write beyond signing his name, these words should be filled in by the officer making the payment.

Note 1: The addition of the words “in full and final settlement of all demands” does not preclude the disbursing officer from entertaining a further, bonafide claim which may have been omitted from the final bill **Form CPWA 27-B** by mistake or through inadvertence. If, despite this explanation, the contractor objects to the addition of the words in question, the payment should be rendered unconditionally, (vide Section 38 of the Indian Contract Act, 1972).

Note 2: A Form printed on yellow paper is never to be used except for final payments.

(c) A separate running account is maintained in respect of each contract. Transactions relating to two or more separate working estimates should not be brought on to the same running account, they should, therefore, not be covered by a single contract. Transaction relating to two or more separate parts of the working

estimate for which separate Works Abstracts are prepared under paragraph 10.5.5 should appear in separate running account.

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 should be consolidated to facilitate the maintenance of proper accounts in respect of that contract. If this procedure cannot be observed, some special accounts procedure will be devised on the merits of each case by the **Chief Controller of Accounts**. No consolidation of estimates or special accounts procedure is necessary where separate estimates covered by the single contract relate to different accounts head or where separate estimates, whether relating to different account heads or not are covered by a single running rate contract as in the case of the painting of roads etc and where separate agreements are drawn on the basis of such rate contracts with other details varied to suit the requirement of each job.

10.2.20 When secured advances are allowed by the Divisional Officer under paragraph 10.2.22(a) to a contractor whose contract is for finished work, it should be seen that an Indenture in Form **CPWA 31** has been signed by the contractor, and a detailed account of the advances must be kept in Form **CPWA 26-A**, the Account of Secured Advances, which should be attached to the Running Account Bill. There should be separate entries, in respect of each class of materials, of the quantities brought to site by the contractor and the amounts advanced under the orders of the Divisional Officer. These advances must be recovered by deduction from the contractor's bills for work done as the materials are used in construction and the items of work in which they are used are billed for on the basis of actual measurements. Part I of the bill and Form **CPWA 26-A** should be compared to see that this order is being complied with. As recoveries are made, the outstanding amounts of the items concerned in Form **CPWA 26-A** should be reduced by making deduction entries in the column, "Deduct-Quantity utilized in work measured since previous bill".equivalent to the quantities of the materials used by the contractor on items of work shown as executed in Part I of the bill.

Note: No record should be kept in Measurement Books of the quantities of the materials, but certificate printed on Form **CPWA 26-A** should be signed by the sub-divisional or Divisional Officer in terms of paragraph 10.2.22(a).

(c) Aid to Contractors

10.2.21 It is necessary sometimes, in the interest of work, to engage labourers or contractors or to incur other liabilities on behalf of the contractor concerned, with a view to complete the work which he has neglected or failed to complete. In such a case it is permissible to spend Government funds on behalf of the contractor in accordance with the terms of his agreement. Otherwise, no advance or recoverable payment should be made to or on behalf of a contractor nor should financial aid be given to him in any form, except in accordance with paragraphs 10.2.22 and 10.2.23.

Note 1:For rules relating to the issue of materials to contractors, see paragraph 10.3.2 and 10.3.3.

Note 2: With a view to avoid subsequent disputes with the contractor, suitable intimation should be sent to him (1) as soon as action is taken under this paragraph and (2) subsequently, as charges are incurred on his account.

(d) Advance to Contractors

10.2.22 Advances to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done. Exceptions are, however, permitted in the following cases:-

(a) Cases in which a contractor, whose contract is for finished work, requires an advance on the security of materials brought to site. Divisional Officers may, in such cases, sanction advances upto an amount not exceeding 75 per cent of the value (as assessed by the Engineer-in-charge or an amount not exceeding 75% of the material element cost in the tendered rate of the finished item of work whichever is lower) provided that they are of an imperishable nature and that a formal agreement is drawn up with the contractor under which Government secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the materials, and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on the certificate of an officer not below the rank of Sub-Divisional Officer, that the quantities of materials upon which the advances are made have actually been brought to site, that the contractor has not previously received any advance on that security and that all the materials are required by the contractor for use on items of work for which rate for finished work have been agreed upon. The officer granting such a certificate will be held personally responsible for any over-payment which may occur in consequence. Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be made from his bills for work done as the materials are used, the necessary deductions being made whenever the item of work in which they are used are billed for.

(b) In all other cases, only with the sanction of Government which may, in exceptional circumstances and in respect of certain specialized and capital intensive works costing not less than Rupees **two crore** authorize such advances **not more than 10% of the tendered value** as may be deemed indispensable, taking the necessary precautions for securing Government **interest** against loss and for preventing the system from becoming general or continuing longer than is absolutely essential. **Such advances termed as Mobilisation advance shall bear simple interest at the rate of 10% per annum to be calculated from the date of payment to the date of recovery (both days inclusive) on the outstanding amount of advance. See clause 10B (ii) & (iv) of General Conditions of Contract for CPWD. Mobilisation advance should be classified to the respective work. Recovery of interest shall be classified under the Major/Sub-Major/Minor Heads of Accounts “0049-Interest Receipt-03-Other Interest Receipt of Central Govt.-800-Other Receipts”**

Note : The Divisional Officer has full powers to make advance payments to electric supply undertakings under the Indian Electricity Act, 1910 for execution of works.

10.2.23 An advance payment [referred to in para 2.1.1(3)] for work actually executed may be made with the previous sanction of the S.E. concerned such sanction should invariably be obtained and on the certificate of a responsible officer (not below the rank of Sub-divisional Officer) to the effect that not less than quantity of work paid for has actually been done, and the officer granting such certificate will be held personally responsible for any over payment which may occur on the work in consequence. Final payments may, however, in no case be made without detailed measurements.

Note: In the case of Civil Works pertaining to buildings, advance payments should be made at predetermined levels, which may be indicated in the sanctioned estimates. Normally, measurements of such items of works for which advance payments have been allowed, may be taken in alternate months, but if it is administratively necessary, payments may be made both for measured work as well as advance payments in the same month. Detailed instructions on the subject may be laid down by Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts**.

When an advance payment has been authorized by the competent authority, it should be followed by detailed measurement within two months at the most with a view to the advance being adjusted within three months from the date on which it was made, subject to the extension of this period by Director General (Works)/Chief Engineer, in exceptional case, for reasons to be recorded in writing:-

- (i) to four months in respect of advances upto Rs.50,000
- (ii) to six months in respect of advances exceeding Rs.50,000 but not exceeding Rs. One lakh.

Any extension of the period of adjustment beyond the above limits and beyond three months in the case of an advance exceeding Rs.One lakh will require the previous sanction of the Government of India.

The grant of a second advance before the first one has been recovered should not be permitted except in very exceptional circumstances. Where such circumstances exist and it becomes necessary to grant more than one advance in succession, the limits imposed above should be held to refer to the aggregate of the advances outstanding against a particular work at any time and sanctioned to the extension of the period of their adjustment should be regulated accordingly.

Divisional Officers should submit a monthly statement, in the prescribed form for the information of the Superintending Engineer concerned giving details of advances made to contractors for work done but not measured so that clearance may be watched.

IV. Payment to Work-Charged Establishment

(a) Conditions of Employment`

10.2.24 Rules for the entertainment of work-charged establishment are laid down in paragraphs 10 to 11 of the Central Public Works Department Code. Subject to such general or special orders as may be issued by Government, previous sanction of the Divisional Officer or the Superintending Engineer, as the case may be, is necessary which should specify in respect of each appointment (1) the scale of pay (2) the period of sanction and (3) the full name (as given in the estimate) of the work and the nature of the duties on which the man engaged would be employed.

10.2.25 Rules for the grant of leave, gratuity, pension, travelling and other allowances etc., to members of work-charged establishment are contained in the manuals of the department concerned. The leave salaries, travelling and other allowances of members of the temporary establishment whose pay is charged to works under paragraph 10 of Central Public Works Department Code are regulated by the rules applicable to temporary establishments. **The Pay and Allowances of work charged Establishment borne on regular establishment will be charged under the functional Budgeted Salary Head of Account.**

(b) Pay Bills

10.2.26 Wages of members of the work-charged establishment should be drawn and paid on Form CPWA 29, "Pay Bill of Work-Charged Establishment" which is combined pay bill and acquittance roll form. A consolidated bill in this Form should be prepared monthly either for the whole sub-division or for one or more sections of it, as may be convenient, but the names and claims of the entire establishment concerned including absentees, should be shown in each bill. Names should be grouped in the bill by works on which they are employed, sanction to the entertainment of the establishment should be quoted in each case, and the Sub-Divisional Officer should certify in the space provided for the purpose, that the men were on duty during the periods shown against their names, each man being employed on the work and on the duties for which his appointment was sanctioned.

Note: If the acknowledgement of an individual cannot conveniently be obtained on the bill itself, it may be obtained separately on a Hand Receipt, Form CPWA 28, which should then be attached to the bill as a sub voucher.

10.2.27 Pay bills may be signed at any time not earlier than five (5) days before the last working day of the calendar month for which such pay and allowances are earned and shall be due for payment on the last working day of that month. When, however, the services of an individual are dispensed with, it is permissible to settle his account at once.

In the case of work-charged staff attached to Sub-Divisions located away from the Head quarters of the Divisional Office, monthly pay bills may be signed not earlier than the 15th of the month to which the pay and allowances relate. The same will be prechecked by the Divisional Accountant and passed by the Divisional Officer of the Division concerned well in time so as to arrange payment on the last working day of that month.

Adjustments, if any, between the pay and allowances actually admissible for each month and those already drawn should be positively made at the time of actual disbursement or in the next month.

(c) Unpaid Wages

10.2.28 Wages remaining unpaid on a passed bill, on the date fixed for the closing of the accounts of the month, may be paid subsequently when claimed, the procedure described below being observed:-

- (a) Items remaining unpaid on the monthly bill should be entered in a simple register, full particulars of the charge, including reference to the bill, being noted in the Register. Form **CPWA 21-A** suitably modified, if necessary, may be used for this purpose.
- (b) Subsequent payments should be made on Hand Receipts, Form **CPWA 28**, reference to the bill in which the charge was originally included, and to the particular item thereof, being quoted in each case.
- (c) When making payments of arrears suitable notes of payment should be so recorded against the original entries in the Register, as to guard against second payment.

(d) Travelling Expenses

10.2.29 No bills need be prepared in support of claims for traveling expenses. Payments should be made on Hand Receipts, Form **CPWA 28** which should set forth all the necessary particulars of the journey performed and of the expenses claimed and should be countersigned by the Divisional Officer prior to payment.

Note: In respect of those members of the work-charged establishment whose traveling allowance is determined with reference to the provisions in Supplementary Rules, TA Bills in Form GAR 14A should be prepared.

(e) Classification of Charges

10.2.30 Every payment made to a member of the work-charged establishment **whether on account of his wages or in recoupment of actual traveling expenses should be debited to the work on which he is employed. However in respect of**

Work Charged Establishment borne on regular establishment, such charges shall be debited to the functional Budgeted salary Head of Account.

10.3 ISSUE OF MATERIALS

I. General

10.3.1 Issues of materials to works, whether from stock or by purchase transfer or manufacture are divided into two classes:-

(1) Issue 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 entered into.

(2) Issue Direct to Works:- Issue of materials when work is done departmentally or by contractors whose agreements are for labour only.

II. TO CONTRACTORS

(a) General Conditions

10.3.2(a) The issue of material to contractors who have contracted for completed items of work, is generally permissible only in the following circumstances:-

(i) When, under the operation of paragraph 95(d)6 of the Central Public Works Department Code it is necessary to retain in the hands of Government the supply of imported materials.

(ii) When, in the interest of work, or with the object of utilizing 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.

(iii) When, in the interest of work, or with the object of utilizing 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.

(b) In both cases the contract should specify

(1) the materials to be supplied by Government for use of the work (2) the place or places of delivery and (3) the rates to be charged to the contractor for each description of material; and the contractor should be held responsible for obtaining from Government all such materials required for the work and for making payment therefore, by deduction from his bills at the rates specified regardless of fluctuation in the market rates or in the stock rates of the division.

Note 1: The rates to be charged to the contractor for materials to be supplied should be definitely specified (vague quotations, e.g., "at stock rates" being avoided);

and if intending contractors had been told that the materials would be supplied at a certain rate and asked to tender on that assumption, then that rate should be adhered to in the contract.

Note 2 – Similarly, the rates to be allowed to the contractor for item of work should be definitely stated. But, if for any specific reasons, the contract provides for the payments for work done to be made at a specified percentage below or above the rates entered in the sanctioned estimate of work (or the Schedule of Rates), it should be stated in clear terms in the contract that the deductions or additions, as the case may be, of the percentage, will be calculated on the gross (and not the net), amounts of the bills for work done, and in fixing the percentage it should be borne in mind that the calculations will be so made.

(c) No carriage or incidental charges are borne by Government for moving the materials beyond the place where the contractor has agreed to take delivery thereof.

10.3.3(a) If at any time subsequent to the execution of a contract on a through rate basis, the contractor desires the issue to him, for use on a work of materials which exist in Government stock, but the supply whereof by Government was not provided for in the contract, the material should not be issued except with the express authority of the Superintending Engineer who should specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. When submitting such a case to the Superintending Engineer the Divisional Officer should elucidate the circumstances which gave rise to this contingency and should also add his recommendations in respect of the recovery rates for such materials. The rate charged for the materials should be as provided in the analysis of rate for the item of work on which it would be used plus or minus the percentage above or below the Schedule rate allowed to the Contractor or market rate or stock issue rate plus storage charges whichever is higher. No carriage or incidental charges should be borne by Government in connection with the supply.

In case of non-scheduled rate item, while working out the Analysis of Rate, it shall be ensured that where any of the constituents of the Analysis of Rate are borne on the DGS&D. Rate contract, that the rate should be adopted for working out the Analysis of Rate or alternatively the current market rate at that specific period should be ascertained and adopted.

Where the finished item in which the materials to be used is available in the agreement, while adopting the three rate formula, the rate as per analysis should be taken as basic rate adopted in the analysis of rate plus 10% contractor's profit multiplied by the percentage, the rate quoted for that particular item bears to the estimated rate of the item. In case the same material is to be used in more than one finished item this percentage should be worked out on an average basis taking into account the tender rates and estimated rates for these items.

Where the finished item in which the material is to be used is not available in the agreement or where it's rate is delivered according to clause 12-A of the agreement, the element of rate for the material taken in the analysis of rate of the item should be considered while applying the three rate formula.

The recovery rate to be fixed under Analysed Rate of the three rate formula for non-stipulated items should be the rate taken in the analysis of items plus 7.1/2% (Profits only) plus percentage enhancement of the particular item. This is subject to the provision that if the same material is used for more than one contract item, rate of recovery for the given material would be based on weighted average.

Note (a)_ The intention of this rule is to prohibit the supply of materials to contractors with the object of giving them financial aid, the grant of which is governed by the rules in paragraphs 10.2.21 et.seq.

(b) If in any case the materials, the supply of which is stipulated in the contract do not become available in time for supply to the contractor, then the supply must be arranged by the Divisional Officers by purchasing the materials from other sources and then supplied to the contractor at the stipulated rates as required under Note 1 below para 10.3.2(b) read with Note 2 under 10.2.17 of the Code *ibid*.

(c) Issue of Stock materials to contractors for bonafide use on works are exempt from the usual charge of 10 per cent on account of supervision and contingencies, which is made when stock materials are sold to the Public (Paragraph 150 of the Central Public Works Department Code)

(d) Scarce materials like Cement and Steel are mostly stipulated, in all the contracts, for issue for the exclusive use and consumption on the work for which they are issued. In order to avoid pilferage and misuse of such stores if issued in bulk, the issue should be regulated and restricted to the actual requirement. See Para 10.3.4 also.

It is also incumbent on the part of the Divisional officer to check the comparison of the consumption of scarce materials like steel and cement with the theoretical calculations at various intermediate stages to avoid pilferage and misuse, in accordance with the relevant clauses of the agreement. Each diameter of steel bar issued should be treated as an individual item while comparing the actual consumption with theoretical calculation.

(b) Accounting Procedure

10.3.4 All materials required for issue to a contractor, under any of the provisions of paragraphs 10.3.2 and 10.3.3 should be made over to him on a **regulated scale and restricted to actual, immediate requirement whether from stock or by purchase, manufacture or transfer**, and an unstamped but dated acknowledgement, detailing full particulars of the materials including the rates and values chargeable to him, should at once be taken from the contractor. The issue of materials should

simultaneously be entered in the Account of Materials issued to contractors, Form CPWA 35-A. See paragraph 10.3.8 and also 10.3.3.(c)

10.3.5 When the materials are obtained by purchases, full details of the articles received should at once be entered in a Measurement Book, Form CPWA 23, in the manner prescribed in Paragraph 10.2.8(e). See also paragraph 7.2.4 and 7.2.5.

10.3.6 On the authority of the contractor's acknowledgement, the cost recoverable from him under paragraph 10.3.2 or 10.3.3 as the case may be, should be debited at once to his personal account by charge to the suspense head "Contractors – Other Transactions" in the account of the work concerned.

This adjustment should be affected by affording credit to the head concerned, as indicated below

Source or receipt of material	Head of Account to be credited	Value to be credited
1	2	3
1. Stock (including manufacture)	Stock	At Issue rates
2. Transfer from another work (i) When issued direct to work. (ii) When issued to contractor	Work concerned Contractors other Transactions of the work concerned	At a valuation made under para 10.3.13 (c) Issue rates as per Agreement of the work concerned
3. (a) Transfer from one Division to another Division	Transfer would be on the basis of Sub-head "Stores Advance" under the Budgeted Minor Head "799 – Suspense" below the functional Major/Sub-Major Heads of Account or under Sub-head "Work Advance" under Work concerned	At rates charged by the concerned Supplying Division
4. Supplier	Major Head "8658 – Suspense Accounts Minor Head" 129 – Material Purchase Settlement Account Suspense" if the Payment has not been made in the same month in which the stores have been	At rates payable to Suppliers under their contracts
5. Obtained from abroad	-do-	The cost determined vide Rule in Appendix 6

6. Indian Charges(5)	Head concerned	Actual charges incurred vide Rule 4 and 5 in Appendix 6
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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.

10.3.7 The recovery from a contractor on account of the cost of material issued to him for use on a work should ordinarily be made by deduction from the first bill authorizing an advance payment or an on account payment to him for the work. Should, however, a lumpsum recovery be undesirable in any case, the Divisional Officer may permit, the recovery to be effected gradually as the materials issued to the contractor are actually used in construction and the items of work in which they are used are paid for whether by an advance payment or by an on account payment.

10.3.8 As the issue of materials to contractors under the foregoing rules is permissible solely for the bonafide requirements of Government works, Sub-divisional Officers should maintain a numerical account in Form **CPWA 35-A Account of Material issued to contractor**, so as to ensure that the aggregate of the quantities of any or all materials issued to a contractor, from time to time, for use on a work remains within the estimated requirements of his contract, vide paragraph 10.3.4. The precaution is particularly necessary when the rates at which any materials are issued under paragraph 10.3.2 are lower than the prevailing market rates or the latter are expected to rise appreciably.

(c) Return of Surplus Materials

10.3.9 Stores supplied by Government – If the specification or schedule of items provides for the use of any special description of materials to be supplied from Engineer-in-charge's stores, or if it is required that the contractor shall use certain stores to be provided by the Engineer-in-charge as shown in the schedule of materials annexed to the Contract Agreement, the contractor shall be bound to procure and shall be supplied such materials and stores as are from time to time required to be used by him for the purpose of the contract only, and the value of the full quantity of the materials and stores so supplied at the rates specified in the said schedule of materials may be set off or deducted from any sums then due, or thereafter to become due to the contractor under the contract, or otherwise or against or from the security deposit or the proceeds of sale thereof if the same is held in Government securities, the same or sufficient portion thereof being in this case sold for the purpose. Notwithstanding anything to the contrary contained in any of the clause of the contract and or in this Code all stores/materials so supplied to the contractor or procured with the assistance of the Government shall remain the absolute property of Government and the contractor shall be trustee of the stores/materials so supplied procured and the said stores/materials shall not be removed/disposed of from the site of the work on any account and shall be, at all times, open to inspection by the Engineer-in-charge. Any

such Stores/materials remaining unused shall be returned to Engineer-in-charge at a place directed by him if by a notice decided not to take back the stores/materials the contractor shall have no claim for compensation on any account of such stores/material so supplied to him as aforesaid and not used by him or for any wastage in or damage to in such store/materials.

On being required to return the stores/materials, the contractor shall hand over the stores/materials on being paid or credited such price as the Engineer-in-charge shall determine, having due regard to the condition of the stores/materials. The price allowed to the contractors, however, shall not exceed the amount charged to him, excluding the storage charges, if any, less deduction on account of any deterioration or damage of material while in custody of the contractor to be decided by the Engineer-in-charge whose decision will be final and conclusive. In the event of breach of the aforesaid condition, the contractor shall, in addition to throwing himself open to account for contravention of the terms of licences or permit and/or for criminal breach of trust, be liable to Government for all advantages or profits resulting or which in the usual course would have resulted to him by reasons of such breach. Provided that the contractor shall in no case be entitled to any compensation or damages on account of any delay in supply or non-supply thereof at all or any such materials and stores. Provided further that the contractor shall be bound to execute the entire work if the materials are supplied by the Government within the schedule time for completion of the work plus 50 per cent thereof (Scheduled time plus 6 months if the time of completion of the work exceeds 12 months) but if a part only of the materials has been supplied within the aforesaid period then the contractor shall be bound to do so much of the work as may be possible with the material and stores supplied in the aforesaid period.

“For the completion of the rest of the work, the contractor shall be entitled to such extension of time as may be determined by the Engineer-in-charge whose decision in this regard shall be final.”

Surplus materials which were originally procured by the contractors for themselves can also be taken over by the Government, if required for use on other work in progress, only on special arrangements and at the prevailing market rates (i.e., rates at which the article or articles of similar description can be procured at a given time at the stores godown, from the public market suitable to Division for obtaining a supply thereof.)

(d) Tools and Plant lent for use

10.3.10 The rules in paragraph 10.3.2 to 10.3.9 do not apply to tools and plant. Articles borne on the Tools and Plant account of the division may, in accordance with any local rules on the subject, be lent temporarily to contractor for use on Government works being executed or maintained by them. The hire charges of such Tools and Plants count from the date these are taken out from Departmental

workshop or specific place till the date of their return. See also paragraphs 7.3.3 and 7.3.7.

“III DIRECT TO WORKS”

A. Original Works

(a) Detailed accounts of materials issued

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

Source of receipt of materials	Head of Account to be credited	Value to be credited	Mode of effecting adjustment of cost.
1	2	3	4
1. Stock (including manufacture)	Stock	At issue rate	Through stock accounts at the end of the month
2. Transfer from another work i) When issued direct to work ii) When issued to contractor	Work concerned Contractors-other transactions of the work concerned	At a valuation made under para 10.3.13(c) Issued rate as per Agreement of the concerned work.	By a special transfer entry in Form 53 prepared as soon as the materials are received
3(a) Transfer from one Division to another Division	Transfer would be on the basis of Sub-head “Stores Advance” under the Budgeted Minor Head “799 – Suspense” below the functional Major/Sub-Major Heads of Account “under Sub-head Work Advance under Work concerned”	At rates charged by the concerned Supplying Division	-do-
4. Supplier	Major Head “8658 – Suspense Accounts” Minor Head”129 – Material Purchase Settlement Suspense	At rates payable to the supplier under their contracts	As against No.2 above

	Accounts” in case the Payment has not been made in the month of the receipt of Stores		
5. Obtained from Abroad	-do-	The cost determined vide Rule 1 in Appendix 6	-do-
6. Indian charges	Head concerned	Actual charges incurred vide Rules 4 and 5 in Appendix 6	Through Cash Account or Transfer Entry as the case may be

The full value credited to head concerned should be debited to the work (paragraph 10.3.12) and the quantities entered in the Register of Materials-at-site Account Form **CPWA 35**.

(b) In the case of materials received direct from suppliers, full details of the articles received should at the same time be entered in a measurement book, Form **CPWA 23**, with the full name of the work as entered in the estimate, vide paragraph 10.2.8(e).

10.3.12 (a) when materials are issued direct to a work either for work to be done departmentally or through contractor on labour rates, their cost is “debited to the Suspense head “Materials” in the account of work.

(b) A detailed account of item of materials showing the receipts, issues and balances, should be kept in Form **CPWA 35**, so that the total issues of each items may be watched with reference to the estimated requirements.

(b) Disposal of Surplus Material

10.3.13(a) Materials issued to works in excess of requirements may be transferred to stock, provided that they are serviceable and certain to be required.

(b) All surplus materials at site of works, which have been completed or stopped or on which outlay has been prohibited for any considerable length of time, should be transferred to other works in progress or brought on to the stock Account, **Form CPWA 73** their value being credited to the work to which they were originally issued and debited to the work to which they are transferred or to the stock Account, **Form CPWA 73**, as the case may be.

(c) Materials returned to stores or transferred to other works should be priced within current market rates, any resultant loss being borne by the work to which they were

originally issued, and the disposal of materials being shown in the materials-at-site account also.

(d) The loss by the disposal of surplus materials at less than the book value should be debited to the work for which the stores were originally purchased.

Note – These rules do not apply to surplus materials which were originally procured by contractors for themselves or were issued to them and charged off to their accounts under paragraph 10.3.4. See also Paragraph 10.3.9.

(c) Verification of unused Balances

10.3.14 Unused balances of materials charged direct to works should be verified at least once a year in the manner prescribed in paragraph 154 of the central Public Works Department Code. Whenever this verification is made, a report of verification of the materials should be prepared by the Sub-divisional officer in such form as may be prescribed by the Administrative Ministry/Administration concerned in consultation with the **Chief Controller of Accounts** and submitted to the Divisional Office.

Note – The rules in paragraphs 7.2.34 and 7.2.35 regarding verification of stock apply mutatis mutandis to verification of materials at site of works with the exception that the value of materials found in excess and recoveries of shortages/losses, if any, should be credited to the appropriate sub-head(s) of the work.

10.3.15 A similar verification of the unused balances of materials must invariably be made on the completion of a work, but on or before the completion of a work, when no more materials are required for use in construction, steps should first be taken to dispose of all surplus materials by transfer or sale, so that (1) the accounts of the work may promptly receive such credits as may be admissible under paragraph 10.3.13. (2) the balance at debit of the suspense head “Materials” may, as far as possible, represent the net cost of the materials actually used in construction and (3) the surplus balances awaiting clearance may be reduced to a minimum (vide note below paragraph 10.3.14).

10.3.16 If the gazetted officer or subordinate in direct charge of a work, the accounts of which are kept by sub-heads, is transferred before the accounts of it are closed the unused materials at site of the work should be verified by the relieving officer, in company with the relieved officer, and the report prescribed in paragraph 10.3.14 should be prepared by the Sub-divisional officer and submitted to the Divisional Office.

10.3.17 The physical verification of unused materials under each item with the balance shown in Form **CPWA** 35 should be made annually in respect of all works, the accounts of which were opened on the last day of the **financial year**, but it is not necessary that the balance should be verified at the close of the year, if:-

- (i) the work has been under construction for not more than three months
- (ii) the accounts of the works are expected to be closed within three months or
- (iii) the balances were verified at any time during the year.

10.3.18 After the completion of a work, materials issued by the Department, theoretical calculations of all the items of materials used on the work should be made in the Register showing the clearance of Suspense head “Materials”, Form **CPWA 38**, and compared with the quantities issued as per Form **CPWA 35**. On the basis of theoretical calculations, the sub-head “Materials” should be cleared by debiting the cost of materials to the work at the standard issue rates or the market rates (in the case of items not borne on the stock of the Department) prevailing at the time of completion of the work; any plus or minus balance will be borne by the work.

B. Repair Works

10.3.19 For minor repair works done departmentally, a materials-at-site account, **Form CPWA 35** should not ordinarily be kept, as control on the issue of materials can conveniently be exercised in such cases. But, if there is an accumulation of materials for a number of works, an account may be maintained as laid down in 10.3.12(b).

10.4 ADJUSTMENTS

10.4.1 In addition to cash payments and issues of materials, there are other transactions relating to the accounts of works, which are of the nature of adjustments usually recorded in the Transfer Entry Book **in the Form C.A.M-34** of the Divisional Office. The detailed rules governing such transactions are given in Chapter 8.

10.5 WORKS ABSTRACT

I. Introductory

10.5.1 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 by the Divisional Officer in respect of estimates in Work Abstract Form **CPWA 33** exhibiting the accounts broadly under categories 1) Final Charges, 2) Suspense Charges and 3) Contingencies. The head “Final Charges” will also include and exhibit separately charges for materials issued to Contractors/Direct to work. The category “Suspense Accounts” will contain the following “Suspense Transactions”.

- 1. Contractors
 - (i) Advance Payments
 - (ii) Secured Advance
 - (iii) Other Transactions
- 2. Labourers

3. Materials

4. Land Acquisition

The estimate, account and completion certificate of petty works i.e., works costing not more than Rs.5000/- each, should be prepared on a single form, Petty Works Requisition and Account, Form CPWA 32, and separate Works are not necessary.

Note: percentage charges on account of establishment, Tool and Plant, Accounts and Audit and Pensionary Charges levied on works Expenditure, under Rule 4, should not be shown in Works Abstract and Register of Works, Form CPWA 40, though they are eventually included in the cost of works vide Note 2 below Paragraph 22.4.6.

10.5.2 Ordinarily there should be one Works Abstract monthly for each working estimate, but if the estimate is for a large work which is divided into several sub-works, it will usually be found convenient to prepare a Works Abstract separately for each sub-work.

II. CLASSIFICATION AND RECORD OF FINAL CHARGES

(a) Estimates

10.5.3 The Division of an Estimate into sub-heads for the purpose of accounts is guided usually by the classification sanctioned in the abstract of the estimate. If it is intended to purchase or supply materials and to employ labour for construction separately (whether by contract or by departmental agency), the abstract of the estimate should be so framed as to show separately for each distinct item of artificer's work (1) the cost and quantity of "labour" and (2) the cost of materials. But if this is not the case, e.g., when any item of work is to be executed by contract and it is proposed to contract for the completed items of work, the abstract of the estimate may show merely the quantity and cost of each item of work. In all cases miscellaneous charges of a general nature which do not pertain to any sub-head in particular, may be treated as separate sub-heads, being grouped under one or more heads, e.g., "Work-charged Establishment", "Contingencies", etc. See paragraphs 11 and 88 of the Central Public Works Departmental Code.

Note – When a number of sub-heads of an estimate is large, it will be found convenient to assign a number to each sub-head and to prefix this number to the name of the sub-head wherever it is used on vouchers, works abstracts, registers of works or other accounts.

10.5.4 After an Estimate has been sanctioned, it may be decided to make a change in the method originally contemplated for the execution of the work. In such a case the original abstract should be recast in accordance with the instructions laid down in paragraph 10.5.3. The details of cost and quantities already approved by competent authority should be rearranged and the revised abstract should be approved

by the Divisional Officer and thereafter treated as the sanctioned abstract of the estimate for all accounts purposes.

10.5.5 If the number of sub-heads in the working estimate for a work or sub-work is large, it is permissible to break up the estimate into two or more parts, and to treat each part as sub-work for the purposes of accounts; but no part of an estimate can be separated from the rest, if any contract for the execution of work connected with it covers also work connected with the other parts. It is advisable to adopt this course if one or more parts of a work in advance of the others and no useful purpose will be served by keeping open the accounts of the completed parts.

10.5.6 (a) The account of the work in the Works Abstract should ordinarily exhibit:-

- i) "amount" i.e., total charges finally classified under the relevant categories, and
- ii) percentage of the progress of work compared with the amount technically sanctioned and time allowed.
- iii) "rate of cost", i.e., cost per unit on the basis of the recorded "amount" and "progress".

10.5.7 When provision is made in the abstract of estimate separately for "labour" and "materials" and it is decided to execute the work either departmentally or through a contract for labour only, the account of the 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. This should be treated as a suspense head and the details of it recorded in Form **CPWA35** (vide paragraph 10.3.12) which should accompany the Works Abstract. The "labour" divisions only will thus appear in the Works Abstract as separate sub-heads of final outlay. During the progress of the work, the expenditure recorded will be exclusive of the cost of materials but on the completion of the work, the gross cost of sanctioned work, inclusive of the cost of materials, should be placed on record by making entries in the Register of Works, in the manner indicated in paragraph 10.3.18.

Note – In order to ensure proper maintenance of Form **CPWA 35**, two alternate registers may be maintained, one being submitted in Original to the Divisional Officer alongwith the Works Abstract for payment and the other used in the next month.

10.5.8 When the sub-heads of a work are divided into "labour" and "materials", the "rate of cost" of the labour charges relating to each sub-head can be watched separately and the necessary control over the expenditure on materials can be exercised through the suspense head "Materials" and the detailed statement in Form **CPWA 35** supporting the entries under that head. It is unnecessary, therefore, for purposes of financial control over the outlay, either to record in the Works Abstract, month by month during the progress of construction, the outlay on the materials

relating to sanctioned estimate or, to strike the inclusive “rate of cost” of the whole sub-head monthly.

10.5.9 The charges classified under a final sub-head should include all ordinary expenses incidental to construction. If any part of a work is pulled down and rebuilt to any serious extent, the extra charge for construction should ordinarily be debited to the sub-head concerned under the terms of his agreement. But if the amount involved be so large as to affect sensibly the cost or rate of the sub-head, it may be debited to the sub-head “Contingencies” instead or, with the sanction of the competent authority, to a new sub-head additional to the original sanctioned sub-heads of the estimate.

10.5.10 In the accounts of Major Estimates, under final charges entitled “Additional charges for Materials issued to Contractors/Direct to Works” should be opened for the record of under-mentioned debits/credits.

i) Difference between the rates charged to the contractors under paragraph 10.3.2 or 10.3.3 as the case may be, and the actual cost to Government, vide paragraph 10.3.6.

ii) Carriage and incidental charges in connection with the materials issued to contractors, if under paragraph 10.8.1 are chargeable to the work.

iii) Balances outstanding under the suspense head “Materials” after transferring the cost of material to the final heads vide paragraph 10.3.18.

10.5.11 If any receipts or recoveries are credited under the rules to the account of a Major Estimate, a special sub-head should be opened in the Works Abstract for the reception of all such credit.

III. SUSPENSE ACCOUNTS

(a) General

10.5.12 In addition to the head “Final Charges”, a few suspense accounts are 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 the correct classification of which cannot be determined immediately. These accounts are:-

(1) “Materials – for the record of the cost of materials issued direct to work, either executed departmentally or through a Contract for labour only.

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

(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.

- (5) “Labourers” – for the record of unpaid wages of labourers and of their subsequent payment, not that of “Work-Charged Estimated”, and
(6) “Land Acquisition” – for the record of Advance payments to the Land Acquisition Officers and of their subsequent adjustments.

(b) Materials Accounts

10.5.13 The Suspense account “Materials” has already been referred to in paragraph 10.5.7. This account should be opened in the Works Abstract of Estimates if materials are issued direct to works.

So far as Works Abstract is concerned, this account is never cleared and should be regarded as a temporary sub-head for the reception of all charges on account of direct issues of materials. The responsibility for clearing the head by transferring the charges to the final charges of work when closing the account of the work in the Register of Works, **Form CPWA 40** rests with the Divisional Office vide paragraph 10.6.6.

(c) Contractors and Labourers Account

10.5.14 Advance payments made to a contractor under the provisions of paragraph 10.2.25 should not be charged of as final outlay on the work. A suspense head, “Contractors – Advance Payments” should be opened in the Works Abstract for the record of advance payments and their subsequent adjustments.

10.5.15 Advances made to contractors and suppliers under paragraph 10.2.24 whether on the security of materials or otherwise as well as all recoverable payments made under proper authority to labourers and others on behalf of contractors, should be treated as advances made on account of the work concerned. They should not be charged to the general suspense head “Miscellaneous Works Advances”, but incorporated in the Works Abstract as suspense transactions. The head “Contractors – Secured Advances” is intended solely for advances made to contractors under paragraph 10.2.24(a) and the head “Contractors – Other Transactions” should be used for all other transaction including the advances made under paragraph 10.2.18.

10.5.16 The head “Contractors – Other Transactions” is intended also for watching the ultimate payment of the unpaid balances of contractors accounts. Similarly, the head “Labourers” is meant for the clearance of the unpaid wages of labourers. 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 Abstract as final charges and the amount remaining unpaid should be shown as a minus entry in the appropriate suspense column – “Contractors – Other Transactions” or “Labourers”.

10.5.17 The Forms of Works Abstract provide a column for each of the suspense accounts enumerated in paragraph 10.5.12. The use of the head “Materials” is explained in paragraph 10.5.7 and the foot-notes printed on the Forms of the Works

Abstract explain the mode of making both original and adjusting entries under the other suspense heads.

10.5.18 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 discretion of the Divisional Officer. Thereafter, the accounts of the work should be closed, the balance under the suspense head “Labourers” being left unadjusted. This amount should be shown in any completion Report or Statement, **Form CPWA 45** that may be prepared under the Rules in paragraph 106 of the Central Public Works Department Code, by a special remark, as a liability against the work and it should be excluded from the total expenditure on the work, so as to arrive at the amount actually brought to account.

Note – If unpaid wages of labourers are claimed and paid subsequently to the closing of the account 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 Office against the closing entry relating to the original work, in the Register of Works, **Form CPWA 40**. Where, however, it may prove more convenient, the accounts of the work may be reopened at the discretion of the Divisional Officer.

10.5.19 The accounts of a contractor should be closed as soon as his contract is completed. If he does not take final payment for more than one month after the final bill has been passed, a note to this effect should be recorded on the bill, the amount 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 **Minor** head “**108-Public Works Deposits**” **below the Major Head “8443-Civil Deposits”** to be dealt with thereafter under the Rules relating thereto. 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, the account should be settled by a recovery in cash or otherwise, but if an immediate recovery is not practicable, the balance should be removed by debit to the **sub-head “Miscellaneous Works Advances” under the Major Head “799-Suspense” below the functional Major/sub-Major Heads of Account.**

Note – Where the amount of a bill is credited to the head “P.W.Deposits” under the provisions of this para, but the contractor subsequently obtains a decree from a court, the entire expenditure in satisfaction of the decree should be charged on the Consolidated Fund of India in terms of Article 112(3)(f) of the Constitution irrespective of the fact that a part of the amount might already have been voted out of the Consolidated Fund and kept as a Deposit in Public Account. Before making payment in satisfaction of the court decree, the amount standing to the credit of the contractor under P.W.Deposits, should however, be cleared by reversing the initial adjustment. These provisions will not, however, be attracted where a refund of security deposit of revenue is made in satisfaction of a court decree, as such an item

cannot be treated as an item of expenditure within the meaning of Article 112(3)(f) of the Constitution **of India**.

10.5.20 Disbursing Officers are responsible for keeping a strict watch over the balances under the suspense account, “Contractors” and “Labourers”, with a view to prompt adjustment by recovery, settlement of account or detailed measurement, as the case may be. For this purpose the statement headed “Detail of Contractors closing balance” in the Works Abstract and the record of unpaid wages maintained under paragraph 10.2.3(e) should be examined monthly. Subject to the provisions of paragraph 10.5.18 these accounts should be cleared before the accounts of a work can be closed on completion.

(d) Land Acquisition Accounts

10.5.21 Advance payments made by the Divisional Officers to the Land Acquisition Officer under the revised procedure for the adjustment of the land acquisition charges will be debited directly to the suspense account, “Land Acquisition” within the Works Accounts till the possession of land is received or intimation of actual payment to the owners of land is received. This suspense head will be cleared by the Divisional Officers on receipt of the accounts along with the Land Award Statements, vouchers etc. from the Land Acquisition Officers, by debit to the final head “Acquisition of Land” in the accounts of work vide note below para 8.1.12. Any balance of the advance should be refunded by the Land Acquisition Officers along with the accounts. Award statements etc and credited to the suspense head “Land Acquisition”.

If there is any delay in the land acquisition proceedings and final payment of compensation etc., the accounts of work can be closed leaving the amount under suspense account “Land Acquisition” unadjusted as in the case of suspense account “Labourers” in the account of work, and may be reopened in case refund has to be made or some further amount has to be paid.

Adjustments of outstanding amounts, if any, after the closure of the accounts of work should be watched through a separate register.

IV Liabilities Awaiting Incorporation

10.5.22 Liabilities are not incorporated in the accounts of works, except in the following cases:-

- (a) Unpaid balances of partly paid running account bill or must rolls are invariably incorporated.
- (b) The value of materials received from sources other than stock (including manufacture), whether for issue to contractors or for issue direct to works is at once brought into the accounts of works even though payments to the suppliers and adjustments crediting the transfer accounts concerned, may not be made at once, vide paragraph 10.3.6 and 10.3.11 and

(c) Wholly unpaid muster rolls and bills of contractors and suppliers are sometimes taken to account.

Disbursing Officers, are however, responsible for keeping a strict watch over all liabilities with a view to settling them promptly. Money indisputably payable should never be left unpaid. It is no economy to postpone inevitable payments, and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date.

10.5.23 If any liabilities of works are incurred on behalf of contractors under the provisions of paragraph 10.2.22, arrangements should be made for withholding sufficient balances from their bills or for making necessary recoveries from them in due course. On the analogy of the rule in paragraph 10.2.2, all records on the authority of which liabilities may be liquidated or incorporated in the accounts, should invariably specify (1) the full name of the work as entered in the estimate. Agreement number or Supply order Number etc and (2) the recoverable charges if any, with the name of the contractor or other person from whom recoverable.

V. PREPARATION, COMPLETION AND DISPOSAL OF WORKS ABSTRACTS

10.5.24 The Works Abstract should be prepared in the divisional office. It should be posted day by day from the Cash Book and the connected bills of contractors and suppliers, cash refunds and readjustments of final charges being posted as minus entries. At the end of Month, Stock and adjustment transactions should be added, write back final charges being posted as minus entries. The closing balances of contractors accounts should be detailed so as to prove 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" which should agree with the balance as per the ledger accounts of the contractors in respect of that particular estimate/work. The closing balances arrived at under the suspense head labourers in each case should be agreed with the connected record of unpaid wages and its correctness should be got ensured from the Sub-divisional Officer. The Works Abstract should then be posted where all necessary completing entries will be made in respect of the direct charges and adjustments made checked and closed under the supervision of the Divisional Accountant, who should ensure the correctness of the posting of entries of the Works Abstract and also of the closing balances of the contractors account and it's agreement with the ledger.

Note: The posting of stock and adjustment transactions may also be done as above.

10.5.25 When finally completed in all respects, all the Works Abstract of a month should be examined by the Divisional Officer and any explanations necessary called for from the Sub-divisional Officer. The monthly examination of the Works Abstracts is an important part of the duty of the Divisional Officer and must not be omitted. He must initial (and date) them in token of the performance of this duty.

10.6 Registers of Works

1. Forms of Registers of Works and their preparation

10.6.1 (a) The permanent and collective record of the expenditure incurred in the division, during a year, on each work is the Register of Works. This record is maintained in the Divisional Office, in Form CPWA 40.

(b) In respect of petty works, no record is necessary beyond the petty works Requisition and Account, Form CPWA 32, which is self-explanatory.

10.6.2 The Registers of Works are posted monthly from Works Abstract. Only the figure of expenditure against entry 'A' will be posted in the register of works. The Contractor Ledger Form CPWA 43 will take care of all the suspense heads including additional charges for material and labourers. A separate folio or set of folios of Form CPWA 40 should be assigned to each Estimate. The transaction relating to each Schedule Docket should be posted separately and an abstract for the entire work should be prepared on a separate folio or set of folios for comparing the cost of the work and with the provision in the estimate. The following instructions should receive special attention:-

(a) The Register of Works is not a classified account of works; for facility of reference it should be supplied with an index which should be sub-divided under the prescribed heads of account classification.

(b) The sanctioned amount of estimate should be entered in respect of each work. When supplementary estimates are sanctioned, the additional amounts sanctioned should be entered below the corresponding amounts of the original estimates and both totalled. But when a revised estimate is sanctioned, the account of the original estimate should be closed and the revised estimate should be entered on a fresh folio, prominently marked "Revised Estimate" in red ink, and a reference to the folio on which the original estimate is to be found should be entered thereon.

(c) In the case of works for which specific appropriation are sanctioned individually, the amount of appropriation for the year should be noted in the Register at the top of the page, any additions or deductions made during the year being noted in the same place.

II. Examination by Divisional Officer

10.6.3 Before the date of submission of the monthly accounts to the **Pay and Accounts Officer**, the posting of the Registers of Works, **Form CPWA 40** 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. Actual, as well as, probable excesses, whether in the total cost of

a work or in the rate of cost should receive special attention, and works slips in Form CPWA 39 should be prepared and submitted to the Superintending Engineer, when necessary vide paragraph 36 and 46 of the Central Public Works Department Code.

Note 1: 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 Register of Works, **Form CPWA 40** but the submission of the monthly accounts to the **Pay and Accounts Officer** should not be delayed on this account.

Note 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 paragraph 10.6.4. If the slow progress of expenditure is due to delay in measuring work done or in settling up bills, the cause of work should receive attention.

III. Closing The Accounts on Completion of Work

(a) Settlement of Liabilities and Assets and clearance of Suspense Accounts.

10.6.4 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 vide paragraph 48 of the Central Public Works Department Code. If there is necessarily and delay in closing the accounts, it should be seen in particular that further charges are not incurred without the permission of the Divisional Officer.

10.6.5 Before the account of work can be closed on its completion, it should be seen that any adjustments of cost necessary under the rules e.g., paragraph 60 of the central Public Works Department Code and Paragraph 60(c) of Statement A in Appendix 2 to this Code, have been duly made in the “Land Acquisition” 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”, “Labourers” and “Land Acquisition” have been cleared. If the whole or any part of the expenditure on the work is recoverable from another department, Government Local body or individual, action should be taken to effect or complete the necessary recovery before the accounts of the work are closed.

10.6.6 The steps to be taken to clear the suspense head “Materials” have been detailed in paragraph 10.3.18.

10.6.7 The sub-head “Additional charges for Materials issued to Contractors/Direct to works” should receive the special attention of the Divisional Officer who should, if necessary investigate large closing balances under this head before permitting 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 contractors and the actual cost to Government should not be accepted as correct without closer examination.

10.6.8 The accounts of annual maintenance estimates must be closed in the month fixed by the Administrative Ministry/Administration concerned, under paragraph 110 of the Central Public Works Department Code, as the last month of the working year for the purpose. Ordinarily, it should be possible to complete all the 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 be done and, in accordance with paragraph 111 of the Central Public works department Code, it is proposed to carry it on to completion, action should be taken as under:-

(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 transferring the balances to the suspense account 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 year's estimate.

(b) Losing entries and review of expenditure

10.6.9 (a) When the work is completed and the accounts of it have been settled and written up as indicated in paragraph 10.6.5 and 10.6.6 a double red ink line should be ruled below the final entries and a note made in red ink "Work completed in20". This note should be signed by the Divisional Officer in token of his satisfying himself that all action has been taken under those paragraphs. 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.

(b) If it is a Deposit Work, steps should be taken promptly to surrender the unexpended balance, if any, of the deposit with the approval of the Divisional Officer.

(c) Excesses over estimates.

(i) Excesses passed by Divisional Officer

10.6.10 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 power, the words "Excess passed by me" should be added to the completion note recorded under paragraph 10.6.9.

(ii) Completion Reports and Statements

10.6.11 If, however, the excess is not within the Divisional Officer's powers to deal with, a Detailed Completion Report in Form **CPWA 44** should be prepared or the items should be included in a consolidated Completion Statement of Works and Repairs in Form **CPWA 45** as may be required under the rule in paragraph 106 of the Central Public Works Department Code. The completion note in the Register of Works should then be amplified thus: "Work completed in20 Completion Report statement submitted with this office letter No. dated 20".

The orders passed subsequently by higher authority on the excess reported in the Completion Report or Statement should also be noted in the Register of Works, **Form CPWA 40** to complete the record.

IV. Correction of Errors After Closing of Accounts

10.6.12 Should an error or omission in the recorded expenditure of a work come to light after its accounts have been closed (See paragraph 48 of the Central Public Works Department Code), the accounts may be reopened in order to rectify the error or omission unless the amount involved is not more than ten rupees in which case it will be sufficient to make a note of the error or omission in the relevant documents concerned.

V. Schedule of Rates

10.6.13 To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rate for each kind of work commonly executed be maintained in the division and kept up to date. It should be prepared on the basis of the rates prevailing in each locality and necessary analysis of the rates for each description of work and for the varying conditions, thereof should, as far as may be practicable be recorded.

The rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report on the estimate.

10.7 CONTRACTORS' LEDGER

(The rules in this section apply to all transactions with contractors in connection with contracts or jobs undertaken by them, whether relating to the execution of works or to the supply of materials for work or stock).

1. Form and Use of the Ledger

10.7.1 The Accounts relating to contractors should be kept in the Contractors' Ledger, Form **CPWA 43**, a separate folio or set of folios being reserved for all the

transactions with each contractor for whom a personal account is maintained, vide paragraph 10.7.2.

10.7.2 A personal account should be opened in the ledger for every contractor, whether or not a formal contract has been entered into with him, unless the work or supply entrusted to him is not important and no payment is made to him except on a First and Final bill, Form **CPWA 24**, on completion. If only materials are issued to the contractor or any payments are made on his behalf, a ledger account must be opened.

II. Posting the Ledger

10.7.3 The Contractor's Ledger, **Form CPWA 43** should be written up in the divisional office. It is not necessary for the sub-divisional Officer to maintain a similar ledger in his office, but if he maintains one, the divisional office may not require him to furnish extracts therefrom.

10.7.4 Except when a contractor's account is to be closed and the procedure prescribed in paragraph 10.5.20 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, the posting being made from the supporting cash, stock or adjustment vouchers, liabilities not yet liquidated should be excluded altogether the value of materials, if any, issued to a contractor under paragraph 10.3.2 or 10.3.3 should be debited to his account on the authority of his acknowledgement See paragraph. 10.3.6

Note – Security deposits of contractors should not be included in their personal accounts in the Ledger, vide paragraph 15.1.1.

10.7.5 (a) The form of the ledger provides for the following columns “- Particulars of Bills or Voucher.

1. Date
2. Voucher Number
3. Serial Number, if a running account bill.

Net Transactions detailed by suspense heads:

4. Advance Payments
5. Secured Advances
6. Other Transactions
7. Name of work or Account and Particulars of transactions.

Gross Transactions:-

8. Debits
9. Credits

10. Total value of work or supplies

11. Remarks.

(b) Columns 8 and 9 constitute the ledger account proper and columns 4, 5 and 6 set forth the net effect of each posting on the three suspense heads making up the account. Column 10 is also not a part of the personal account, but will be found useful for the purpose of exercising a check over the continuity of bills in the case of running accounts.

(c) columns 1 to 3 and 11 require no explanation. Instructions for filling in columns 4 to 10 in the case of personal accounts are given below:-

(i) Column 7:- "Name of Work etc." Here should be entered the full name of the work to which the bill or voucher relates except in the case of supplier's bills, when the name of the account concerned. Stock or Purchases, should be stated. Brief particulars describing the nature of the transactions should then be added, and against the line should then be posted, in the money columns 4, 5, 6, 8, 9 and 10, the figures relating to that transaction only. 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 the recovery had been made in cash. The second set of entries should be posted in a separate line, in columns 6 and 9 against the name of the work concerned.

Note – If there are several contracts in connection with a work or account, the transactions relating to each should be distinguished, preferably by quoting the number and date of agreement.

- (i i) Column 4 – "Advance Payments – If the bill is Running Account Bill (Form **CPWA 26**), figure D of the Memorandum of Payments should be posted in this column.
- (iii) Column 5 – "Secured Advances" – figure 'E' of the Account of Secured Advances, Form **CPWA 26-A** should be posted in this column.
- (iv) Column 6 – "Other transactions" – In the case of running Account Bill, figure G of the Memorandum of Payments should be posted in this column. If a payment is made on a first and final bill, Form **CPWA 24**, no entry should be made in this column unless a recovery is made from the contractor on any account. In the case of transactions other than these, the amount paid or recovered should be entered. The amount of the advance made under paragraph 10.2.18 should be posted in this column.

- (v) In columns 4, 5 and 6 debits to contractors should be posted as plus entries and credits as minus entries.
- (vi) Column 8 – “Gross Transactions – Debits” – If it is a Running Account Bill, figure H of the Memorandum of Payments should be posted in this column; otherwise, the total amount paid or chargeable.
- (vii) Column 9 – “Gross Transactions – Credits” – Here should be entered the value of work or supplies creditable to the contractor, which will be figure F or Account I in the case of running Account Bill.
- (viii) Column 10 – “Total value of Work or Suppliers” – In the case of Running Account Bill, here should be entered the total value of work done or supplies made upto date, as per figure A of Account I of Bill, but before posting the bill it should be seen that the figure shown in Account I of it as “Deduct value of work shown on previous bill” agrees with the last entry in column 10 of the ledger against the work concerned. In token of this check, this last entry in column 10 should be initialled (and dated) by the Divisional Accountant.

III. Balancing and Reconciliation

10.7.6 The ledger accounts should be closed and balanced monthly. The closing balance of each personal account should be detailed so as to show, in respect of each separate work or account (Stock or Purchases), the amount outstanding, if any, under each of the three suspense accounts, (1) Advance Payments, (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 outstanding under “Other Transactions” not incorporated in the last Running Account Bill. In the case of Running Account Bills these balances can easily be ascertained from the Memorandum of Payments as indicated in the table below and it will be found convenient in practice to make a note of the outstanding balances of each bill, in the ledger when posting the bill, so that at the end of the month the closing balance of the ledger account may be verified with the net result of the details already recorded:-

Class of Balance	Serial Number of entry in Memorandum of Payments on class of Balance in the Running Account Bill (Form CPWA 26)
1. Advance Payments.....	2
2. Secured Advances.....	3
3. Other Transactions.....	5

Note – See note below paragraph 10.7.5 (c) (i)

10.7.7 The Divisional Accountant should ensure the correctness of the Contractor’s Ledger, **Form CPWA-43** and also 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.

10.7.8 (a) Periodically, all the personal accounts in the ledger should be examined to see (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.

(b) Entries in column 10, "Total value of work or Supplies" not bearing the initials of the Divisional Accountant recorded under paragraph 10.7.5(c) 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.

IV. Scrutiny of Accounts by Contractors

10.7.9 A contractor requiring a copy of his running account bill or an extract from his account in the Contractors' Ledger, **Form CPWA-43** should be furnished with the same. He should be encouraged to look at his account in the ledger and sign it in token of his acceptance of it. See also Note 2 below paragraph 10.2.21.

10.7.10 The Account relating to issue of material direct to work when contract is of labour or the work is to be done departmentally and also for land acquisition (10.5.21), the ledger will be maintained in Form **CPWA 43-A**. This form provides for the following columns:-

1. Date
2. No. of Voucher/Indent No.
3. Sr. No. if a Running Account Bill
4. Net Transactions detailed by Suspense head
5. Material
6. Labour
7. Land Acquisition
8. Name of the Work Account and Particulars of the Transactions
9. Gross Transactions
10. Debits
11. Credits
12. Total value of Work done
13. Remarks

10.8 SUNDRY RULINGS

I. Carriage & Incidental Charges

10.8.1 (a) The cost of carriage of stock materials to site of works, 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 to the account of the work, the exact classification of charges being as indicated below:-

Nature of issue of Material	Head chargeable in the account of the work
I. Issue to Contractors under para 10.3.2	
a. To the promised place of delivery	“Final charges” in the case of work executed departmentally or through Contract for labour only and “Additional Charges” for materials issued to contractors/Direct Work, in the contracts where the supply of departmental materials are stipulated
b. Beyond the place of delivery, if incurred	The personal account of the contractors under the suspense head “Contractors-Other Transactions”
2. Issue of contractors to under para 10.3.3	-do-
3. Issue Direct to works	Final Charges/Materials, as the case may be

(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 therefrom 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 must be stated clearly in the payment vouchers.

II. Charges for Examination of Soil

10.8.2 The expense attendant, upon the necessary examination of the soil for the foundations of works ordered by competent authority should be treated as outlay on works and not as a contingent charge, provision for it being made under the service head concerned in a requisition or estimate according to the sum involved.

III. Expenditure on Inauguration Ceremonies

10.8.3 The expenditure incurred with the sanction of competent authority on ceremonies connected with the inauguration of important public works should be debited:- (a) In the case of irrigation projects (Commercial), to the revenue account of the project, and (b) in the case of other works, to the contingencies of the sanctioned estimate.

IV. Rates and Taxes on Buildings

10.8.4 Municipal or other rates and taxes on Government buildings shall be adjusted in the manner laid down in Government Accounting Rules, 1990.

V. Execution of Works by Other Departments

10.8.5 Whenever the maintenance of any works under the administrative control of the Public Works Department is entrusted to the agency of another Civil Department with the sanction of Government, the rules of procedure applicable to expenditure connected with the work will be such as may be laid down by the Administrative Ministry/Administrator concerned in consultation with the **Chief Controller of Accounts**, subject to the following reservations:-

- (1) The Civil Department should be responsible to the Public Works Department to account for appropriation placed at its disposal.
- (2) The Public Works Department should retain budgetary and financial control
- (3) The Public Works Department should retain technical control through inspection.

Note:- See Chapter 5-Works of General Financial Rules,2005

VI. Execution of Government Works by Local Bodies

10.8.6 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 treated as a payment for work done by a contractor. If lump sum payments have been agreed upon, the procedure for settling the account periodically, and for recording the cost of the works, may be simplified, with the concurrence of the **Chief Controller of Accounts** provided:-

- (a) that a certificate that the work has been done in accordance with the conditions agreed upon is placed on record by a responsible official;
- (b) that if the payment is made for a number of works expenditure on all of which cannot be classified in the accounts under a single head of account, the necessary detailed classification of the charge is set forth and
- (c) that, as far as possible, the liability of a year is settled within that year.

See also paragraph 10.1.5.

Note 1 – These payments should not be charged to the detail heads “grants-in-aid” that head being intended for cash contributions made to local bodies in connection with (1) roads which are either not the property of Government or being such property, have been transferred to the control of a local body and (2) miscellaneous civil works, the cost of which, if constructed by the Public Works Department would be debitable to the minor head “Construction” and for the financial assistance given to these bodies, in the form of

expenditure incurred in the Public Works Department on a work constructed by the department on their behalf.

Note 2 – The Administrative Ministry/Administration concerned will issue orders stating who shall be treated as a “responsible” official in each case for the purposes of proviso (a)

VII. Scope of Sanction

10.8.7 The authority granted by a Sanction to an estimate is strictly limited by the precise objects for which the estimate was intended to provide. Accordingly it is not permissible to apply, **without the sanction of the competent authority**, any anticipated or actual savings, whether due to the abandonment of a part of work or to any other cause, on a sanctioned estimate of a definite project, to carry out additional work not contemplated in the original project or **fairly contingent on its actual execution**. However, subject to the availability of funds under sub-head “Contingencies” in the sanctioned project estimate, and subject to the acceptance of the Engineer-in-Chief, such additional works not contemplated in the sanctioned project, may be executed by the Divisional Offices.