

## CHAPTER 3 – GENERAL OUTLINES OF SYSTEM OF ACCOUNTS

### 3.1 CLASSIFICATION OF TRANSACTIONS

3.1.1 Central Public Works Department executes primarily works of all classes i.e **Public Works Buildings** required for all Civil departments of Government, except such works as are vested in, **or delegated in terms of the provisions of Chapter 5 of General Financial Rules,2005** or transferred to the administration of the departments concerned, or entrusted for execution to a State Government or the Military Engineer Services, Defence, Postal, Telecommunication or Railway works may also be entrusted to the Department, either occasionally or as a standing arrangement, and at times works of other departments or Government and Non-Government works may also have to be undertaken.

Note 1:- Besides the foregoing, petty services such as the manufacture or supply of stores are also undertaken by Divisional Officers.

**Note 2:- Procedure for execution of works by a Ministry/ Department as laid down in Rule 132 read with Rule 126(1)(2)(3)(4) and Rule 133 of General Financial Rules,2005 shall be followed.**

3.1.2 The general principles to be followed in the classification of Public Works expenditure are laid down in rule 29 of Government Accounting Rules, 1990 and notes under major head 2059 and 4059. Rule 29 is reproduced below:-

*“As a general rule, the classification of transaction in Government accounts, shall have closer reference to the **function**, programme and activity of the Government and the object of the revenue or expenditure, rather than the Department in which the revenue or expenditure occurs. This principle is, however subject to such exceptions as may be authorized specially in any individual case or class of cases e.g receipts representing ‘Interest’ are shown under “0049-Interest Receipt” and expenditure on the maintenance and repairs of the non-residential buildings under the administrative control of the P.W.D are shown under the Major Head “2059-Public Works” irrespective of the functions to which they relate.*

*Important general orders governing classification of Pay and Allowances (including traveling allowances) of Government servants, expenditure on Civil Works, Contribution made by or to the Government, refund of revenue, shall be issued by Government from time to time”.*

3.1.3 Transactions relating to the charges and receipts connected with the services pertaining to Public Works of Government other than works referred to **below**, are adjusted finally in the accounts of Divisional Officers against the provision of funds therefor, placed at their disposal. Transactions connected with the services for other Government Works are not so adjusted finally, but pass eventually out of the accounts of Divisional Officers for incorporation in the accounts of the departments and Government concerned. Outlay on non-Government works is charged against the deposits received therefore.

(i) Works of the Posts & Deptt. Of Telecommunication or Broadcasting and other quasi-commercial departments and undertakings. Works pertaining to Forest, Salt, Lighthouse and Mints debitible to grants controlled by these departments.

(ii) Works connected with the conservation of ancient monuments which are debitible to the Archeological Department.

(iii) Works connected with the construction and maintenance of civil aerodromes.

Note 1 – If an Administration executes, on behalf of another Administration, a Public, the necessary funds are usually placed at its own disposal.

**Note 2 – When a Division undertakes a service on behalf of another Division or supplies material to another Division, inter-Divisional settlement is resorted through Advance Payment by the Indenting Division as contemplated in Appendix-7A of this Code read with CGA's OM No. 18(4)/92/TA/237 dated 16-03-1993 as amended by OM No. 18(4)/92/TA/169 dated 25-03-1994.**

Note 3 – Operations undertaken in the manufactories and workshops of a division on behalf of other divisions, departments, Governments, local bodies or individuals are treated as operations of the division in the first instance, but the entire cost is ultimately recovered from the party concerned.

3.1.4 In all cases the primary accounts of these transactions should be kept in accordance with the rules of this code, even though the ultimate cost of the transactions may not have to be brought to account finally in the books of the Divisional Officer.

3.1.5 The performance of these services and the subsidiary proceedings give rise to a number of other transactions with other departments, Governments, etc., which have also to be brought to account e.g., funds, have to be obtained from Banks to meet liabilities incurred, receipts realized have to be lodged in Banks and stores have to be obtained from other divisions or departments etc., or from abroad.

3.1.6 The transactions of Public works officers may thus be grouped under the heads indicated below:-

I Expenditure heads: For charges adjustable finally in the accounts of Divisional Officers **i.e 2059-Public Works, 2216-Housing,4059-Capital Outlay on Public Works, 4216-Capital Outlay on Housing etc.**

II. Revenue Heads: For revenue receipts creditable finally to Government in the accounts of Divisional Officers **i.e 0059-Public Works,0216-Housing etc.**

III Remittance Heads: Receipts as well as payments for cash, stores or other values received from or paid to or on behalf of other departments or Governments **i.e. 8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer.**

IV Suspense and Deposit Heads: For certain receipts and payments held in suspense or Deposit pending clearance, by payment or recovery (as the case may be) in cash or otherwise. The suspense accounts for transactions of this group are treated either as heads subordinate to the expenditure heads or as Independent heads of account or as sub-heads in the accounts of works, as will be explained in, later chapters.

3.1.7 The transactions under each of these groups are further sub-divided for purposes of accounts. In the case of Expenditure and Revenue Heads, the main unit of classification is known as the Major Head, and the further divisions of it as Minor Heads each of which has a number of subordinate heads known as Sub-Heads. The Sub-Heads are further divided into Detailed Heads **and Detailed Heads are further divided into Object Heads**. Sometimes Major Heads may be divided into Sub-Major heads before their further division, into minor heads.

Note 1 – The Administration of the Union Territories of Daman & Diu and Pondicherry subject to control of the Central Government, may exercise the powers of opening of sub heads, detailed heads and **object heads** of account under the various Major and Minor heads of accounts within their respective territories – **Subject to observance of conditions laid down in** Note 2 below Rule 26 of Government Accounting Rules, 1990.

Note 2 - The detailed classification of any Public Works Major Heads that may be introduced for the booking of special expenditure, shall be prescribed by the Central Government on the advice of the Comptroller and Auditor General of India.

Note 3 - In the case of works undertaken by the Public Works Department as a standing arrangement for other departments, when the cost is debit to those departments, the prescribed classification applicable to the connected transactions is intimated by the Pay and Accounts Officer.

3.1.8 The classification and the Heads of Accounts under which Government transactions are adjustable have been indicated in the List of Major and Minor Heads of Account of Union and states as mentioned in Chapter 3 of Government Accounting Rules, 1990.

Note: The detailed classification of Account Heads in Government Account and the order in which the Major and Minor Heads shall appear in all account records shall be such as are prescribed by the Central Government from time to time on the advice of Comptroller and Auditor General of India.

3.1.9 Revenue is realized and placed to credit of Government as it falls due under the statutory or other rules governing it, but expenditure can be incurred only against a grant voted by the Parliament or against the appropriations provided for to meet charged expenditure. The incidence of expenditure between voted and charged is determined by the relevant provisions of the Constitution of India.

It is obligatory for the Court to issue a decree in all cases where an award is made a Rule of the Court. Expenditure incurred on account of payments made after an award has been made a Rule of the Court but prior to the issue of decree is debitable to the 'Charged' Section of the relevant grant.

Note 1 - Under Article 112(3)(f) of the Constitution of India any sum required to satisfy the award of an arbitral tribunal is to be charged on the Consolidated Fund of India. In order that a body or authority may be a 'tribunal' within the scope of the term 'arbitral tribunal' used in the said article, it must be constituted by the State and not merely by an agreement of the parties and must be invested with the States inherent judicial (as distinguished from purely administrative or executive) powers and 'the trappings of a court'. However, in cases where the award made by a private arbitrator is filed in a court and a decree is obtained in terms of the award, the expenditure required to satisfy the decree of the court will be expenditure charged on the "Consolidated Fund of India".

### **3.1.10 Classification of Lump Sum Advance to provide for immediate Financial Relief**

(i) In terms of the provisions of Rule 79 to 81 and Government of India's Decision thereunder contemplated in "Compendium of Rules on Advances", a Head of Department or a Head of office may sanction an advance to the family of a Government Servant in permanent or temporary employ (excluding casual and daily-rated staff) who dies while in service (whether on duty or on leave with or without pay) in order to enable the family to meet its immediate requirements, if in the opinion of the Head of Department or the Head of Office, as the case may be, the family concerned has been left in indigent circumstances upon the death of the Government servant on whom it was dependent and is in immediate need of financial assistance.

(ii) The amount of an advance which may be granted under Rule 79 shall be equal to two months' basic pay and Dearness pay taken together of the deceased Govt. servant, subject to a maximum of Rs. 8,000/- (Rupees Eight thousand only).

(iii) The Head of Department/Office shall see that the advance (granted under Rule 79) is adjusted as early as possible, and in any case, within a period of six months from the date of its sanction, by deduction from the amount that may be payable on account of arrears of salary due, the Death-cum-Retirement Gratuity or the Contributory Provident Fund or the General Provident Fund or any other payments due to the deceased.

(iv) The advance granted under this Para should be debited to the Major/Minor/Sub-Head "8550-Civil Advances-104-Other Advances-Lump Sum Advances to provide immediate relief to the deceased Government servant's family". If the amount of Death-Cum-Retirement Gratuity or similar other payment is less than the advances initially sanctioned, and if the balance is eventually treated as irrecoverable, the same should be debited to the Major/Minor/Sub-Head "2075-Miscellaneous General Services-800-Other Expenditure-Write off of Irrecoverable Loans" advanced to provide immediate financial relief to the deceased Government servant's family", under special sanction of Government.

## **3.2 SYSTEM OF ACCOUNTS**

3.2.1 The main features of the system of Public Works Accounts are:-

(a) The Divisional Officer, is the primary disbursing officer of the Division who is permitted **by the Chief Controller of Accounts through Letter of Credit** to obtain, by cheque on the banks, the funds required for all disbursements in connection with the execution of works, pay and allowances etc., of the Gazetted and Non-gazetted staff working in Division of the C.P.W.D., as well as in the Divisions of such other departments as may be specially authorized in this behalf and contingent charges, the bills for all long term advances and for GPF withdrawals of staff other than Group 'D' will be submitted to Pay & Accounts Offices. He also collects some of the departmental receipts of the division and pays/ **remits** them into the banks.

Note –(i) However, in the case of a Public Works Division, if an Officer other than the Executive Engineer is declared as a drawing and disbursing officer for the purpose of not only drawing the bills for pay and allowances etc. of the establishment of the Public Works Division but also for drawing bill for works and ancillary payments, such Drawing and Disbursing Officers working on the Public Works System may be delegated powers to draw cheques for work and ancillary payments in addition to the categories of payments mentioned above with the prior approval of the Controller General of Accounts in respect of the said Division or Divisional Office.

Note-(ii) In the Departmentalised Accounts set up, Divisional offices are **assigned a Cash Assignment Account in the accredited bank by the Chief Controller of Accounts, against which they draw cheques for payment of bills passed by them on the basis of letter of credit . The guidelines for opening and closing of Cash Assignment Account are given in Annexure 'A' to this Chapter.**

Note-(iii) **All payments relating to a specified circle office(s)/Zonal office(s) may be made by the respective Pay and Accounts Officer.**

**Note-(iv) All DDOs/Divisional Officers will send the Pay and Allowances bills of employees recruited in Government Service on or after 1-1-2004 and covered by New Pension Scheme,2004 at the counter of Pay and Accounts Office for Pre-Check and payment. Divisional Officer will prepare separate Pay Bill Register for this purpose.**

- (b) The accounts of these receipts and disbursements (including the transactions of subordinate officials acting on his behalf) are compiled under his supervision by an Accountant and are submitted monthly to the **Pay and Accounts Officer. The Pay and Accounts Office for a particular Division will be decided by Chief Controller of Accounts. General principle is that the Division will be attached with Zonal Pay and Accounts office corresponding to the Chief Engineer he reports for administrative directions.**
- (c) He is further required to maintain clear accounts of all stores received by him and to make these accounts available for audit by the Accounts officer.
- (d) Under each Major Head of expenditure, the charges on each project, work, or sub-work are recorded separately in the accounts of Divisional Officers. In

the case of works of certain classes (see examples cited below) Proforma accounts of all transactions connected therewith are prepared annually by the Pay and Accounts Officer or by the Divisional Officer, as may be required, and for this purpose the receipts pertaining to each work of this class are also shown separately in divisional accounts:-

- (i) Irrigation, etc. commercial undertakings.
  - (ii) Quasi-commercial undertakings, such as self supporting workshops.
- (e) Except to the extent prescribed in sub-para (a) of this para, personal payments to all Government servants of the Department are made on bills presented at the counters of Pay and Accounts Offices in accordance with general provisions of the Central Government Account (Receipt and Payment) Rules and are therefore, brought to account direct by the Pay and Accounts Officer himself from the data furnished to him.

3.2.2 It is not sufficient that an officer's account should be correct to his own satisfaction. A disbursing officer has to satisfy not only himself, but also the Internal Audit/Statutory Audit that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an account is correct in all respects. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be so as to the economy or the bona fides of the transactions. It is further essential that the records of payment, measurement and transactions in general must be so clear, explicit and self contained as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law. All transactions involving the giving or taking of cash, stores, other properties, rights, privileges, and concessions which have money values should be brought to account. The record of a transaction of receipt or expenditure should always be made at once under the final, debt, deposit or remittance head to which it pertains, if that be known, but if the exact head cannot be ascertained at once, then the transactions should be classified temporarily under "Deposits" if a receipt, or under "Miscellaneous Public Works Advances", if a charge.

**In case of non-fulfillment of conditions for opening of Cash Assignment Account as given in Annexure-A, the Chief Controller of Accounts may attach such division with the other Cheque Drawing Divisional Officer or Pay and Accounts Office. In such cases the Accounting procedure to be followed is prescribed in Annexure 'B' to this Chapter.**

#### **Annexure-A**

## **Guidlines for opening and closing of Cash Assignment Account in favour of Executive Engineer,C.P.W.D.**

1. For opening of Cash Assignment Account the Office of DG(W) shall send the proposal to the Chief Controller of Accounts 45 days before the actual opening of the Division subject to fulfillment of the following conditions:-

- (i) There should be a sanctioned post of Divisional Accountant, if not a post of equivalent rank shall be diverted to accommodate the Divisional Accountant.
- (ii) The address of the Division.
- (iii) The address of the Bank, where the account is to be opened.
- (iv) Whether the Division is proposed to be opened afresh or after closing other division. If the Division is opened after closing another division then a certificate shall be furnished stipulating that all liabilities and suspense accounts have been cleared. If not cleared, the new division shall adopt them on Proforma basis in terms of Para 16.4 of Civil Accounts Manual.
- (v) If balances have been adopted by the successor Division a certificate from the Divisional Officer as well as Pay and Accounts Officer that the balances have been adopted shall be furnished to the Principal Accounts Office.

Note:- The ledger balances under Long Term Advances and General Provident Fund Balances etc. of a Government employees will be settled/transferred by exchange of Cheque. The Short term Advances will be settled in terms of Para 10.8 of Civil Accounts Manual.

If any of the above said conditions are not fulfilled then the Cash Assignment Accounts in favour of the Division will not be opened, instead the Division will be attached with Pay and Accounts Officer or other Cheque Drawing Divisional Officer. The accounting procedure to be followed in this case is enumerated in Annexure-B to this Chapter.

2. For closing of Cash Assignment Account, the office of DG(W) shall intimate the Chief Controller of Accounts 45 days in advance before actual closing of the division along-with a certificate that all the liabilities and balances under Debt., Deposit, Remittance and Suspense heads have been cleared. If not he shall direct some other division to accept the balances of the Division in terms of Para 16.4 of Civil Accounts Manual. In this case, certificate of adoption of balances in the books of the nominated Division as well as Pay and Accounts Officer shall be furnished along-with the proposal.

### **Annexure-B**

**Accounting Procedure for attachment of the Division with another Division / PAO of the Division, where the Cheque Drawing Powers are not vested or Cash Assignment Account is not opened.**

- (i) The EE, will maintain cash book in GAR-3 (as is being done by other NCDDO).
- (ii) The Divisional officer shall maintain all the Forms prescribed in the “Book of Forms of CPWA Code” as usual except CPWD 51, as the cheque will either be issued by the Cheque Drawing and Disbursing Officer(CDDO) with whom the Division has been attached or by the PAO under whose jurisdiction Receipt and Payment functions have been assigned and monthly Account will be prepared accordingly.
- (iii) For making payments for works purposes, The NCDDO, Divisional officer will present the bill to CDDO/PAO for pre-check & payment . The Divisional officer will send an attested photocopy of the Measurement Book (M.B), along with necessary certificate to CDDO/ PAO, who will check the bill with reference to agreement of work, Estimate, M.B and rules and order in terms of various provisions of CPWA Code ( para 10.2.19 etc.), CPWD works Manual , GFR, CGA (R&P) rules etc.Payment to the contractor will either be made by cheque or through e-payment (as and when the system is introduced), The cheque on behalf of the contractor shall be collected by the messenger of the DDO on production of the following receipt:-

Bill No..... date.....Token No.....received  
as.....(Rs.....only) by cheque from PAO in favour  
of.....

- (iv) PAO/CDDO may arrange payment of Permanent Advance to Divisional officer or any other other sub-ordinate officer as per the sanction of the Competent Authority in terms of provisions of para 6.6.8 of CPWA code.
- (v) No temporary advance will be drawn. In such eventuality the amount may be drawn on Abstract Contingent bill (GAR-30) and details sent in GAR – 31 or GAR – 32. PAO/CDDO will debit the Head “8671- Departmental Balances-101-Civil” while making payment on GAR – 30 and while adjusting it through GAR – 31 & 32, will Dr. the final head of Account by contra Credit to Head “8671-Departmental Balances-101-Civil”. The adjustment of the amount drawn on Abstract Contingent bill should be adjusted within one month from the date of drawal. Vouchers less than Rs. 500/- need not be sent to PAO/CDDO.( Note below para 3.4.3 of CAM).
- (vi) All receipts in the form of instrument i.e. Draft/Cheque will be endorsed in favour of CDDO/PAO intimating necessary classification.
- (vii) All cash receipt shall be remitted directly into bank through challans.
- (viii) Divisional Officer (NCDDO) will be personally responsible for clearance of balances under CSSA and MPSSA.
- (ix) Wherever the Division is attached with some other Cheque Drawing Divisional office, the Cheque drawing Divisional Office will compile the Monthly Account on behalf of such Division.