

CHAPTER 6 – CASH

6.1 INTRODUCTORY

6.1.1 The term “cash” as used in this chapter, includes legal tender coin, notes, cheques, Deposits-at-Call receipts of Scheduled Banks and drafts payable on demand. A small supply of one Rupee Revenue Stamps may be kept as part of the cash balance. See also Rule 19 of CGA(Receipts and Payments)Rules,1983.

Note-(1) Government securities, (2) deposit receipts of banks other than those referred to in the above para, (3) debentures and (4) bonds, accepted as security deposit under the provisions of paragraph 15.1.1 are not to be treated as cash.

6.1.2 The Divisional Officer is the primary disbursing Officer of the division, and all realisations and payments on Government account made by his subordinates are made on his behalf and on his responsibility.

6.1.3 Every Government Officer is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the prescribed accounts as well as for the correctness of the account in every respect. The private cash or accounts of members of the department should not be mixed up with the public cash or accounts.

6.1.4(a) If a cheque drawing D.D.O., receives information from the Pay and Accounts Officer that moneys have been incorrectly withdrawn and that a certain sum should be recovered in respect of any bill passed by him, he shall effect the recovery without delay and without regard to any correspondence undertaken or contemplated with reference to the retrenchment order; and he shall, without delay, repay the sum in such manner as the Accounts Officer may direct.

(b) A Government Officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Accounts Officer concerned. He shall also be responsible for seeing that payments are made to persons entitled to receive them.

Note - Any person paying money into an accredited bank to the credit of the Central Public Works Department shall present with it a Memorandum or Challan in Form G.A.R. 7.

6.2 MODES OF OBTAINING CASH

6.2.1(a) The Divisional Officers will be placed in direct account with the State Bank of India or with any other accredited bank, as may be decided in future and assigned a letter of credit against which they will draw cheques for payment of all bills passed by them after exercising the requisite checks prescribed by Government.

(b) No Expenditure can be incurred out of the consolidated fund in anticipation of passing of the appropriation (Vote on account) Act or the Appropriation Act relating to the Budget of a financial year. The first(interim) letter of credit to be opened in favour of a cheque drawing Divisional Officer at the beginning of the Financial year will cover the amount to the extent of one-sixth of the authorized Budget allocation to each Division for which vote on account has been obtained. For allotments out of “ other Ministries” works concerned Chief Engineer/Division will have to produce the advice of the Client Ministry for allocation out of their Vote on Account after the Appropriation Act is passed by Parliament and assented to by the President, the Budget allotment is communicated by the IFA. On the basis of the Budget allotment communicated by the Budget **Section/Finance Division** of the Ministry, the Head of the Department, will make distribution of the allotment among the drawing and disbursing officers under his control, under intimation to Pay and Accounts Officers and the central LOC Cell. On the basis of the allotments for the drawing and disbursing officers with cheque drawing powers and the net cash requirement for disbursement of works and ancillary payments, Pay and allowances, T.A., contingencies etc. intimated by the Divisional Officers, LOC Cell will issue the amount of assignment from April to September of the financial year upto 80 % of Budget Grants allocated to the Divisions. While determining the Assignment for second LOC, the Account Officer(LOC) will also take into account the anticipated drawals on account of Advances and withdrawals from GPF for which Divisional Officers are authorised to issue cheques. Thereafter, the Accounts Officer (LOC) will authorise the paying branch of the bank by means of a letter of credit, to make payment on the cheques drawn from time to time by the concerned drawing and disbursing officer during the said six monthly period, not exceeding the limit specified in the letter of credit. While issuing the letter of credit for the Second LOC of the financial year after the Appropriation Act is passed, the Account Officer(LOC) will take into account the amount of first letter of credit issued earlier on the basis of the Vote on Account proposal for the second LOC will be submitted by the C.P.W. Divisions not later than 10th June every year. Reason for reduction of the amount of LOC, if any, will be given. Unless pointed out by the Executive Engineer(EE) concerned, no reduction on account of Security Deposit and / or Departmental charges will be made by the LOC cell. The responsibility for correctly mentioning the situation shall be that of Executive Engineer. (It may be noted that old “Works” and “Deposit Works” attract Departmental Charges(DC)).

The third LOC will be issued by October for any new Works authorised or new Deposits received. For this purpose proposals will be submitted by 15th September alongwith the reconciliation statement upto the end of August of the financial year.

The fourth LOC will be issued upto the last working day of January which also takes into account the Revised Estimates, Supplementary Demands etc.

The fifth and final LOC will be issued on 15th of March indicating final adjustment for which demand should be received by 10th March for the Division located at New Delhi and by the 5th March for outstation Divisions. No further LOC for the Financial Year will be issued by the LOC Cell after 15th March.

Note: Guidelines for smooth operation of the system to be followed by the CPWD and Principal Accounts Office(PrAO) are given in Annexure to this chapter.

The paying branch is responsible to ensure that at no time the amount assigned in the letter of credit is exceeded by the payment of any cheque. The fresh letter of credit issued after expiry of the period prescribed in the earlier letter of credit will be treated as an addition to the unspent balance of the earlier letter of credit except in respect of the first L.O.C as stated above. The Accounts Officer (LOC), while communicating the assignment for the second L.O.C and subsequent L.O.C should indicate not only the amount assigned for each L.O.C, but also the progressive total of assignments upto the end of the previous L.O.C so that the bank is enabled to ensure that the total cumulative drawals from the beginning of the year do not exceed the total progressive Headwise assignments. However, the unspent assignment for the last L.O.C of the financial year is not to be carried forward to the first L.O.C of the next year. The cheque actually issued during the last L.O.C but presented for payment during the period of Ist L.O.C (within the period of validity) will be taken by the banks against the assignment of the year in which they were drawn and not against the assignments of the year in which they are paid. The Divisional Officer should keep a close watch over the drawals and should take prompt action for the renewal of the letter of credit by assignment of additional funds by Pay and Accounts Office.

6.2.2 The Divisional Officer is permitted to make payments of the following categories of bills:-

- a. Works, work charged establishment and ancillary payments;
- b. Pay and allowances, including wages and Medical reimbursement claims – both advances and final bills; (However Pay and Allowances of Govt. Servant covered by New Pension Scheme,2004 will be paid by PAO ; see Chapter 18)
- c. Travel Expenses;
- d. Office Contingencies;
- e. Advances from Provident Fund for all categories;
- f. Withdrawal from General Provident Fund and final withdrawal of accumulations in the Fund from Group ‘D’ employees;
- g. Payments arising under the Deposit Linked Insurance Scheme to Group ‘D’ employees;
- h. All short term loans and advances to Government servants (i.e. those recoverable in less than **seventy** instalments).

Bills for all other kinds of payments like payment of long term loans and advances and withdrawals from provident fund (in respect of Government servants other than Group ‘D’) under Rule 15 and 16 of the GPF(CS) Rules, 1960 or corresponding provisions of other Provident Fund Rules will be submitted to the Zonal Pay & Accounts Officer for pre-check and payment by cheques/bank drafts. Such payments should not be made by the Divisional Officers by issue of cheque against their assignment.

6.2.3 The appropriation of departmental receipts to expenditure in the department is strictly prohibited except in the cases provided for in paragraph 6.3.5. See sub-rule 2(d) of Rule 6 of CGA(R&P) Rules, 1983.

6.2.4 The procedure prescribed for accounting of cash by drawal of cheques (vide sub-para (a) of Para 3.2.1) for pay and allowances of regular establishment (not charged directly to works) is detailed in Chapter 18. Undisbursed balances of cash thus obtained for disbursement to officers and staff may be kept in departmental cash chests, but they should not be mixed up with the regular cash balances of Department, accruing from money obtained on cheques for other payments (viz. works and contingencies) which are dealt with and accounted for in accordance with the rules in the following paragraphs.

6.2.5 No officer is authorized to draw cheques on any bank other than the accredited bank with which he is placed in funds. The transactions involving payments to be made by Divisional Officer outside the Divisional headquarters should be settled by Bank Drafts.

6.2.6 The employment of Group 'D' officials to fetch or carry money should be discouraged. When it is absolutely necessary to employ a Group 'D' employee for this purpose, a man of some length of service and proved trustworthiness should only be selected and in all cases, when the amount to be handled is large one or more guards should be sent to accompany the messenger.

6.2.7 There is no bar on cheques being drawn for less than Rs. 10. However, petty sums and the wages of labourers and establishment charged directly to works (excluding such categories of work-charged establishment, as are borne on regular establishment of the Department) should be paid in cash.. For these, as well as value payable postage, it is permissible to draw money from the accredited bank by Cheque to replenish the cash chest. The Drawing and Disbursing officers must, however, draw cheques for the minimum of cash actually required to meet current disbursements for payments as mentioned above. All cheques in Divisional office drawn for Rs. 10 Lakh and above shall bear two signatures. The second signatory shall be the Divisional Accountant or any other senior most official as may be nominated by the Chief Controller of Accounts.

6.2.8 In drawing cheques, drawing officers should be guided by the general rules laid down in Part III Section I of C.G.A. (R&P) Rules, 1983. The special rules applicable to the department are set forth in paragraphs 6.2.9 to 6.2.13.

6.2.9 Whenever a new cheque book is brought into use, the Divisional Officer should intimate the number of the cheque books and the serial numbers of the cheque forms contained therein to the bank as well as to the Pay and Accounts Office.

6.2.10 Cheques shall be payable at any time within three months after the month of issue, thus a cheque bearing any date in January is payable at any time upto 30th April.

6.2.11 If the currency of a cheque should expire owing to its not being presented at the Bank within the period specified above, it may be received back by the Divisional Officer and cancelled under his signature. The cancelled cheque should not be destroyed but be treated as Voucher / Sub-Voucher for issuing a fresh cheque in lieu thereof and the fact for issuing fresh cheque should be mentioned on the voucher i.e. the cancelled cheque. Entries regarding cancellation of old cheque/issue of fresh cheque with Voucher No. of the fresh cheque etc. should be made on the counterfoil of old non-MICR Cheque or loose leaf/record slip of MICR cheque, as the case may be. Necessary entries in the relevant documents viz. register of cheque issued, office copy of the original Bill, list of outstanding cheques etc. should also be made for proper linking.

If a cheque remaining unpaid for more than six months after the month of its issue and not surrendered for renewal/cancellation it should be cancelled in the manner indicated in Rule 47(1)(iii) of CGA(R&P) Rules, 1983. The practice of Revalidation of cheques has been dispensed with.

6.2.12 If a request is received by the cheque drawing Divisional Officer for issue of a fresh cheque in lieu of a cheque which is alleged to have been lost, within a period of one year from the date of issue of original cheque, he should send an intimation by registered post (acknowledgement due) to the bank drawn upon regarding the alleged loss of cheque and advise it to stop payment if the cheque is presented for payment thereafter. If the currency of the cheque has not expired in terms of Rule 45 of CGA (R&P) Rules,1983 at the time of sending such an intimation, the bank shall acknowledge in writing in the form given in para 2.4.1. of Chapter 2 of Civil Accounts Manual. In case, however, the currency of the cheque alleged to have been lost has expired when the intimation regarding the loss of the cheque is sent to the bank, no acknowledgement of the “Stop payment order” may be insisted upon from the bank; the Postal acknowledgement may be treated as sufficient for the record of the cheque drawing Divisional Officer. On receipt of the acknowledgement from the bank the cheque drawing Divisional Officer will send a copy thereof to the Pay and Accounts Office for issue of a non-payment certificate. On receiving a copy of this acknowledgement from the said Divisional Officer, the Pay and Accounts Officer concerned will, after verification of his relevant records i.e. register of cheques delivered, etc. and after keeping a suitable note against the relevant entry in that register, issue a non-payment certificate to the Divisional Officer in the following form:-

“Certified that cheque No..... dated..... for Rs. reported by(the drawing officer) to have been drawn by him onbranch of bank in favour of has not been paid”.

The Divisional Officer will note particulars of the non-payment certificate received by him against the relevant entry in his records, to indicate that the original cheque has not been paid and it has been ‘stopped’ from payment. A similar note will also be made by him on the counterfoil/record slip of that cheque and office copy of the relevant paid voucher before issuing a fresh cheque in lieu thereof. Provisions of para 2.4.1(iii) of Chapter 2 of Civil Accounts Manual will be followed for the purpose of issue of a fresh cheque and the number and date of the fresh cheque will also be noted in

the relevant record viz., paid voucher and counterfoil/record slip of the old and cancelled cheque etc. While the paying banks need not thus issue non-payment certificate there will be no change in their responsibilities in regard to lost cheques. All usual precautions will continue to be exercised by them with a view to ensuring that a cheque in respect of which advice has been received is not subsequently paid. If the original cheque is found to have been paid afterwards, the Divisional Officer will report the matter with the fastest mode of communication i.e Electronic Transfers immediately to the paying branch under intimation to the Pay & Accounts Officer as per rule 48 of Central Government Account (Receipts & Payments) Ruels, 1983.

Note: In so far as other N.C.D.D.O of CPWD are concerned, they shall be governed by the provisions of Chapter 3 of Civil Accounts Manual (C.A.M).

6.2.13 When it is necessary to cancel a cheque before its issue, its cancellation must be recorded with dated signature on the counterfoil/ record slip and the cheque must be destroyed. In cases where it is issued and withdrawn, i.e., a fresh cheque is not required to be issued, the cheque should be defaced and forwarded to the Pay and Accounts Officer. Simultaneously, the entries in the accounts should be suitably reversed.

6.3 Receipt of Money

1 – Accounting Procedure

6.3.1 When money is received by a Government Officer on behalf of Government, it should at once be brought to account in the Cash Book and a receipt in CPWA Form 3 should invariably be granted to the payer unless the Government authorises the use of Cash Memo, in CPWA Form 3-A in any particular case. If however, the amount be realised by recovery from a payment made on a bill or other voucher setting forth full particulars of the deduction, a receipt should be granted only if specially desired by the payer, but the fact of the recovery having been made by deduction from the payment voucher should be clearly recorded on the receipt.

Note – 1 Final acquittance for private cheques and drafts on local banks accepted under proper authority [vide Rule 18 & 19 of CGA (R&P) Rules, 1983] should not be given to the payer until they have been cleared.

Note – 2 Before an officer signs a receipt in CPWA Form 3 or a Cash Memo, in Form 3- A for cash actually received by him, he should see that the receipt of the money has been duly recorded in his cash book, and in token of this check the entry in the cash book should be initialled and dated at the same time.

Note – 3 As an exception to this rule, earnest money in legal tender notes and Deposit-at-call receipts of Scheduled Banks attached to tenders and returned to the contractors whose tenders are rejected on the same day as the tenders are opened by the Divisional Officer, need not pass through the divisional accounts, provided that the contractors concerned give a stamped receipt for the money in the Register of Tenders maintained in the Divisional Office and that the Register is to that extent treated as a subsidiary cash book and

consequently as an accounts form. Earnest money which is received prior to the date fixed for opening the tenders, or which for any reason cannot be refunded on that date should be brought to account in the cash book and returned subsequently to the contractors under the ordinary rules.

Note – 4 The procedure laid down in Para 17.19 of Section 17 of C.P.W.D Works Manual should be followed for the accounting of Tender Documents.

6.3.2 Cheques of private individuals if accepted in payment of Government dues should be treated as cash, vide paragraph 6.1.1. and entered in the Cash Book, in the ordinary way just like other cash transactions. When they are sent to the Bank for encashment, they should be shown in the disbursement column as “Remittances into Bank”. In order, however, to relieve the Cash Book of a large number of detailed entries in cases in which the transactions of receipts of private cheques are frequent and numerous the cheques may be initially entered in a “Register of cheques received and adjusted” in Form No. C.P.W.A. 1-A and only the daily totals of receipts and remittances entered in the Cash Book. This Register will also facilitate the watching of the clearance of the cheques.

Note -1 The above procedure will also apply in respect of Deposit-in-Call receipts of Scheduled Banks which are received prior to the date fixed for opening of tenders or which for any reason cannot be returned on that date.

Note – 2 When Cheques accepted from private individuals are dishonoured on presentation to the banks, the original entries on both the sides of the Cash Book should be written back by minus entries.

6.3.3 Receipts in Form 3 or a cash memo in Form 3-A can be issued only by Divisional Officer, officer declared as Cheque Drawing and Disbursing Officer or other officer or Departmental Accounts Officer specially authorised by the Administrative Ministry / Administrator concerned and all persons regularly or frequently receiving money on behalf of Government should keep a Cash Book in Form 1.

Note: In term of the provisions of Rule 23 of CGA(R&P) Rules, 1983, no Government officer may issue duplicates or copies of receipts granted for money received on the ground that the originals have been lost. If any necessity arises for such a document, a certificate may be given that on a specified date, a certain sum on a certain account was received from a certain person. This prohibition extends only to the issue of duplicates on the ground that the originals have been lost and does not apply to cases authorised by these Rules or by special orders of the Government in which duplicates have to be prepared and tendered with originals.

6.3.4 The Government Officer who is not in-charge of a cash book receives money on behalf of Government at exceptional times, he should not mix it up with the imprest or any other cash in his charge. But pay or remit it at the earliest opportunity, to the nearest officer having a cash book or deposit into accredited Bank accompanied by a challan in duplicate [vide Rule 6(1) of CGA(R&P) Rules, 1983]. The acknowledgement of the Bank (with an intimation of the full particulars of receipt including the date of its

realisation) should be forwarded immediately to the next superior officer having a cash book, to enable him to make the necessary entries therein. The record of the transaction will be in the correspondence and not in the imprest account of receiving officer.

II. Disposal of Receipts

6.3.5 Moneys realised by officers of the department should be paid, as soon as possible, into the accredited Bank, for credit as miscellaneous receipts of the department. Should a Divisional Officer, however, require to make use of cash receipts temporarily for current expenditure, he may do so instead of obtaining fresh cash by cheques but before the end of the month, he must send to the Bank a cheque for the amount thus utilised, drawn in his own designation and endorsed by himself with the words "Received payment by transfer credit to the Public Works Department."

Note- This rule does not apply to receipts realised by short payment on bills or other vouchers.

6.4 PAYMENTS

1. Manner of Payment

6.4.1 All payments for which officers have been authorised to draw cheques should make the payment by cheques; but see paragraph 6.2.7

6.4.2 It is also permissible to make payments to suppliers of stores by obtaining Bank drafts at the latter's request.

Note- For instructions regarding making payments for stores obtained by direct order from private firms and individuals abroad - In regard to articles obtained by placing direct orders on firms or individuals in the United Kingdom, United States of America or any other foreign country, payment shall be arranged in accordance with the following as per the provisions of Rule 129 of CGA (R&P) Rules, 1983:-

(i) The Drawing and Disbursing Officer of the Ministry or Department which has placed the order after following the usual procedure (including issue of formal sanction order therefore), shall, as soon as the checks necessary in connection with the receipt, inspection and verification of articles have been applied, forward the firm's bill, in original, with necessary endorsement and certificate thereon to his Accounts Officer. Particular care must be taken to ensure that no double payment is authorized in respect of the same claim. The Accounts Officer will apply usual pre-checks and pass the bill.

(ii) Where the time schedule of payment permits, the Accounts Officer will, thereafter, purchase a bank draft in the specified foreign currency in favour of the supplier in the foreign country, through the accredited bank and forward it to the concerned departmental officer for dispatch to the supplier by mail or otherwise. The cost of the bank draft in rupees as reflected in the bank scroll will be booked by the Accounts Officer against the relevant Head of Account.

(iii) Wherever the supply order or order in regard to acceptance of tender involves heavy payments, with a specific payment schedule clause therein, usually a letter of credit is opened in favour of foreign suppliers through the accredited bank of the Ministry or Department concerned. Alternatively, payment could also be arranged by telegraphic bank transfer from India directly into the payee's pre-specified bank account abroad as soon as the completed invoice and all relevant documents as required by the terms of the contract are received in the Ministry, Department or by the bank of India, nominated by the Ministry or Department for the purpose, so as to strictly adhere to the stipulated time schedule of payment. Special care should be taken to ensure that the requisite documents are promptly passed on by the bank to the respective authorities in the Ministry or Department concerned for verification whether the time schedule is to reckon from the date of receipt of the same by the Department or bank, whichever is earlier.

(iv) In the case of stores ordered by a Ministry or Department direct from firms abroad on F.O.B. basis and subject to its own inspection or in consultation with the DGS&D or through Embassies and Mission abroad, the procedure prescribed above will be supplemented by a check that the inspection certificate on the supplier's bill has been recorded by the Inspecting party/agency concerned.

Note 1- Special care should be taken by the purchasing Department in differentiating the action required on its part in connection with the purchase of stores or articles or both through the agency of DGS&D, wherever necessary (the agency function covering invitation and acceptance of tenders and or placing contracts, inspection of stores or articles and payment aspects), from that required where inspection and shipping only is arranged through these agencies. Provisions of Rule 128 shall be applicable in regard to payment in the former type of cases and provisions of Clause (iv) will be applicable in the latter type of cases.

Note 2 – This rule covers purchases from abroad made under the normal procedures and rules. Purchases and procurement of stores under special arrangements will be governed by the procedure specified in the relevant agreement or instrument or undertaking.

Note 3 – Instructions regarding procedures for payment to foreign suppliers for imports covered under various foreign aid (credits, loans or grants) programmes and instructions regarding procedures for accounting of cash and equipments grants received by the Government from various foreign Governments and Audit (Department of Economic Affairs) for each loan, credit or grant agreement,

separately, duly approved by the Controller-General of Accounts on the advice of the Comptroller and Auditor-General.

6.4.3 As a rule, no cheque should be drawn until it is intended to be paid away and cheques drawn in favour of contractors and other should be made over to them by the disbursing officer direct; but the disbursing officer may be assisted in making disbursements by a cashier appointed for the purpose under paragraph 6.8.2. The occasional delivery of cheques through a subordinate may be permitted at the discretion and on the responsibility of the disbursing officer. In such cases the subordinate should make no entry in any accounts which he keeps, as a payment made by cheques should appear in the cash account of the disbursing officer who draws the cheques and the subordinate's record will be in his correspondence.

Note- It is a serious irregularity to draw cheques and deposit them in the cash chest at the close of the Financial year for the purpose of showing the full amount of grant as utilised.

6.4.4 Payments due to contractors may, if so desired by them be made to their banks instead of direct to contractors provided that the Department obtains (1) an authorisation form from the contractor in the form of a legally valid document such as a power of attorney conferring authority on the bank to receive payment, and (2) the contractor's own acceptance of the correctness of the account made out as being due to him by Government or his signature on the bill or other claim preferred against Government, before settlement of the account or claim by payment to the said bank. While the receipt given by such bank shall constitute a full and sufficient discharge for the payment, contractors should, whenever possible, be included to present their bills duly receipted and discharged through their bankers.

Nothing herein contained shall operate to create in favour of the bank any right or equities, vis-a-vis Government.

II BILLS

6.4.5 General instructions regarding the form of bills and their preparation, completion and stamping are laid down in Rule 33 to 37 of CGA (R&P) Rules, 1983. As far as possible, the particular form of bill applicable to the case should be used. Suppliers of stores and other should be encouraged to submit their bills and claims in proper departmental forms. But, bills not prepared on such forms should not be rejected if they set forth the necessary details of the claims. In such cases, the additional particulars required should be added by the distributing officer. Except in the case of lumpsum contracts, every bill or other demand for payment should set forth the unit rate at which payment is to be made.

III. VOUCHERS

6.4.6 As a general rule, every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting

forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. The full name of the work as given in the estimate and other particulars specified in paragraph 10.1.2 or the head of account, to which the charges admitted on a voucher are debitable or to which the deductions or other credits shown in the voucher are creditable, should be clearly indicated on it in the space provided for the purpose or in some prominent position.

When a voucher exhibits any expenditure from which revenue may prima facie be expected to accrue as, for instance, when payment appears in a bill for removing material from a building or other work, either dismantled or undergoing repairs or for clearing jungle or cutting trees in the compound of building or in canal banks, etc., a note should be recorded to indicate how the old materials removed or the trees cut, etc., have been disposed of and if sold, when the sale proceeds will be credited to Government.

Note- When it is not possible to support a payment by a voucher or by the payee's receipt, a certificate of payment, prepared in manuscript, signed by the disbursing officer and countersigned, if necessary, by his superior officer, together with a memorandum explaining the circumstances, should always be placed on record and submitted to the Pay and Accounts Officer, where necessary. Full particulars of the claims should invariably be set forth, and where this necessitates the use of a regular bill form, the certificate itself may be recorded thereon.

6.4.7 Every voucher must bear a pay order signed or initialled, and dated by the responsible disbursing officer. This order should specify the amount payable both in words and figures. All pay orders must be signed by hand and in ink.

Note- Cashiers and others authorised to make disbursements on passed bills, vide paragraph 6.4.3 should make no payment without a proper pay order of the disbursing officer recorded clearly on the bill or other voucher.

6.4.8 Except as provided in paragraph 6.4.4 every voucher should also bear, or have attached to it, an acknowledgement of the payment, signed by the person by whom or in whose behalf the claim is put forward. This acknowledgement should be taken at the time of the payment. When the payee signs in an Indian script, he should be required to note the amount acknowledged in the script in the international numerals in his own handwriting.

Note 1- If a disbursing officer anticipates any difficulty in obtaining, from the person to whom the money is due, a receipt in the proper form, it is open to him to decline to hand him the cheque or cash, or to make a remittance to him, as the case may be, until the acknowledgement of the payment, with all necessary particulars, has been given by him. In all cases of payment by remittance, a note of the date and mode of remittance must be made on the bill or voucher at the time of remittance. In cases of remittance by postal money order, the

purpose of the remittance should be briefly stated in the acknowledgement portion thereof.

Note 2 - In the case of article received by value payable post, the value payable cover together with the invoice or bill showing the details of the items paid for may be accepted as a voucher. The disbursing officer should endorse, a note on the cover to the effect that the payment was made through the post office and this will also cover charges for the money order commission.

Note 3 - A certified copy (marked Duplicate) of a receipted voucher may be retained by the disbursing officer, should this be necessary to complete the record of his office, but the payee should not be required to sign such a copy or give a duplicate acknowledgement of the payment.

6.5 REMITTANCES TO ACCREDITED BANK

6.5.1 The Officer in charge of a cash book should keep a book in Form No 4 in which he should enter all his remittances, including cheques / drafts to the accredited Bank as they are made, vide paragraphs 6.3.4. and 6.3.5.

6.6 CASH ACCOUNT

1. Cash Book

(a). Upkeep

6.6.1 An account of their cash transactions should be maintained in the Cash Book Form 1, by Divisional Officers in the capacity of cheque drawing and disbursing officers. Government officers entrusted with imprests or temporary advance should maintain and render accounts of their disbursements in Imprest Cash Account Form 2.

6.6.2. The cash book is one of the most important account records of the department. The detailed instructions given in the notes of Form – I should be observed strictly in practice by all concerned.

The amounts of cheques drawn on account of bills for pay and allowances of the staff as mentioned in Para 3.2.1.(a) and 6.2.7 of C.P.W.A. Code should, however, be accounted for in the Cash Book Form I as under:

(a) In case of bills of staff desiring payment by cash, the cheques should be drawn by the Divisional Officer or Departmental Accounts Officers declared as Cheque Drawing Divisional Officer by their designation and adding the word “only” after their designation. The amount of each bill should be entered on the payment side in the Column “Bank” and the amount of deduction should be simultaneously be entered on payment side under column “Cash” and on receipt side under column “Amount (Cash)”. The payment on payment side should be classified under the appropriate head of accounts. The recoveries on the receipts side should be classified under the respective

Major and Minor heads. The amount of these cheques should be simultaneously entered in the Subsidiary Cash Book maintained in Form G.A.R 3 as per provisions of Chapter 18.

(b) The amount of cheques drawn in favour of the payees in respect of bills of the staff desiring payment by cheques should be entered on the payment side in column "Bank" and the amount of deductions will simultaneously be entered on payment side under column "Cash" and on receipt side under column 'Amount (Cash) & (Payee A/c.) cheques for net amounts should be drawn in the name of the payees.

(b) Balancing

6.6.3 The cash book must be balanced on the date prescribed for closing the cash accounts of the month, but when the transactions are numerous, a weekly or daily balance is recommended and it is advisable that the cash be counted whenever a balance is struck, or at convenient intervals, as this affords an independent check on the accuracy of the postings. The results of such intermediate counting should be recorded in the form of a note (specifying the actual cash and also the outstanding balances of imprests and temporary advances) in the body of the cash book (Column 8), so as not to interfere with the up-to-date totals; the actual balance of cash in the chest should invariably be stated in the note both in words and figures.

(c) Rectification of Errors

6.6.4 An entry once made in the cash book should in no circumstances be erased. If a mistake is discovered before Cash Book is closed, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The disbursing officer should initial every such correction and invariably date his initials. If the accounts of the month have been closed no corrections of errors in amount, classification or name of work, should be made in that book but a transfer entry should be prepared for the necessary correction, a suitable remark in red ink (quoting reference to the correction, in accounts) being recorded against the original erroneous entry in Cash Book.

(d) Cash Verification

6.6.5 The disbursing officer should check all the entries in his cash book as soon as possible after the date of their occurrence, and he should initial the cash book, dating his initials after the last entry checked. The cash book should be signed by him at the end of the month and such signature should be understood fixing responsibility for all entries of the month inclusive of the closing balance.

Note - The following is the memorandum of some of the more important parts of the verification by the Drawing & Disbursing Officers.

(1) Compare each entry of payment with the gross amount chargeable as shown in the connected voucher, seeing, at the same time, that it bears (i) a payment order recorded by himself and (ii) certificate of disbursement signed by himself or an authorised subordinate, and ticking off each voucher as it is passed.

(2) See, while examining the postings of vouchers on the payment side, that all deductions shown in the vouchers (other than deductions creditable to the head of accounts or work to which the payment relates) are posted as receipts on the receipt side, of the cash book;

(3) Compare each entry of payment into the Bank with the Bank Challan and satisfy himself that the amounts have been actually credited into the bank;

(4) Verify the totalling of the cash book or have this done by some principal subordinate (other than the writer of the cash book) who should initial (and date) it as correct; and

(5) Verify the total of the postings in the "Bank" column on the payment side by reference to the memoranda recorded by himself on reverse of the counterfoils of Non-MICR cheques and record slip of MICR cheque.

6.6.6 The actual balance of cash in each chest should be counted on the last working day of each month (i.e. immediately after closing the cash account of the month under paragraph 6.6.3), but where this is not possible the cash balance may be counted on the first working day of the following month before any disbursement is made on that date. The details of the actual balance should be recorded in Form 5, and a certificate of the count of cash, specifying both in words and figures, the actual cash balance (exclusive of imprest and temporary advances), and of reconciliation of the balance, so counted with the book balance, should be recorded below the closing entries of the month. The certificate should be signed by the disbursing officer who should invariably date his signature.

Note - Should it not be possible for the disbursing officer, owing to his absence, to make the count on the dates prescribed in this paragraph, he should do so at the earliest opportunity recording the reason for the delay on the Cash Balance Report.

6.6.7 Whenever, on the contents of the cash chest being counted, the balance as per cash book is found to be incorrect, it must, unless the error can be detected and set right at once under paragraph 6.6.4, be made to agree with the actual count balance by making the necessary receipt or payment entry. "To cash found surplus in chest" under Major and Minor Head "8443-Civil Deposit" "103-Public Works Deposits" or "By cash found deficient in chest" below sub-head "Miscellaneous Works Advances", under the Minor Head 799-Suspense below the concerned functional Major/Sub-Major heads of Account, as the case may be. The administrative action to be taken on the occurrence of a deficiency must depend on the nature of each case.

II. PERMANENT CASH IMPREST

6.6.8 An imprest is a standing advance of a fixed sum of money given to an individual to enable him to make certain classes of disbursements which may be entrusted to his charge by the Divisional Officer in accordance with such rules, and subject to such restrictions, as may be laid down by the Administrative Ministry / Administrator concerned. The amount of an imprest should be kept as low as possible and should in no case exceed five thousand rupees without the special sanction of the Administrative Ministry / Administrator concerned.

Permanent Cash Imprest when drawn for the first time for a division is classified as Debit to Major/Minor Head "8672-Permanent Cash Imprest" "101-Civil" and credit to Sub-head " Public Works Cheques" under the Minor head "102- Public Works Remittances" below the Major Head "8782-Cash Remittances etc" On the encashment of the said cheque, physical cash will remain in the custody of the Permanent Cash Imprest Holder. As and when the money is utilized therefrom, the same has to be recouped subsequently by Debit to Office Contingencies or Work concerned below the functional Major/Sub-Major Heads of Accounts etc. per contra credit to cheque head as mentioned above. The procedure for maintenance of permanent Advance or Imprest as laid down in para 10.12 of Civil Accounts Manual Volume-I read with Rule 291 of General Financial Rules,2005, may be followed by all concerned. The sanction of issue of Permanent Imprest/Advance shall be addressed to the PAO of the Division.

When permanent Cash Imprest Account is to be closed due to the closure of the Division or on withdrawal of Imprest facility, the Permanent Cash Imprest Holder will be required to refund the cash to the D.D.O for remitting the same into the Bank. Entries thereof shall be made in the relevant records of the Division by Debiting the Sub-Head " Remittances into Bank" under the Minor Head " 102-Public Works Remittances" below the Major Head "8782-Cash Remittances etc" and crediting Minor Head "101- Civil" below the Major Head "8672-Permanent Cash Imprest". Thus original debit when the amount of Permanent Cash Imprest was sanctioned and booked under the above mentioned Major Head"8672-Permanent Cash Imprest" will be set off with the credit entry.

Acknowledgment from the Divisional Officer holding Permanent Cash Imprest shall be obtained as on 31st March in the Month of April by the PAO of the Division and the aggregate of the outstanding should be worked out from the Register of Permanent Advances in CAM Form 61 and tallied with the Ledger balance.

6.6.9 The account of imprest cash should be kept in duplicate by the imprest holder in Form 2. Imprest Cash Account, in accordance with the directions given in that form. The counterfoil should be retained by the imprest holder and the original supported by the necessary vouchers, should be forwarded to the officer from whom the imprest is held, whenever the imprest holder finds it necessary to have the account recouped, or when it is proposed to increase or decrease the amount of the imprest or to close the account altogether. The account must, in any case, be rendered to the officer from whom the imprest is held in time to enable him to incorporate the account in his cash book before it is closed for the month on the date fixed for the purpose.

6.6.10 The recouping officer should examine the imprest cash account and the supporting vouchers, initial and date the vouchers in token of approval and by a formal pay order (vide paragraph 6.4.7.) recorded on the account to authorise the recouping, enhancement, reduction or closing of the imprest, as the case may be. The account should then be abstracted and incorporated in the Cash Book in the manner prescribed in notes on Form 1 and 2.

Note - If any item in an imprest account appears to the recouping officer to be open to objection, the imprest should nevertheless be recouped in full, and the items under objection may be entered in his cash book as “Item awaiting adjustment in the Imprest Account” under “Miscellaneous Works Advances” to be watched under that head until either the objection is removed or the amount is made good by the imprest holder.

6.6.11 The imprest-holder is responsible for the safe custody of imprest money and he must at all times be ready to produce the total amount of the imprest in vouchers or in cash.

III TEMPORARY ADVANCE

6.6.12 When a disbursing officer makes remittance to subordinate officer to enable him to make a number of specific petty payments on a muster roll or other voucher which had already been passed for payment, shall now onwards be classified as Debit to Final Head concerned under the functional Major/Sub-Major/Minor/Sub-Head/Detailed Head/Object Heads etc. per contra credit to Sub-Head “02- Public Works Cheques” under the Minor head “102-Public Works Remittances” below the Major Head “8782- Cash Remittances etc”.

so that the payments on the basis of passed vouchers get accounted for under the final head in the same month to which such payments pertain.

When the disbursing officer gives such cash to the disburser, the amount remitted should be treated as a Temporary Advance and accounted for in Form 2 in the same way as an imprest. The account of Temporary Advance should be closed as soon as possible. The same is to be recorded in Red ink in the inner column on payment side of the cash book giving complete details as to whom paid and for what purpose it has been paid.

As and when the disburser, renders the account of Temporary Advance in the next month, the same should be recorded in Red ink in the inner column of the Receipt side of the Cash Book indicating “ To adjustment of Temporary Advance given to the disburser” with full particulars like “ Salaries paid to regular work charged staff at site or any other payment made to the regular or temporary work charged staff or any other employee. The salaries of temporary work charged staff are charged to the work concerned. In case of any refund of undisbursed amount the same should be shown as cash refund in the inner column. Undisbursed amount of Temporary Advance would form part of the cash balance if not paid in the same month in which refund of such advance has been recorded in the cash Book. If the outstanding amount thereunder is

paid in subsequent month the payment shall be classified as “ By payment of undisbursed amount of temporary advance” in the cash column of the payment side.

IV DRAWAL OF ADVANCE ON CONTINGENT ABSTRACT BILLS

6.6.13 Divisional officers requiring advance in connection with Republic Day Celebrations, Independence Day Celebration or for any other contingency where payment is felt inevitable, the same with the approval of the competent authority could be drawn on Contingent Abstract Bill in GAR Form-31. The adjustment of such advance under the proper Head of Account should be made within one month in GAR Form-32.

Note - This rule applies also to cash taken out of the chest by the disbursing officer himself to make payments at a distance.

6.7 CHEQUE BOOKS AND RECEIPT BOOKS

6.7.1 Cheque Drawing and Disbursing Officers (herein after called CDDOs) will send their annual requisition to their respective Pay and Accounts Offices for issue of all the three categories of Cheque Books indicating the total number of each category of Cheque Book. The concerned Pay and Accounts Officer, after examining the details / requirements furnished by the CDDOs, will consolidate Divisionwise requirement of all the CDDOs alongwith his own for onward transmission to the accredited Bank with the direction to deliver the required number of Cheque books directly to CDDOs/PAOs under intimation to him. Pay & Accounts Offices of the Divisions will endorse a copy of this requisition to their Principal Accounts Office. The cost of printing, binding, packaging and despatch etc. of Cheque Books will be borne by the accredited Bank.

After delivering the Cheque Books to the respective CDDOs, the accredited Bank will furnish a statement showing CDDO wise / category wise break-up of all the Cheque Books indicating total number of Cheque books supplied together with their serial number to the concerned Pay and Accounts Officer with an endorsement to the Principal Accounts Office.

Stock Register of Cheque Books in CAM Form 1 is to be maintained by Divisional Offices / P.A.O.'s of the Division (See Para 25.1.3 of CPWA Code).

CDDOs will intimate the first serial number of cheque of all the three ('A', 'B' & 'C') categories of Cheque Books from the first day of their use to their respective Pay and Accounts Offices with a copy to the Principal Accounts Office for record.

Pay and Accounts Office and Principal Accounts Office will maintain Divisionwise / Pay and Accounts Office wise Register respectively for issue of Cheque Books to the PAO/CDDOS and monitor and reconcile the details on yearly basis. The reconciliation statement shall be submitted to the concerned DyCA / CA on 10th of the month of the following year.

Receipt Books (Form 3) and Cash Memo Books (Form 3-A) required for use in the Divisional Offices are obtained from the Central Forms Stores, Kolkata by divisional Officers. The Divisional Officer should keep a record of the Receipt and Cash Memo Books received from the Central Forms Stores, Kolkata and those brought to use .

6.7.2 Cheque (or Receipt) Books should on receipt be carefully examined by the Divisional Officer concerned who should count the number of forms contained in each and record a certificate of count on the fly-leaf.

6.7.3 Cheque Books must be kept under lock and key in the personal custody of the Divisional Officer authorised to sign the receipt.

6.8 Custody of Cash

6.8.1 Public money in the department should be kept in strong treasure chest secured by two locks of different patterns. All the keys of the same lock must, except where the procedure prescribed in the Note below this paragraph be kept in the same person's custody, and, as a general rule, the keys of one lock should be kept apart from the keys of the other lock and in different person's custody when practicable. The chest, should never be opened unless both the custodians of the keys are present. When there is a guard, the daffadar or other petty officer of the guard should usually be the custodian of one set of keys and he must always be present when the chest is opened and until it is again locked. Whenever cashier is attached to a division the keys of one of the locks of the treasure chest will necessarily remain in his possession.

Note The duplicate keys of Divisional chest should be placed in separate sealed cover and lodged with different officers of higher rank or with the relevant branch of the accredited bank. A duplicate key register should be maintained and once a year, in the month of April the keys should be sent for, examined and returned under fresh seal, note being made in the register that they have been found correct.

6.8.2 Cashiers may be appointed whenever in the opinion of the Administrative Ministry / Administrator concerned, the cash transaction of a Division are sufficiently extensive to require it.

6.8.3 One cashier may make the cash payments of two or more Divisions wherever such an arrangement is found to be practicable.

6.8.4 The Divisional Officer should count the cash in the hands of cashier at least once a month. The result of such counting should be recorded in the form of a note in the cash book showing the date of examination and the amount (in words) found.

ANNEXURE TO CHAPTER 6

Guidelines for smooth operation of the system to be followed by the C.P.W.D. and Principal Accounts Office(PrAO) are as under:-

1. System to be followed by CPWD:_
 - (i) The Divisions will not incur any excess expenditure and / or make any diversion of fund. Each CPWD officer in the hierarchy of allocation / distribution of budget grants will be responsible to ensure this and the Chief Engineer(CE) concerned will ensure that this is strictly followed.
 - (ii) Each CE will give quarterly projection of expenditure and receipts to the Office of DG(W) which in turn, will give a consolidated expenditure and receipts (Division-wise) projections to the CCA. Shortfalls with reference to targets for preceding quarters for both expenditure and receipts will be explained.
 - (iii) No unauthorized deposits (deposit works from Civil Ministries) will be accepted by the CPWD under any circumstances and no LOC will be issued for such items starting from now. As a practical measure, LOC will, however, be issued for deposits accepted last year.
 - (iv) Although in the second LOC upto 80 % of budgeted allocation will be released, the EEs will have to ensure that reconciliation of expenditure is done on monthly basis and in time bound manner with the PAOs concerned. Cases of default will be reported to DG(W) in October and each month thereafter.
 - (v) EEs will be responsible for obtaining Works Abstracts from Sub-Division and maintain Work wise Ledgers in the Division which are prescribed as an essential requirement for the CPWD. This will ensure that there are no diversion of funds from one work to another, one Ministry to another and from deposit works / Suspense Heads to budgeted works.
 - (vi) Divisions will not make payment of bills of SE's and CE's, which is a function of PAO's (where PAO exists).

2. System to be followed by Principal Accounts Office:-
 - (i) June LOC, i.e., second LOC can be submitted direct to LOC Cell by all. The subsequent LOC requests received by the PAOs will be forwarded to the Headquarters within 7 days by the PAOs.
 - (ii) The LOC Cell of PrAO will release the LOC in not more than 5 working days from the receipt of the proposal without insisting on reconciliation statement for the 1st and 2nd LOC(April and June).
 - (iii) LOC for the full amount in respect of works of the Ministry of Home Affairs and Ministry of Defence will be released, if so desired by the Divisions concerned.

- (iv) LOC for the full amount of deposit in respect of Deposit works which are permissible in the system (from autonomus bodies etc.) will be released. Departmental charges will be presumed to be leviabile / deductible from the LOC amount unless the EE specifically suggests with reasons that no such deduction be made.
- (v) LOC will be issued directly from New Delhi in respect of all Divisions under intimation to the PAO's concerned.
- (vi) Batch processing of LOC will be resorted to, whereby outstation LOCs are issued first (without compromising on the immediate requirement of the local Divisions).