



OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (A&E)
TELANGANA, HYDERABAD - 500 004

GUIDELINES ON FINANCIAL ACCOUNTING PROCEDURE FOR DDOs/DTOs/PAOs/APAOs.

This is meant to be a useful guide to departmental authorities particularly while making payments in respect of transactions at DTOs/PAOs/APAOs and while processing Bills by DDOs. It presents only broad guidelines about the procedures to be followed. They do not over-ride codal provisions of Revised Financial Rules, which deal with different kinds of checks to be exercised.

I. ROLE OF DDOs/TREASURY OFFICERS/PAOs/APAOs WHILE PREPARING AND PROCESSING CLAIMS FOR PAYMENT:

1. Proper Bill Form:

- Bill should be prepared in the prescribed Bill Form (e.g. Grants-in-Aid, Abstract Contingent, Fully Vouched Contingent etc.).

2. Proper Sanction and Approval of Expenditure:

- Ensure that the expenditure is duly sanctioned by the competent authority
- Verify that the sanction is within delegated financial powers.

3. Budgetary provision and availability:

- Confirm that sufficient budget provision exists under the appropriate head of account.
- Check the unspent balance in the relevant budget head.

4. Validity period of Claim:

- Ensure that the claim is genuine, does not involve duplicate payment and pertains to the current financial year, unless specifically allowed.

5. Supporting Documents in proof of payments:

- Verify all required supporting documents (invoices, vouchers, bills, attendance registers, sanction orders, work completion certificates, etc.) are attached.
- Ensure documents are original, legible, and duly signed by authorized persons.

6. Proper classification of Expenditure:

- Classification of the transaction should be as prescribed in the Budget Release Order, Sanction Order and in accordance with the Finance & Accounts codes. Precautions should be taken to correctly classify the expenditure as Revenue or Capital with reference to the nature of expenditure.
- Expenditure should be in consonance with the budget provisions.
- Expenditure incurred should be against Budget provision only.

7. Arithmetical correctness:

- Cross-check all calculations for accuracy.
- Ensure deductions like TDS, GST or other recoveries are correctly computed under proper heads.
- Total amount of the bill should match with all supporting documents.

8. The bill should be as per Treasury Code and contain proper seal & signature of the competent authority.

9. Erasures in the bill should be avoided.

10. Corrections/alterations of the bill should be done in red ink and to be attested by the authority concerned as well as the next higher authority with date.

11. Purpose of the expenditure and budget availability should be clearly mentioned in the bill.

12. All sub-vouchers should be defaced and invoices passed for payment.

13. Any difference between pass order and pay order and reasons for disallowing any amount should be clearly mentioned with dated signature of the DTO.

14. The bill should contain dated signature of the drawing officer and treasury officer and contain payment trail.

15. Account Rendering authorities should ensure that the wanting vouchers and DC bills pending up to the end of previous month are invariably submitted to the Office of the PAG (A&E) along with monthly accounts.

II. SPECIFIC CHECKS FOR DIFFERENT TYPES OF BILLS:

1. Salary Bills (Form No.47):

- a. Supporting documents such as increment certificates, SLO etc. and recovery schedule of all deductions such as GPF, HBA, MCA etc. should be attached to the bill.
- b. Deductions shown in the bills should match the supporting documents and recovery schedules attached to the bill.
- c. The gross, deductions and net amount shown in the face of the bill should match the totals of pay and allowances, deductions and payable amounts shown in the inner leaves of the bill.
- d. Classification of all deductions should be correctly mentioned in the bill and on the respective schedules.

2. Travelling Allowance Bills (Form No.52):

The following documents are to be enclosed to the TA bills:

- a. Approved tour programme.
- b. Supporting documents such as tickets, hotel receipts, copy of the logbook/register, receipts for fuel refill charges etc.
- c. All bills must be countersigned by the Controlling Officer other than the bill of HOD.

3. Medical Bills (Form No 47/58):

Following documents should be attached with the bill as per extant rules:

- a. Medical claims
- b. Essentiality certificate duly verified by the medical authority
- c. Emergency certificate
- d. Non-availability certificate
- e. Cash memo attested by hospital authority
- f. Prescription slip
- g. Sanction of competent authority

It may also be ensured that the claims are preferred within the specified time limit as per prevalent rules.

4. Abstract Contingent (AC) Bills (Form No.57):

The sanction order should be attached with the bill.

- a. AC bill should be drawn by the authorized person mentioned in the sanction order.
- b. Limit of drawal through AC Bill should not exceed the sanctioned amount and monitored through budget control register.
- c. Necessary certificates should be attached to the bill by the DDO.
- d. Classification and purpose of the expenditure mentioned in the AC Bill should be in conformity with the sanction order.

The Treasury rules (SR 18 below TR 16) and Government orders (G.O Ms. No's. 391, dated 22-03-2002 and 507, dated 10-04-2002) stipulate that all advances drawn on AC bills should be adjusted by submitting the DC bills with supporting vouchers within three months.

When two AC bills are pending for submission of DC bills, the DDO should not present the 3rd AC bill.

5. Non-Payment Detailed Contingent (NDC) Bills (Form No.58):

The reference of AC bill should be mentioned on the body of NDC bill.

- a. NDC bill amount should match the total amounts of documents/challans attached with the bill.
- b. NDC bill should be presented to the Treasury office within the prescribed time limit.
- c. The sub-vouchers in the DC Bill should be in conformity with the purpose/nature of expenditure mentioned in the AC Bill.
- d. The sub-vouchers should be properly indexed, and any unspent amount should be remitted back to the Government. The remittance details and remittance challan should be attached to the DC Bill.

6. Grant-in-Aid (GIA) Bills (Form No.102):

- a. GIA bills should be supported with sanctions issued by the competent authority.
- b. DDO should mention whether the grant is conditional or unconditional and conditions, if any, attached to the grant in the GIA Bill.
- c. DDO should also mention the currency of the Grant, i.e., recurring or non-recurring and the periodicity of the recurrence of the grant in the Bill.
- d. DDO should ensure to furnish Utilization Certificates to the concerned authority within the time limit prescribed.

7. Nil Payment/Adjustment Bills (Transfer Credit) (Form No.58):

- a. It should be ensured that the bills are supported with sanctions issued by the competent authority.
- b. In case of Adjustment bills both receipt and payment heads should be as per the sanction order enclosed.
- c. Challans for crediting amounts to the receipt heads should accompany the debit voucher bill.

8. Fully vouched Contingent/Detailed Bills (Form No.58):

- a. All the supporting documents and invoices should be attached to the bill.
- b. Totals of supporting documents should match the amount of the bill.
- c. To prevent the reuse of the supporting documents, they should be defaced by cancelling and pass order should be distinctly recorded on the invoice/support documents by DDO.

9. Bills in respect of Works & Projects (Payments at PAOs/APAOs):

i. For Land Acquisition bills (4700-01-122-25-26-530-532) ensure that:

- a. It is correctly classified under the suspense head "Land Acquisition" of the work concerned.
- b. The work to be executed is covered by Administrative Approval, Technical sanction, Allotment of funds etc.

- c. The amount of advance does not exceed the actual requirement, and the suspense head is cleared as early as possible.
- d. Every payment is supported by an entry in award Statement (Form-A or B) and to detect double or excess payment, if any.
- e. There is adequate justification for interest paid for the delay in payment or deposit or of compensation on or before the date of taking possession of the land.
- f. The amounts drawn against each award is paid to the awardee.

ii. ROB, RUB and NH bills:

- a. The bills in respect of ROB (Road Over Bridge) and RUB (Road Under Bridge) should be booked in appropriate Head of Account (MH-3054) and claim of reimbursement from Railway Safety Works fund should be monitored.
- b. NH (National Highways) bills should be booked in appropriate Head of Account (8658-00-101-78-003).

iii. Accounting of Irrigation Charges:

Receipts from water rates, which include payments made by the agricultural producers to the government in lieu of water supplied to them from Government owned canals and other means of irrigation, should ordinarily be booked under appropriate Minor heads below the concerned Major heads.

For example, '0700-Major Irrigation-101-Sale of water for irrigation purposes',

'0701-Medium Irrigation-101 Sale of water for irrigation purposes',

'0702-Minor Irrigation-01 Surface Water-101 Receipts from Water Tanks',

'0702-Minor Irrigation-02 Groundwater-101 Receipts from tube wells'.

It is often noticed that receipts from water rates are booked under Minor Head 800-Other Receipts below the concerned Major Heads by most of PAOs.

III. CRITERIA FOR DETERMINING WHETHER EXPENDITURE SHOULD BE CLASSIFIED UNDER CAPITAL SECTION OR REVENUE SECTION OF THE CONSOLIDATED FUND:

Expenditure incurred with the object of either increasing concrete assets of a permanent character or enhancing the value of the assets should be classified in the capital section.

NOTE: Expenditure on a temporary asset or expenditure on grant-in-aid to local bodies or institutions (for the purpose of creating assets which will belong to these local bodies or institution) cannot ordinarily be classifiable as capital expenditure, and shall not, except in cases specifically authorized by the President on the advice of Comptroller and Auditor General be debited to a capital head of account.

IV. SUBMISSION OF MONTHLY ACCOUNTS & VOUCHERS TO AG OFFICE:

Monthly Civil Account is generated based on the Monthly Accounts submitted by Account Rendering Units (ARUs) of the State Government. As per the revised timeline, the due date for submission of the monthly Accounts to the Office of PAG (A&E) is 10th of the succeeding month.

All Account Rendering Units ensure timely submission of Monthly Accounts on or before the due dates i.e., 10th of the succeeding month, to facilitate prompt compilation of the Civil Account.

- a. Schedules/vouchers (dockets in respect of PAOs/APAOs) should reach Office of the PAG (A&E) on or before 15th of every succeeding month.
- b. The mode of receipt of Schedule/Vouchers in AG's office is done with Joint Physical Verification by staff of Treasury/PAOs/APAOs and AG office.

V. UNIFORM CLASSIFICATION AND ACCOUNTING OF ROYALTIES ON MINERALS AND OPERATION OF SMET FUND:

A. Royalty on Minerals: The holder of a mining lease has to pay royalty on minerals as per the Mines and Minerals (Development and Regulation) Act, 1957 (amended from time to time). Heads of Accounts for booking of Royalties, as have been opened recently at the Minor Head level under respective Major Heads of Receipts are as follows:

- i. Royalties and revenues related to Coal and Lignite, including receipts from auction of coal blocks, must be recorded under the dedicated Major Head "0803 - Coal and Lignite" instead of MH-0853. The minor heads below the Major Head 0803 include:
 - 101-Coal Concession fees
 - 102-Coal Royalties
 - 103-Receipts from auction of Coal Blocks.
- ii. Royalties received on account of Iron Ore to be classified under its designated Major Head 0852-Industries. Specifically, Minor Head 106 under SMH 01-Iron and Steel Industries is to be used for Iron Ore Royalties.
- iii. Misclassification of royalties between Major and Minor Mineral is to be avoided. Major Head 0853- Non-ferrous Mining and Metallurgical Industries has specific minor heads to separately account for royalties on Major and Minor Minerals, as follows:
 - 102-Major Mineral concession fees and rents
 - 107-Minor Mineral concession fees and rents
 - 108-Major Mineral Royalties
 - 109-Minor Mineral Royalties

B. Operation of SMET Fund under Public Account of Government Account:

The Ministry of Finance, Government of India, has opened a new Minor Head 151 State Mineral Exploration Trust (SMET) Fund under Major Head 8235, General and Other Reserve Funds.

Accordingly, all amounts collected so far under this category shall be transferred to Minor Head 151 under Major Head 8235.

Two per cent of royalty receipts should be deposited to "Major Head-8449-Other Deposits-123-National Mineral Exploration Trust Deposit" under Public Account.

VI. COMMON ACCOUNTING ISSUES:

1. Accounting of Overpayments/unspent balances/reimbursements should always be taken as reduction of expenditure in the manner given below:

- Recoveries of overpayments/unspent balances/reimbursement of expenditure, whether made in cash or by short drawl from a bill, during the same financial year in which such overpayments/reimbursement were made, shall be recorded as reduction of expenditure under the concerned Service Head.
- Recoveries of overpayments/unspent balance/reimbursement of expenditure, pertaining to previous year(s) shall be recorded under distinct minor head, titled 'Deduct - Recoveries of Over payments' (Code: '911'), below the concerned major/ sub-major head.

2. Accounting of Government Receipts:

- Article 266(1) of Constitution of India provides that all revenues received by the Government, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans are to be accounted for in the 'Consolidated Fund' of the State.

3. Classification of loss etc., of receipts:

- If money due to Government has actually reached a Government servant and is then embezzled, stolen or lost, even though it may not have reached a treasury or bank and entered into the Consolidated Fund or the Public Account, it should be entered in the accounts as a receipt into the Consolidated Fund or the Public Account, as the case may be, and then shown on the expenditure side under a separate appropriate head of account as a loss (Major Head for receipt '0075- Miscellaneous General Services', Major head for expenditure '2075-Miscellaneous General Services').

4. Failed transactions:

- If a payment under any service head fails in e-Kuber, the amount is credited by RBI to the State Account (MH-8675). The Treasury Officer must ensure that the failed transaction is brought to MH-8658 Suspense and ask the DDO to furnish correct details for making payment.
- If the amount cannot be paid within 3 months or by the time closure of March Accounts, whichever is earlier the Suspense Head is to be cleared by taking the amount as minus debit to the original Service Major Head.
- For failed transactions from previous years, the **DDO** may submit a fresh bill in the current year with the original Cancellation Certificate and required allotment

5. Booking of expenditure under Minor Head 800-Other Expenditure:

Operation of Minor Head 800-Other expenditure renders the accounts opaque. Minor head 800-Other Expenditure is to be operated only in the case of non-availability of proper Minor Head in List of Major and Minor Heads of Account of Union and States.

6. Personal Deposits (PD) Accounts:

- **PD Accounts & Adverse Balances:** Use of PD Accounts should be minimal. Withdrawals must not result in a negative balance, and PD Account administrators are responsible for compliance.
- **Closure of PD Accounts:** For PD Accounts funded from the Consolidated Fund, year-end balances must be lapsed to the Government. These accounts should be closed with a minus debit to the relevant service heads and may be reopened in the following year as per State Rules.
- **In-operative PD Accounts:** Such accounts should be closed in accordance with applicable as per Article 271 (iii) (4) of Financial Code, and their balances treated as a reduction of expenditure under the appropriate head in the Consolidated Fund.

7. Accounting of Lapsed Deposits:

- All deposits or balances exceeding twenty-five rupees, unclaimed for more than three complete accounting years, shall be credited to the Government under Major '0075-Miscellaneous General Services-101- Unclaimed Deposits'.
- Proposals for lapsing of deposits under Category-B must be submitted to the AG Office for approval. Once approved, necessary corrections can be made in the treasury records to prevent double lapsing.

8. Reserve Bank Deposits - Cash Balance:

As per Sections 20, 21, and 21A of the RBI Act, 1934, the RBI functions as the banker to both Central and State Governments. State Government transactions are conducted through RBI offices and authorized agency banks. While principal government deposit accounts are maintained at RBI's Central Accounts Section (CAS), Nagpur. Regional RBI offices account for transactions reported by agency banks and report to CAS.

There should be no discrepancies between the cash Balance as per the records of this Office which are prepared based on the VDMS data submitted by the Treasuries and that reported by the RBI.

9. Accounting of recovery of Loans and Advances: Recovery of Loans and Advances should always be taken as repayment of Loan and not as reduction of expenditure.

10. Loans and Advances to Government Servants

After the completion of recovery of principal amount along with the interest, the **DDO** should forward proposals for issuance of Clearance Certificates duly enclosing following information:

- i. Loan drawal details, bill-wise recovery particulars of Principal amount
- ii. Particulars of interest duly certified by the DDO
- iii. The Certificate of Fulfilment of Formalities regarding Mortgage, insurance etc., under the seal and signature of the Loan Sanctioning Authority
- iv. In case of recovery of balance principal/interest from DCRG, a certificate to that extent is to be furnished by the DTO/PAO

- v. A copy showing Budget Provision in cases of write-off along with write-off proceedings.

11. Alteration Memorandums

Correction of accounts is Admissible after closure of accounts only if the error affects:

- Debt, Deposit or Remittance heads of account.
- Receipts and disbursements of another Government.
- Transactions of a Commercial Department.

For other errors:

- Correction not needed.
- Suitable note against original entry is sufficient.

Receipts:

- If the refund is not possible, the action that is to be taken in favour of the remitter, had the remittance been credited under correct head of account, may be allowed to the remitter without correction of head of account.
- To be done only after completing all necessary checks.

12. Guidelines for Hiring of Private Vehicles:

(Circular.Memo.No.826/29/A2/DCM/2017of Finance Department, dated 16-06-2017):

Mandatory Conditions for Hiring vehicle:

- The private vehicles, which are registered as a Taxi can only be hired for Government duty.
- The Owner of the vehicle hired for Government duty should produce the pollution control certificate for every six months and Insurance certificate for every year.
- The owner of the vehicle hired for Government duty should produce the valid documents like permit, fitness certificate, insurance, tax etc., for applying for hire
- The owner of the vehicle hired for Government duty should also produce the Professional Driving License with badge of the Driver proposed to be engaged.

Responsibilities of DDOs:

- Ensure compliance with eligibility & hire charge norms.
- Verify vehicle and driver documents before hiring.
- Maintain proper records of agreements & bills.
- Obtain Finance Department concurrence where required.
- Monitor and certify monthly hire claims.

Accountability:

- DDOs are responsible for ensuring compliance.
- Any deviation may attract audit objections.

Note: For hiring charges exceeding 2,500 K.Ms, specific sanction of Finance (DCM) Department has to be obtained through the concerned Administrative Department of Secretariat with check list and proper justification along with logbook particulars.

13. Guidelines for GST-TDS Deduction:

Applicability of GST-TDS:

- GST-TDS is applicable on contracts / works / services where:
 - Total value of supply exceeds ₹2.5 lakh (excluding GST).
 - Supply is made to Government Departments, Local Authorities, PSUs, Boards, and Societies etc.

Rate of GST-TDS

- Deduct 2% (1% CGST + 1% SGST) if supply is intra-state.
- Deduct 2% IGST if supply is inter-state.

Responsibilities of DDOS (TDS Deductors)

- Deduct GST-TDS at the time of making payment to supplier.
- Deposit deducted TDS in GSTN portal (www.gst.gov.in) by 10th of next month
- File GSTR-7 form monthly (auto-populates supplier credit)
- Issue TDS Certificate (Form GSTR-7A) to supplier within 5 days of deposit.
- Maintain proper records of deductions, challans, and returns.

Steps for Compliance

- **Registration:** Every DDO acting as GST deductor must have a GSTIN (Ex. 37XXXXXXXXXXZD).
- **Deduction:** Identify eligible bills, deduct GST-TDS before payment.
- **Deposit:** Remit GST-TDS to Govt. electronically, No operation of DDO current account is recommended to pay TDS.

14. Guidelines on Abstract Contingent (AC) Bill & Detailed Contingent (DC) Bill:

Synopsis on AC Bill:

- Drawn as Advances by the Government officers for departmental purposes for which detailed bills are required to be submitted to the Accountant-General
- Drawn by Collectors or any other Officers in circumstances of urgency.
- Permitted only against the general or specific sanction of the Government.
- A Copy of the sanction of the Government should be enclosed while presenting the Bill to treasury.

Synopsis on DC Bill

- As per G.O. MS. 507, dated 10-04-2002 DC Bill shall be submitted within three months from the date of drawal.
- Contains details of Expenditure and sub- vouchers.
- Bill shall be in correct and complete shape.
- Key Components of DC Bill
 - Sanction/ Proceeding Order
 - Abstract Of Expenditure
 - Sub-Vouchers In The Same Order As Abstract
 - Challan For Unutilized Amount
- Challan Remission
 - If remitted in the **same year** as AC Bill – Remit to same HOA as in AC Bill
 - If remitted in the **next financial year** – Remit to Minor Head 911 (“Deduct-Recoveries”) under corresponding MH-SMH

DO's while submitting DC bills

- Submit the DC bill within the stipulated time.
- Invariably de-face the sub-vouchers with AC Bill Number.
- Pass order, Stamp/ Seal and dated initials of the competent authority on each sub vouchers.
- Hand Receipts shall be attested by the recipient on Revenue Stamp for payment above Rs.5,000/-

DONT's while submitting DC bills

- Delayed submission of DC Bills
- Recording of Statutory deductions for unutilized amount.
- Delayed remission of unutilized amount.

DO'S AND DON'TS

BUDGET:

Please Do	Don't
<ul style="list-style-type: none">➤ Exercise utmost care while preparing BE/RE➤ Submit reappropriation proposals in time➤ Report Excess/Savings promptly and in time➤ Ensure correct classification	<ul style="list-style-type: none">➤ Incur expenditure more than allotment.➤ Propose reappropriation without the orders of competent authority

UTILIZATION CERTIFICATE:

Please Do	Don't
<ul style="list-style-type: none">➤ Furnish UC within the timelimit➤ Undertake periodical review of the expenditure➤ UCs to be furnished separately against each sanction	<ul style="list-style-type: none">➤ Bunching of UCs across Major Head

PERSONAL DEPOSIT ACCOUNT:

Please Do	Don't
<ul style="list-style-type: none">➤ Send request for opening with relevant documents➤ Prepare accounts monthly➤ Reconcile with the	<ul style="list-style-type: none">➤ Operate PD Account without authorisation➤ Keep PD A/cs inoperative

CONTINGENCY FUND:

Please Do	Don't
<ul style="list-style-type: none">➤ Ensure proper Orders/ GOs are attached to vouchers➤ Send complete vouchers➤ Ensure proper recoupment	<ul style="list-style-type: none">➤ Use for the purpose other than for which it is sanctioned.

RECONCILIATION

Please Do	Don't
<ul style="list-style-type: none">➤ Reconcile every month before 15th with Treasury officer➤ Propose AM/TEO correctly through Treasury officer /PAO/APAO➤ Reconcile Receipts and Expenditure with AG office every month	<ul style="list-style-type: none">➤ Treat Reconciliation work as year-end exercise

FOR QUERIES & FEEDBACK



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