

## CHAPTER V.—APPROPRIATIONS AND CONTROL OF EXPENDITURE.

### A.—INTRODUCTORY.

101. (a) Expenditure, as defined in paragraph 82, can only be incurred on a work or other object—

(i) if the sanction of competent authority has been obtained, as required by any statutory rules or by any orders, general or special, issued thereunder by competent authority, e.g., the rules in any authorized Code, and

(ii) if funds to cover the charge during the year have been provided by competent authority,

1. In the case of charges against suspense accounts, any expenditure which is not expected to cause an excess over the net provision for the year, may be held to be covered thereby. See also paragraph 125 (b).

(iii) if no breach of any of the canons of financial propriety (vide rule 11 of Appendix I) is involved.

(b) For payments chargeable to the accounts of other divisions, departments or Governments, or of non-Government works, and repayments of deposits, a Divisional Officer does not require any specific provision of funds within the appropriations for his own division. It is sufficient to see that such payments are made only in accordance with the rules in the relevant chapters of this Code.

1. For inevitable payments uncovered by sanction or provision of funds, see article 30-B, M.F. & A.C., Volume I.

### B.—GRANTS AND THEIR DISTRIBUTION.

102. A grant or supplementary grant may include expenditure falling under one or more heads or sections of a major head. For purposes of accounts classification, each major head of account is subdivided into minor heads, the latter being further divided into detailed heads, service and departmental heads—see paragraph 76. The sub-divisions of a minor head from the point of view of the distribution of grants and the control of expenditure are known as primary and secondary units of appropriation. The primary and important secondary units into which the grants for expenditure under the several Public Works major heads, Provincial, are divided, are contained in Appendix 4-A.

103. Deleted.

104. *Communication of Grants.*—As soon as the Legislative Council has voted the grant or grants for the service or administration of the several branches of the Public Works Department, the Finance Department will communicate to the Chief Engineer concerned the amounts so voted as well as the provision made on account of charged expenditure. The particular attention of the Chief Engineer will be called to reductions made by the Council from a demand, as no addition can be made in the case of a demand so reduced without the sanction of the Council except on His Excellency the Governor's certificate under section 72-D (2) (a) and (b) of the Government of India Act. The amounts will be communicated in the form of lump sums allotted under minor heads and sub-heads of account and distributed over the appropriate primary, and when considered desirable, over the secondary units of appropriation. In any case in which the primary and secondary units described in Appendix 4-A are too numerous or are too inadequate, Government will adopt a smaller or large number of units as the case may be. If, in any case, the appropriation under a primary or secondary unit includes also expenditure on objects requiring a specific appropriation, such items and the appropriations therefor will also be specifically communicated through the Departmental Budget. A copy of the order communicating the distribution will be sent to the Secretary to Government in Public Works Department and to the Accountant-General.

Should the sanction estimates include provision for expenditure in England, the Finance Department will communicate to the Chief Engineer the amount allotted for such expenditure. A similar intimation will be sent to the Auditor, India Office, and to the High Commissioner, or to the Accountant-General at the India Office.

105. An appropriation or reappropriation with the grant of a year can be authorized at any time before, but not after, the expiry of the year.

106. An appropriation is intended to cover all the charges including the liabilities of past years, to be paid during the year or to be adjusted in the accounts of it. It is operative until the close of the financial year. Any unspent balance lapses and will not be available for utilization in the following year unless Government include any anticipated lapses in the demand for the following year.

1. The financial year closes on the 31st March. After that date all cash and stock transactions are treated as relating to the following year, but *bona fide* transfer entries are permissible for some months paragraph 575.

107. *Deleted.*

108. In the absence of provision in the year's budget no expenditure may be incurred on any new major work under the heads "18" and "68" "Irrigation, Navigation, Embankment and Flood Control Works", and "50" and "81" "Civil Works", until a supplementary grant has been obtained except in the case of major works under His Excellency the Governor's residences; in the latter case a provision for each work is not required but only a lumpsum for all original works.

109. The paragraph shall be amended as follows.

An Officer at whose disposal an appropriation for a primary or secondary unit has been placed, may out of it, allot funds for expenditure on a specific work or item or on a group of works or item of expenditure or for a new minor work if it is administratively sanctioned by the competent authority and the expenditure thereon does not exceed the ceiling fixed for that department.

110. *Lump-sum appropriation at the disposal of the Divisional Officer.*—A Divisional Officer at whose disposal a lump-sum appropriation has been placed for a group of works or items may allot out of it funds for specific works or items. Thus, for example, a Divisional Officer may allot appropriations for minor works and repairs individually out of the lump sums at his disposal.

## C.—PROGRESS OF EXPENDITURE AND THE WATCHING OF ACTUALS.

### I. DUTIES OF THE DIVISIONAL OFFICER.

111. It is an important function of the Divisional Officer to keep a constant watch over the progress of expenditure and to keep himself informed of such circumstances as may affect the progress of expenditure, in order to take early steps to obtain extra funds or surrender probable savings, as may be necessary. The plan to be followed in actual practice for this purpose will be slightly different in the case of expenditure met by means of cheques drawn on the treasury and accounted for in the monthly divisional accounts, from that to be followed in the case of expenditure met by bills presented at the treasury and not passing through the divisional accounts.

**112. Procedure to be followed in the case of expenditure accounted for the Divisional accounts.**—The bulk of the expenditure falls under the category of one or the other of the following:—

- (1) Works (Original works, extensions and improvements, maintenance and repairs) ;
- (2) Tools and plants; and
- (3) Suspense.
- (4) Pay and Allowance of Establishment ;
- (5) Contingency Charges.

The accounts maintained in the Public Works Department contain already all the details necessary for an adequate watch of expenditure under the above heads. Thus in the case of works costing over Rs. 5000 Works Abstracts and Registers of Works [Public Works Account Code Forms Nos. 33, 34, 40 and 41 (P.W.D. VI-81, 82, 89 and 90)] and in the case of those under Rs. 1,000 the Petty Works Requisition and Account in Public Works Account Code contain a progressive account of the expenditure on each individual work. Where specific appropriation has been provided for any work, the progress of expenditure against the appropriation can, therefore, be watched through the Register of works. In cases in which a lump sum has been placed at the disposal of the Divisional Officer for a number of works, the Divisional Officer can, if he distributes the lump sum among individual works, watch the expenditure on each of the latter in the same manner. Further the expenditure on all such works against the lump sum may be watched through the schedule for Works Expenditure Form P.W.A. 27 vide paragraph 558. Similarly Public Works Account Code Form 63 (P.W.D. VI-26), which is also the form utilized for consolidating the month's expenditure on Tools and Plant and the Suspense Schedules in Form P.W.A. "17" can be utilized, after nothing in the latter in a suitable place the appropriation for the year, in watching the progress of expenditure against the appropriation. Thus the divisional accounts can be suitably adopted for the purpose. It is, however, necessary that an abstract of expenditure should be prepared monthly for each major head of account with the help of the divisional accounts to enable the Divisional Officer to take a comprehensive view of the expenditure for the division as a whole and also to furnish the information necessary to enable the Superintending Engineer to watch the progress of expenditure in the divisions severally and collectively.



(iii) The words, "32 (CF No. 145)" shall be deleted.

(iv) The words, "Form 63 PWA-VI-27" shall be amended as "Form-PWA 27" and the words, "forms 67 to 71 PWA 17, 18, 30 & 32" shall be amended as "form PWA 17".

113. The Divisional Officer should prepare a monthly statement in Form X (Appendix 4-A) for each major head of account for the reason referred to in the last sentence of paragraph 112 above. The statement should show the various minor and detailed heads (primary and secondary units of appropriation), individual works for which specific appropriation has been sanctioned by a higher authority, as well as the appropriations therefor as modified from time to time. Works for which a lump sum appropriation has been placed at the disposal of the Divisional Officer may, however, be grouped together and only the totals shown. The expenditure incurred under each primary and secondary unit and under any work or item requiring a specific appropriation should be posted in the relevant column from the Register of Works and the Schedules of Works Expenditure in Public Works Account Code Form P.W.A. 27. In the case of the suspense heads the net debit or credit alone need be posted from the register in Public Works Account Code Form P.W.A. 17. Undischarged liabilities and anticipated credits should be separately recorded in the columns provided for the purpose, as it is necessary to take them into account in reviewing the progress of expenditure—*vide* paragraph 115 (a) and (b).

The Electrical Engineer and the civil officers acting as Public Works disbursers should forward a monthly statement in Form "X" (Appendix 4-A) in duplicate direct to the Chief Engineer who will review the progress of expenditure with the help of these statements.

114. The statement referred to in paragraph 113 above should be completed within a week after the date fixed for the closing of the divisional accounts and a copy should be forwarded to the Superintending Engineer with such proposals as the Executive Engineer may think necessary for the reappropriation of funds or for the surrender of probable savings. The Divisional Officer should attach special importance to the statements after the first six months of the year and should devote particular attention to their review.

115. (a) In this review of expenditure, undischarged liabilities play an important part and their effect on individual and lump sum appropriations should, therefore, be watched.

*Liabilities may be divided into four classes.*—(i) those outstanding in the suspense accounts, relating to contractors and labourers in the accounts of work, (ii) those outstanding in any of the regular suspense accounts of the division, (iii) outstanding debts adjustable by book transfer, and (iv) matured claims of contractors, suppliers, etc., awaiting settlement, and all unmatured claims, recurring or non-recurring likely to fall due for settlement before the close of the year. Liabilities of class (ii) may affect not only the grants for the minor head "Suspense" of the major head "50. Civil Works", but also the grants for works and services falling under the same and other major heads; see also paragraph [125 (b)].

(b) Anticipated credit (if any) which will ultimately be taken in reduction of the expenditure chargeable against any individual or lump-sum appropriation should also be taken into account. See statement E of Appendix 4.

116. All liabilities and assets of the division adjustable by transfer credit or debit or remittance heads of account should be registered in Public Works Account Code Form 57 [P.W.D. VI-37](a) Register of Transfers Awaited, as soon as they become known. As they are cleared, an entry should be made in columns 7 to 9 so that items awaiting adjustment may be known at any time.

1. This register is intended primarily for all transfer transactions, recurring or non-recurring which have to be responded to by the division, but if required, important item which will be cleared by original debits or credits may also be entered to facilitate the watching of their clearance.

The words, Form P.W.A. 39 shall be substituted with the words, "Form (PWA 39).

## II. DUTIES OF THE SUPERINTENDING AND CHIEF ENGINEERS.

117. The Superintending Engineer should, after a through review of the statements received from the Divisional Officer, take such action as he considers necessary without delay and consolidate the statements of the Divisional Officers in Form Y (Appendix 4-A) in order to review the progress of expenditure against the appropriation placed at his disposal by the Chief Engineer. A circle report should be prepared in duplicate and forwarded to the Chief Engineer. The Chief Engineer will review the progress of expenditure for each circle with the help of these statements. The circle statements should then be consolidated in Form Y (Appendix 4-A) for the purpose of reviewing the progress of expenditure for the whole province.

46-2-3A

118. The Chief Engineer will check the circle report with the accounts of the Audit office and return the duplicate copy of the report with corrections, if any, to the Superintending Engineer explaining at the same time the reasons for such corrections. Any corrections pointed out by the Chief Engineer should be incorporated by the Superintending Engineer and communicated to the Executive Engineer.

"The Government have introduced a system of issue of letter of credit commencing from 1st August 1972 for each Drawing Officer of Public Works on the Sub-Treasuries or Treasuries stipulating the amount that could be drawn by the officer concerned for the periods indicated. It is usual to authorise letter of credit for two spells in a year first for a period of nine months from April to December based on the Budget Estimates, for the year and second for a period of three months from January to March based on the Revised Estimates for the year and also the total amount that could be drawn during the year. The Heads of Departments covered by the scheme will furnish to the Finance Department. A statement showing the budget allocations the amount necessary for operation at headquarters for adjustments against central purchases and by way of central reserve for further allocation for special and urgent needs of subordinate officers and the limits up to which the subordinate officers need be allowed to draw funds every quarter. The break up to be given to Government will be for a district treasury as a unit. Based on these statements the Finance department will issue necessary instructions to the Treasury Officers indicating the monthly as well as annual allocations for the various drawing officers. [The Drawing Officers (i.e.) Divisional Engineers]] will further allocate the allotments among various subordinate officers working under them (e.g. Assistant Executive Engineers) and inform the District Treasuries of the allotments. The District Treasury Officers will in turn communicate these allocations to the concerned branches of the State Bank of India, the various Sub-Treasuries and the concerned branches of the State Bank of India.

The intention is that the drawal of cheques by the officers of the Public Works Department should be regulated with reference to the allotments for those officers communicated to the respective branches of the State Bank of India.

This system of letters of credit will apply only to the Drawings on the expenditure side under Public Works Department.

Cheques drawn by the various Drawing Officers will be honoured by the branches of the State Bank of India up to the amount of allocation communicated in the bank in respect of that officer. In case the drawings in a particular months fall below the allocation for that month, the officer will be permitted to carry over such balance to the subsequent months, subject to the over all provision not being exceeded. The balance outstanding as at the close of the financial year namely, 31st March will however, stand lapsed.

(I) In respect of cheques drawn for Refund of Deposits (Refund of Earnest Money Deposit or withheld security amounts under P.W. deposits) the amounts shall not be taken against the limit of letters of credit of the Divisions and the Executive Engineers of Public Works Department shall indicate on these cheques by rubber stamp (refund of deposits—Outside letters of credit limits) under attestation of the cheque drawing officers.

(ii) The Superintending Engineers are permitted to resume and to re-allocate within the districts, the amount allotted to one division to another subject to the condition that the monetary limit of the district for the month shall not be exceeded.

(iii) When the divisions under the control of the Superintending Engineers are situated in more than one district, the Superintending Engineers shall resume and reallocate amongst the divisions in their charge the amount that have been placed for the month in respect of the divisions attached to the circle. In respect resumption and reallocation of amounts the Superintending Engineer shall arrange to communicate the copies of the request for the reallocation to the Treasury Officers concerned, the Director of Treasury and Accounts and to the Chief Engineer. In respect of allocation amongst divisions in more than one district copies shall be sent to the Secretary to Government, Finance (Way and Means) department also.

(iv) In respect of works taken up for execution on behalf of other departments of Government (known as works under remittances and also under P.W. Deposits) the requirements of funds shall be included in the letters of credit. The concerned Executive Engineer shall indicate, in the requisition sent to the Chief Engineer, the particulars of allotment of funds and sanction of the department concerned. In respect of works under "Public Works Deposits" the Executive Engineers shall furnish, certificates in the letter of requisition to the Chief Engineer that amounts of deposits for the works to be taken up have been received and accounted for in the Divisional Books. In the case of remittance a certificate to the effect that necessary provisions have been made in the budget under the departments concerned should be furnished by the Executive Engineers.

### III. EXPENDITURE INCURRED BY BILLS DRAWN ON THE TREASURY DEBITABLE TO THE PUBLIC WORKS MAJOR HEADS.

119. The only expenditure that falls under this category is that classified under the minor heads "establishment". The detailed procedure for controlling the expenditure under "establishment, will be found" in Appendix 4-A.

(b) The English expenditure converted into rupees at the par rate (Rs. 13-1/3—LI) will only go against the English provision. The minor head "Loss or Gain lb.) Exchange" affects the Indian provision and the anticipated loss or gain, should, therefore, be covered by a *plus or minus* provision in the Indian section of the grant.

### IV.—GRANTS-IN-AID.

120. Deleted.

121. Deleted.

#### D.—Special Rules Relating

### D.—SPECIAL RULES RELATING TO EXPENDITURE IN ENGLAND.

122 Deleted.

123. (a) Deleted.



### E.—APPROPRIATION AUDIT BY THE ACCOUNTANT-GENERAL.

126. (a) The Accountant-General is responsible for watching firstly that the total expenditure under a grant does not exceed the grant and secondly that the total expenditure under each minor head and each primary unit within a minor head does not exceed the Provisional appropriation therefor as modified by orders of reappropriation passed by a competent authority from time to time.

Paragraph 126 (b) (ii)—The paragraph shall be amended as follows :—

(b) (i) He must further see, with reference to paragraphs 108 and 109 above.

“That in the case of construction of Irrigation, Navigation, Drainage and Flood Control Projects not charged to revenue expenditure is not incurred on any new major work not mentioned in the Budget, without the sanction of Government”.

(1) that the expenditure on each irrigation, navigation, drainage and embankment project for which capital and revenue accounts are kept is audited against the specific appropriation for it.

(2) that in the case of construction of irrigation, navigation, drainage Floor Control projects not charged to revenue expenditure is not incurred on any new work Major not mentioned in the Budget, without the sanction of Government.

(3) that in the case of irrigation, navigation, drainage and embankment projects for which neither capital not revenue accounts are kept, the expenditure on every major work is audited against the appropriation for that work.

(4) that in the case of Civil Works (major heads 259 ” and 459 ”), the expenditure on each major work in watched against the appropriation therefor and that no expenditure is incurred on any new major work, not mentioned in the Budget, without the sanction of Government.

The execution of minor work should be authorised by the Chief Engineer only, if it is administratively sanctioned by the competent authorities and expenditure thereon, can be met from the allotment fixed for minor works for the departments concerned .

*Note.*—The duty of enforcing that the distributions made by the Chief Engineers among the Superintending Engineers and by the latter among their subordinates are not exceeded rests with the Chief Engineers and the Superintending Engineers themselves. Divisional Officers should likewise see that the distributions made by themselves or by a higher authority for specific works or projects are not exceeded.

(c) Subject always to the provisions of clause (a) above, the Accountant-General is authorized to pass in audit up to Rs. 500.

(i) expenditure not covered by appropriation on unfinished major works of the previous years which are likely to be completed in the new year; and

(ii) expenditure in excess of appropriation.

#### F. MISCELLANEOUS.

127. This detailed procedure relating to the preparation of demands for grants, to the appropriation and reappropriation of funds and to budget matters generally is laid down in the Budget Manual. The powers of re-appropriation delegated to the Chief Superintending and Executive Engineers