

CHAPTER III.—GENERAL OUTLINES OF SYSTEM OF ACCOUNTS.

A—CLASSIFICATION OF TRANSACTIONS.

71. The Public Works Department execute primarily works of all* classes required for all departments under the control of the local Government, except such Civil Works as have been entrusted to the administration of the departments concerned (*vide paragraphs 95-97 of the Madras Public Works Department Code*). Civil Works of the Central Government which are not under the control of the local Government or Military or Railway works, may also be entrusted to the department, either occasionally or as a standing arrangement, and at times works for the Public Works or other departments of other Administrations and non-Government works may also have to be undertaken.

* Civil Works (Civil Buildings and Communications).

Irrigation Works. Navigation Works. Embankment Works. Drainage Works.

71-A. The general principles to be followed in the classification of Civil Works expenditure are laid down in Article 181-A of the Audit Code.

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

Postal and Telegraph Works, works in connexion with ancient monuments declared to be protected monuments under the Ancient Monument Preservation Act, 1904, but see the explanatory note (57) of Appendix 4.

Paragraph 72 :

The words, " words, " but see the explanatory note (37) of appendix 4 " occurring in the last shall be deleted.

1. If an Administration executes, on behalf of another Administration, a Civil work (other than a work relating to Posts and Telegraphs) the cost of which is chargeable to the Central Government, the necessary funds are usually placed at its own disposal.

2. When a division undertakes a service on behalf of another division of the same Administration, the connected receipts and charges are passed on for adjustment finally in the account of the latter division.

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

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

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

Paragraph 74 :

The words "Stores have to be obtainedfrom Suppliers in India and abroad", shall be substituted with the words, " Stores have to be obtained from other divisions or departments as from suppliers in India and abroad ".

75. The transactions of Public Works Officers may thus be grouped under the heads indicated below :—

I. Expenditure Heads ; for charges adjustable finally in the accounts of Divisional Officers.

II. Revenue Heads ; for revenue receipts creditable finally to Government in the Accounts of Divisional Officers.

III. Remittance Heads—Receipts as well as payments ; for cash, stores or values received from, or paid to or on behalf of other divisions or departments.

IV. Debt Heads ; for certain receipts and payments held in suspense pending clearance by payment or recovery (as the case may be) in cash or otherwise. The suspense accounts for transactions of this group are treated either as heads subordinate to the Expenditure Heads or as independent heads of account, as will be explained in later chapters.

76. The transactions under each of these groups are further subdivided for purposes of accounts. In the case of Expenditure and Revenue Heads, the main unit of classification is known as the major head, and the further divisions of it as minor heads, each of which has a number of subordinate heads, generally known as detailed heads.

1. For departmental purposes, Public Works Officers usually divide a detailed head into a number of "service heads" and the latter into a number of "departmental heads"; but for purposes of account, the single term "detailed head" is used for all divisions subordinate to a minor head.

2. In the case of Irrigation, Navigation Embankment, Drainage and Water Storage works sanctioned under the new rules of 1929 the sub divisions into which the minor head "Works" is divided for departmental purposes are called "sub-works" and the further sub division of the latter as "detailed heads" (*vide* also paragraph 405 and 407 of the Madras Public Works Department Code and the rules introduced by G.O. No. 2741, I., dated 30th September 1929).

Paragraph 76—Note 2 :

The note 2 under paragraph 76 shall be substituted with the following :—

"In the case of Irrigation, Navigation, Drainage and Flood Control and Water Storage Works sanctioned under the New Classifications the sub divisions into which the minor head "works" is divided for departmental purposes are called 'sub works' and the further sub division of the later as detailed heads (*vide* also paragraphs 405 and 407 of the Tamil Nadu Public Works Department Code and the New Classifications introduced under Appendix 4 of the Tamil Nadu Public Works Accounts Code".

77. The detailed classification of the account heads used in respect of Public Works accounts is given in Appendix 4.

1. To meet local requirements, the Accountant-General is authorized, under the rules in the Audit Code, to make necessary changes in the standard list of detailed heads.

2. In the case of works of other departments and Governments undertaken by the Public Works Department as a standing arrangement, the prescribed classification applicable to the connected transactions is intimated by the Accountant-General.

78. The revenue and expenditure classified under the prescribed major and minor heads of account fall under two main divisions:—

(1) Central—Revenue and expenditure administered by the Central Government.

(2) Provincial—Revenue and expenditure entrusted to the control of the Local Government under the Government of India Act.

Provincial expenditure in Madras is “Reserved” or “Transferred” according as the subject on which it is incurred is administered by the Governor in Council or the Governor acting with Ministers.

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

Note.—Under Articles 202 (3) (e) of the Constitution of India any sum required to satisfy the award of an arbitral tribunal is to be charged on the consolidated fund of the State. In order that a body or authority may be tribunal within the scope of the term arbitral tribunal used in this article it must be constituted by the State and not merely by an agreement or the parties and must be invested with the States inherent judicial as distinguished from purely administrative or Executive powers and the trappings of a Court. However, in cases where the award made by a private arbitrator is filed in a Court and a decree is obtained in terms of the award, *vide* paragraph 161-A of the Tamil Nadu Public Works Department Code the expenditure required to satisfy the decree of the court will be expenditure charged on the consolidated fund of the State.

80. All expenditure of the Public Works Department is subject to the vote of the Legislature, with the exception of the items enumerated below, finds for which may be provided without reference to the Legislature :—

(a) Expenditure of which the amount is prescribed by or under any law.

Explanation.—The amount prescribed should be considered to mean “the amount which at the time of expenditure is prescribed”. Prescription under any law should be considered to include all cases in which an authority is empowered to fix the sum which shall be expended upon a particular object and that authority proceeds to declare the particular amount which shall be so expended.

(b) Salaries and pensions payable to or to the dependants of—

(i) persons appointed by or with the approval of His Majesty or by the Secretary of State in Council; and

(ii) persons appointed before the 1st day of April 1924 by the Governor-General in Council or by a Local Government to services or posts classified by rules under the Government of India Act as superior services or posts.

Explanation.—If a person appointed by the Secretary of State in Council, or appointed before the 1st April 1924 by the Governor-General in Council or by a local Government to services or posts classified by rules under the Government of India Act as superior services or posts, is subsequently appointed to the post the filling of which is in the hands of any authority in India, his salary or pension shall be treated as coming under this clause.

(c) Sums payable to any person who is or has been in Civil Service of the Crown in India under any order of the Secretary of State in Council, of the Governor-General in Council or of a Governor made upon an appeal made to him in pursuance of rules made under the Government of India Act.

Note.—The expression “salaries and pensions” in clause (b) above includes remuneration, allowances, gratuities, any contribution (whether by way of interest or otherwise) out of the revenues of India to any provident fund or family pension fund and any other payments or emoluments payable to or on account of a person in respect of his office.

(d) Expenditure classified by the order of the Governor-General in Council as “Ecclesiastical”.

Note.—With effect from the 1st April 1926, all expenditure in the Public Works Department on the erection, maintenance and upkeep of churches and European cemeteries is classified as “Ecclesiastical”.

The terms voted and non-voted are used to distinguish expenditure subject to the vote from that falling under these exceptions.

81. The incidence of revenue and expenditure under Central or Provincial, and of provincial expenditure under Reserved or Transferred, is determined by the division of subjects as detailed in Rules 3 and 6 and Schedules I and II of the Devolution Rules. See also Rules 4 and 7 of the Devolution Rules.

Note.—At present the only Central revenue and expenditure of the Public Works Department in Madras is that relating to—

(i) buildings used or intended for any purpose in connexion with the administration of a Central subject,

(ii) ancient monument declared to be protected monuments under the Ancient Monuments Preservation Act, 1904, unless these monuments have been removed from the operation of the exception specified in clause (a) of entry 6 in Part I of Schedule I and in clause (a) of entry 6 in Schedule II to the Devolution Rules by notifications issued by the Governor-General in Council in the *Gazette of India*, and

(iii) European cemeteries.

The Governor in Council acts as the Agent of the Governor-General in Council in regard to Central Public Works revenue and expenditure.

82. The term 'expenditure' used in paragraphs 78 to 81 include also charges classified as (a) refunds of Revenue receipts and (b) working expenses both of which are taken in reduction of revenue receipts".

B.—SYSTEM OF ACCOUNTS.

83. The main features of the system of Public Works accounts are—

"The Divisional Officer is the primary disbursing Officer of the division who is permitted to obtain by cheques the civil treasuries or Banks the funds required for all disbursements in connection with the execution of works pay and allowances of Establishment and contingency charges. He also collects some of the departmental receipts of the division and pays them into civil treasuries".

(b) The accounts of these receipts and disbursements (including the transactions of subordinate officials acting on his behalf) are compiled under his supervision by an accountant posted to his office by the Accountant-General, and are submitted monthly to the Accountant-General who audits them against sanctions and appropriation of funds and then incorporates them in the general accounts of the province.

(c) He is further required to maintain clear accounts of all stores received by him and to make these accounts available for audit by the Accountant-General.

(d) Under each major head of expenditure, the charges on each project, work or sub-work are recorded separately in the accounts of Divisional Officers. In the case of works of certain classes (see examples cited below) *pro forma* accounts of all transactions connected therewith are prepared annually by the Accountant-General and, for this purpose, the receipts pertaining to each work of this class in so far as the Divisional Officer is responsible for realizing and accounting for the same, are also shown separately in divisional accounts :—

(i) Irrigation, Navigation, Drainage and Flood Control works commercial.

(ii) Quasi-commercial undertakings, such as self-supporting workshops.

(iii) Residential buildings.

(e) Personal payments to all Government servants of the department in the city of Madras are made on bills presented at Pay and Accounts Office in accordance with the general rules of Tamil Nadu Financial Code applicable to all Civil department and are, therefore, brought to account by the Accountant-General himself from data furnished to him direct by Treasury Officers.

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