

Note.—No personal ledger accounts need, however, be maintained in the case of payments made to petty labour contractors engaged in the Public Works Workshops, as the work order form itself contains in it the agreement with the contractor and provides also for recording therein payments made to him from time to time.

II.—*Posting the Ledger.*

382. The Contractor's Ledger should be written up in the Divisional office. It is not necessary for the Subdivisional Officer to maintain a similar ledger in his office but if he maintains one, the Divisional office may not require him to furnish extracts therefrom.

NOTE.—As the Sub-divisional Officers are responsible for the clearance, from works accounts of all outstandings against contractors, vide paragraph 201 (b), a list of balances due to and from piece-workers and contractors should therefore be maintained by them, and this may preferably be done in the same form as the contractors' ledger.

383. Except when a contractor's account is to be closed and the procedure prescribed in paragraph 361 is observed in respect of unpaid bills, the value of work done or supplies made by a contractor should not be credited to his account until his bill has been passed and payment made thereon. Debit entries in the ledger should be made only on the basis of transactions recorded in the accounts, the postings being made from the supporting cash, stock or adjustment vouchers; liabilities not yet liquidated should be excluded altogether. The value of materials, if any, issued to a contractor under paragraph 327 or 328 should be debited to his account on the authority of his acknowledgment, see paragraph 330.

1. Security deposits of contractors should not be included in their personal accounts in the ledger—vide paragraph 453.

2. When a deduction made from a contractor's bill for one work is creditable to the account of another work, and such credit is in connexion with his contract for the latter work, two distinct sets of entries should be made in the ledger, one for the payment made on account of the former work and the other for the recovery creditable to the latter, as if that recovery had been made in cash.

384. (a) The form of the ledger provides for the following columns:—

Particulars of bill or voucher—

1. Date.

2. Voucher number.

3. Serial number, if a running account bill.

Net transactions detailed by suspense heads—

4. Advance payments.
5. Other transactions.
6. Name of work or account and particulars of transactions.

Gross transactions—

7. Debits.
8. Credits.
9. Total value of work or supplies.
10. Remarks.

(b) Columns 7 and 8 constitute the ledger account proper and columns 4 and 5 set forth the net effect of each posting on the two suspense heads making up the account. Column 9 is also not a part of the personal account but will be found useful for the purpose of exercising a check over the continuity of bills in the case of running accounts.

(c) Columns 1 to 3 and 10 require no explanation, Instructions for filling in columns 4 to 9 in the case of personal accounts are given below:—

(i) *Column 6—“Name of work, etc.”*—Here should be entered the full name of the work to which the bill or vouchers relates except in the case of suppliers' bills when the name of the account concerned, Stock or Purchases, should be stated. Brief particulars describing the nature of the transactions should then be added, and against the line should then be posted, in the money columns 4, 5, 7, 8 and 9, the figures relating to that transactions only. When a deduction made from a contractor's bill for one work is creditable to the account of another work, and such credit is in connexion with his contract for the later work, two distinct sets of entries should be made in the ledger, one for the payment made on account of the former work and the other for the recovery creditable to the latter, as if that recovery had been made in cash. The second set of entries should be posted in a separate line in columns 5 and 8 against the name of the work concerned.

Note.—If there are several contracts in connexion with a work or account, the transactions relating to each should be distinguished, preferably by quoting the number and date of agreement or work order.

(ii) *Column 4—“Advance payments.”*—If the bill is a Running Account Bill A, Form 25 (P.W.D. VI-70), figure D of Account I should be posted in this column.

(iii) *Column 5—"Other transactions."*—In the case of running account bills, figure G of the memorandum of payments should be posted in this column. If a payment is made on a First and Final Bill, Form 24 (P.W.D. VI-69), no entry should be made in this column unless a recovery is made from the contractor on any account. In the case of transactions other than these, the amount paid or recovered should be entered.

(iv) In columns 4 and 5 debits to contractors should be posted as plus entries and credits as minus entries.

(v) *Column 7—"Gross transactions—Debits."*—If it is a running account bill, figure H of the memorandum of payments should be posted in this column, otherwise the total amount paid or chargeable.

(vi) *Column 8—"Gross transactions—Credits."*—Here should be entered the value of work or supplies creditable to the contractor, which will be figure F of Account I in the case of running account bills.

(vii) *Column 9—"Total value of work or supplies."*—In the case of running account bills here should be entered the total value of work done or supplies made up to date, as per figure A of Account I of Bill, but before posting the bill it should be seen that the figure shown in Account I of it as "Deduct value of work shown on previous bill" agrees with the last entry in column 9 of the ledger against the work concerned. In token of this check this last entry in column 9 should be initialled (and dated) by the Divisional Accountant.

III.—Balancing and Reconciliation.

1335 The ledger accounts should be closed and balanced monthly. The closing balance of each personal account should be detailed so as to show, in respect of each separate work or account (stock or purchases), the amount outstanding if any, under each of the two suspense accounts, (1) Advance payments and (2) Other transactions, with a quotation, in each case, of the last running account bill and of all the vouchers supporting unadjusted outstandings under "Other transactions" not incorporated in the last running account bill. In the case of running account bills, these balances can easily be ascertained from the memorandum of payments as indicated in the table below and it will be found convenient in practice to make a note of the outstanding balances of each bill, in the ledger, when posting

the bill, so that at the end of the month the closing balance of the ledger account may be verified with the net result of the details already recorded :—

Class of balance.	Serial number of entry in memorandum of payments on bill form.	
	Running account bill.	Running account bill.
	A.	C.
(1) Advance payments	2	..
(2) Other transactions	4	2

NOTE.—See note to paragraph.

NOTE.—See note to paragraph 384 (c) (i).

386. The Divisional Accountant should be held responsible for the correctness of the Contractors' Ledger and for securing agreement, month by month, between the balances detained in the works abstracts and the corresponding balances of the accounts in the ledger. He should further see there is no indication of a transaction pertaining to a running account having been settled on a form of bill not permitted to be used for the purpose.

387. (a) Periodically all the personal accounts in the ledger should be examined to see (1) that balances do not remain outstanding for a long time without justification and (2) that, in the case of running accounts, bills are prepared at reasonable intervals.

(b) Entries in column 9, "Total value of work or supplies," not bearing the initials of the Divisional Accountant recorded under paragraph 384 (c) (viii), should be review in particular to ascertain the cause of delay, if any, in the preparation of final bills. This examination must invariably be made before a volume of the ledger is laid aside on completion so as to ensure that all outstanding accounts in it are carried forward to a new volume.

IV.—Scrutiny of Accounts by Contractors.

388. A contractor requiring a copy of his running accounts bill or an extract from his account in the Contractors' Ledger should be furnished with the same. He should be encouraged to look at his account in the ledger and sign it in token of his acceptance of it. See also rule 2 under paragraph 315.

H.—GUNDRY RULINGS.

I.—Carriage and Incidental Charges.

389. (a) The cost of carriage of stock materials to site of work, and of all carriage charges in connexion with the movement, from place to place, of other materials issued to or provided specially for a work, should be charged direct to the account of the work, the exact classification of charge being as indicated below :—

Nature of issue of materials.

Head chargeable in the account of the work.

I. Issues to contractors under paragraph 327—

(a) To the promised place of delivery.

“Final charges” in the case of estimates and “Additional charges for material issued to Contractors in the case of major estimates.

(b) Beyond the place of delivery, if incurred,

The personal account of the contractor under the suspense head “Contractors—Other transactions.”

II. Issues to contractors under paragraph 328.

Do.

III. Issues direct to work

The sub-head to which the cost of the materials is charged.

(b) When surplus materials are returned from a work to stock, the cost of carriage should be borne by the work, but if they are transferred to another work, the charge may be debited to either work as may be equitable.

(c) Incidental charges connected with the movement of materials issued to or provided specially for a work or returned therefrom, should be adjusted in the same way as the cost of carriage.

(d) In all cases the places from and to which conveyed, the distance, the quantity and the approximate weight must be clearly stated in the payment vouchers.

II.—Charges for Examination of Soil.

390. The expense attendant upon the necessary examination of the soil for the foundations of works ordered by competent authority should be treated as outlay on works and not as contingent charge, provision for it being made under the service head concerned in a requisition or estimate according to the sum invoiced.

III.—Municipal and Local Rates and Taxes on Buildings.

391. Municipal and local rates and taxes on public buildings, residential or non-residential, when chargeable to the Public Works Department, as the department in administrative control of the building, should be treated as expenditure on repairs and debited to the maintenance estimates of the buildings concerned.

IV.—Employment of Military Labour.

392. When military labour is employed on the execution of a work, the Officer Commanding the unit can obtain from the Controller of Military Accounts concerned, a lump-sum advance to meet heavy initial expenditure up to Rs. 10,000 but not exceeding one quarter of the approximate total amount payable on the contract, as certified by the employing authority. The debit on account of the advance made will be received from the Controller through the exchange account, and the responsibility for the final adjustment of the advance by recovery from the value of the work done rests with the employing authority.

V.—Execution of Government Works by Local Bodies.

393. When the Public Works Department entrusts to the agency of a district board, or other local body, the maintenance of Government buildings, or roads, without transferring the property to the local body, the payment made to it on this account should be treated as a payment for work done by a contractor. If lump-sum payments have been agreed upon, the procedure for settling the account periodically and for recording the cost of the works, may be simplified, with the concurrence of the Accountant-General provided—

(a) that a certificate that the work has been in accordance with the conditions agreed upon is placed on record by the Executive Engineer or a Sub-divisional Officer deputed by him for the purpose,

(b) that if the payment is made for a number of works, expenditure on all of which cannot be classified in the accounts under a single head of account, the necessary detailed classification of the charge is set forth, and

(c) that, as far as possible, the liability of year is settled within that year (see also paragraph 375).

See also paragraph 285.

1. These payments should not be charged to the minor head "Grants-in-Aid", that head being intended for cash contribution made to local bodies in connexion with (1) roads which are either not the property of Government, or being such property, have been transferred to the control of a local body, (2) miscellaneous civil works, the cost of which if constructed by the Public Works Department would be chargeable to the minor head "Original Works—Buildings—Civil Works and (3) for the financial assistance given to those bodies in the form of expenditure incurred in the Public Works Department on a work constructed by that department on their behalf.

VI.—Government Works partly Contributed for by Local Bodies and Private Parties.

393.A. (a) Annual contributions recovered from local bodies or private parties which have been fixed as a specific sum without reference to the amount actually spent by Government on certain works e.g., maintenance of roads, bridges, hospitals, etc., taken over under Government control, or Government irrigation works, etc. (see paragraph 209 of the Madras Public Works Department Code), should be credited finally in the accounts to the appropriate heads of revenue—vide Statement "E" of Appendix 4. The actual expenditure on the works will be charged in the Public Works Accounts in the same manner as on other Government works.

Note.—The Accountant-General will maintain a list of contributions recoverable annually and will watch the recoveries in audit through in Register of Special Recoveries.

(b) In the case of contributions which are not fixed once for all as a specific sum but which are fixed on each occasion either with reference to the total cost of the work or on the basis of certain revenue figures as in the case of Tank Restoration Scheme Works, the contribution should be credited to "Public Works Deposits" and the outlay incurred should be charged against it in the first instance. After the deposit has been exhausted, any further outlay should be charged to Government under the relevant head of account and any adjustment which may become necessary on the basis of

the agreed share of cost or the Collector's distribution in the case of Tank Restoration Scheme Works, should be carried out just before the accounts of the works are closed.

Note 1.—Centage charges in respect of such contributions should in addition, be recovered at the rates specified in rule 9 of the rules laid down in paragraph 213 of the Madras Public Works Department Code. This will not apply to estimates for works (relating to the maintenance of existing irrigation or navigation works) started before 21st December 1932, for which centage charges were not collected.

Note 2.—In cases, where, under the rules in Appendix XX of the Madras Public Works Department Code, contributions are payable by local bodies towards the cost of repairs to scours or breaches in the bunds of rivers and canals carrying local fund roads, if the Superintending Engineer considers it undesirable to postpone the execution of the works pending receipt of contribution from local bodies, Government money may be spent in advance of such realization. In such cases demand for payment of contribution shall ordinarily be made at least one month before the money is required and the date on which it should be paid shall be stated in the demand. Interest will accrue from that date or from such later date on which Government money may actually be advanced. The amount spent in advance shall be debited to the head "Miscellaneous Public Works Advances" in the accounts.

VII.—Scope of Sanction.

394. The authority granted by a sanction to an estimate is strictly limited by the precise objects for which the estimate was intended to provide. Accordingly it is not permissible to apply, without the sanction of the competent authority any anticipated or actual savings whether due to the abandonment of a part of work or to any other cause, on a sanctioned estimate of a definite project, to carry out additional work not contemplated in the original project or family contingent on its actual execution.