

CHAPTER XV.—NON-GOVERNMENT WORKS.

A.—INTRODUCTORY.

469. Non-Government Works are divided into two classes.—(1) Deposit Works and (2) Local Loan Works.

470. The general rule for the exhibition in accounts, of transactions relating to contributions from Central or Provincial Revenues to Local Funds and public bodies, and *vice versa*, as contained in Chapter 6 of the Audit Code, is reproduced below :—

Contributions made by the Central or the Provincial Government to District Boards, Municipalities, etc., or *vice versa*, will be charged as expenditure or shown as receipts (as the case may be) under the head of account most closely connected with the object for which the contributions are made. Thus a grant for the construction of a church will be debited to "32 Ecclesiastical"; a grant for the construction of a school to "37. Education"; a grant for the construction of a drainage system to "39. Public Health"; and a grant for the construction of roads to "50. Civil Works"; while a grant given for general purposes, such as grant to make good a deficit or as compensation for revenue resumed, will be classified under "57. Miscellaneous."

3. If a work for which Government give financial assistance is executed as a deposit work by the Public Works Department on behalf of a local body, the Government's contribution should not be paid in cash to the local body, but should be adjusted by transfer of credit under the head "Public Works Deposits" and debited to "Grants-in-aid" under the Public Works—Major head concerned, irrespective of the object of the assistance. The deposit account of a local body which has not withdrawn its balance from the Treasury will simultaneously be credited and debited with the amount. Ordinarily, in the case of.

(a) contribution works which are executed partly from Government funds or grants-in-aid and partly from the funds of local bodies and also in the case of.

(b) irrigation contribution works (vide paragraph 207, Madras Public Works Department Code) which are financed partly by the Government and partly by private bodies, the Government contribution or an instalment of it will be paid only after the local body has paid out of its own funds a corresponding amount, e.g., in the case of a work costing one lakh to which the Government have undertaken to contribute Rs. 75,000 an instalment of Rs. 30,000 may be paid by Government as soon as the local body makes a payment of Rs. 10,000. The bills on which the Government contribution is adjusted in this manner should be countersigned by the Executive Engineer

who should see that the rule is observed. If in the case of works of class (a) and (b), it is considered *not* desirable to suspend the works pending receipt of contribution, Government money may be spent in advance of its turn, but interest shall be charged on the amount so spent for the period it is advanced. In such cases, demand for payment of the contribution shall ordinarily be made at least a month before the money is required, and the date on which it should be paid shall be stated in the demand and interest will accrue from that date or from such later date on which Government money may be actually advanced. If there are not sufficient Government funds in a year to be utilized on the works pending receipt of the contribution due from the local body or private body concerned, orders of Government shall be obtained for the provision of funds in proper time. In cases where the excesses are comparatively small appropriation to cover such excesses as are not expected to be cleared before the end of the financial year shall be obtained from Government in December of each year under the suspense head "Miscellaneous—Public Works Advances."

The rule regarding recovery of interest on Government money spent in advance of its turn may be relaxed in the case of the amount spent in advance of the first instalment payable by a local body for a contribution work which is partly financed by that body by means of a loan. For Government money spent in advance of the second and subsequent instalments, interest shall be charged unless in any case Government decide not to charge interest.

2. A contribution paid by a local body or a private person or body with the express object of meeting the whole or part of the cost of construction by the Public Works Department, of a specific work which is eventually to be the property by Government, should be credited in the Public Works accounts to be Debit head "Public Works Deposits." The contribution should for accounts purposes, be divided into two parts, one representing a share of works expenditure and the other the usual percentages on that share to cover charges for establishment, tools and plant and pension and the expenditure as actually incurred together with the percentages should be charged against it. No charge for audit and accounts should be levied in such cases.

471. In the Public Works accounts, contributions made to local bodies are charged to the minor head "Grants-in-aid" under the major head "50. Civil Works," or "18. Other Revenue Expenditure," as the case may be—see also rule 1 to paragraph 393.

472. When works already constructed, or land already purchased are transferred, free of charge, to local bodies under the provisions of paragraph 165 or of note to paragraph 239 of the Madras Public Works Department Code no re-adjustment of the amounts of cost is necessary.

473. For every non-Government Works there must be a duly sanctioned detailed estimate or requisition, as the case may be, in the same as for a Government Work.

B.—DEPOSIT WORKS.

I.—General.

474. When a deposit work is to be carried out, the local body or other party concerned should advance the gross estimated expenditure or the share which is payable by it, to the Divisional Officer in one lump sum, or in instalments and by such dates as may be specially authorized by a competent authority subject to the control of the Local Government—vide note to paragraph 203 of the Madras Public Works Department Code. No non-Government work shall be executed before receipt of contribution therefor without the special orders of the Government except in the cases specified in rule 1 under paragraph 470 of the Code. Where payment in instalment is authorized owing to the difficulty of depositing the full estimated amount in advance in the case of large works, the Divisional Officer should forecast this probable requirements on each such work for the succeeding month should without delay pay the instalments to the Divisional Officer and apply to the local bodies concerned for funds and the latter should without delay pay the instalments to the Divisional Officer. The amount received should be credited in the amounts to the head "Public Works Deposits" against which will be charged all expenditure incurred up to the amount of the deposit. As regards the expenditure in excess of deposits—see paragraph 421.

475. A consolidated record of the transactions of a month relating to all deposit works of the division should be prepared in Form 65 (P.W.D. VI-101 to 103), Schedule of deposit Works. This schedule shows, in respect of each work, the amount of deposit received and the expenditure incurred, both during the month and up to date.

1. Refunds of unexpended balances of completed works should be taken in reduction of the deposits, and therefore, shown in the schedule as *minus* realizations and not as expenditure.

476. In the case of deposit works to which Government have contributed no refund should be made to a local or other body from any unexpended balance at the credit of "deposits" without the sanction of Government. The Executive Engineer should report through the Superintending Engineer and the Accountant-General the actual cost of the work, the shares to be borne by the local body and by Government, the amount actually contributed by each, and the amount refundable. After verification by the Accountant-General, sanction will be accorded to the funder. The Executive Engineer should then refund what is due to the local or other body and credit the unexpended balance of the Government contribution to the Civil

Department through the remittance head by a *minus* credit to the head "Public Works Deposits." The Accountant-General will adjust this amount by credit to the service head to which the contribution was originally debited.

Exception.—In the case of water-supply and drainage schemes financed partly by the local bodies and partly by the Government, the materials that remain surplus at the site of the works after their completion, shall be taken over by the local body concerned. For the purpose of this transaction, the surplus materials shall be valued at 50 per cent of their book value. Of the amount so arrived at, a share proportionate to the local body's share of the total cost of the work shall be treated as the local body's share of the credit realized by the sale of the materials, and the balance shall be recovered from the local body; the former amount should by book adjustment be exhibited as a *minus* credit to "deposits" in the divisional accounts, representing refund of unspent balance set off against a corresponding *minus* debit afforded to the same head as reduction of expenditure on the work. The amount actually recovered from the local body on account of the surplus materials should be credited in full to the Government share of the expenditure in the divisional accounts supported by a sale account in the proper form. The report or statement to be furnished to the audit office for verifying the correctness of the refund of the unspent balance should contain brief particulars of the adjustment of the value of the surplus materials to facilitate check in the audit office.

477. The amount of each deposit should be rateably divided into two parts, one representing the share available for works expenditure and the other the total amount chargeable as establishment, tools and plant, audit and accounts and pensionary charges, if any, recoverable under the rule—*vide* Appendix 7, in the schedule, the deposit received for each work should be numbered as a single item, but the transactions relating to the two parts of it should be shown separately, thus—

For Works expenditure

For Percentage charges

478. The percentage leviable should be adjusted month by month as the works expenditure is incurred, but the Accountant-General may authorize the adjustment to be made once a year in the accounts for March, provided that if the accounts of a work are closed in an earlier month, the adjustment must be made in that month.

II.—DISTRICT FUND WORKS AND MUNICIPAL, CANTONMENT AND PORT TRUST FUND WORKS.

479. The procedure prescribed in paragraphs 474 to 478 above will apply.

C.—LOCAL LOAN WORKS.

480. The rules under which payments on account of Local Loan Works may be made in the Public Works Department are reproduced below :—

I. Every loan to a Municipality, Port Trust, Indian State, or other Corporation will be recorded in the books of the Civil Accountant-General concerned, and no part of it may be issued except under his orders.

* * * *

II. No public department or public officer may incur any expenditure or liabilities against such loan funds, unless a statement in Writing is first obtained from the Accountant-General that the account is available out of the loan funds and has been placed in a separate account by the Accountant-General so as to be available for the proposed expenditure.

III.

IV Funds spent by any public department or officer under Rule II shall reckon for interest as if they were drawn on the last day of the month in the accounts of which they are included by the spending department or officer.

NOTE.—Rules II to IV may be modified at the discretion of the Government concerned.

481. Expenditure on a Local Loan Work, incurred in accordance with the foregoing rules and under orders of competent authority, should be accounted for as outlay against the sanctioned loan, under the head "Q. Loans and Advances by the Central Government" or "R. Loans and Advances by the Provincial Governments" as the case may be, and shown in the schedule of Debits to Miscellaneous heads of Account, Form 76 (P.W.D. VI-99), supported by a Schedule of Works Expenditure.

482. All charges debitable to a loan should be brought to account as they occur, so that the interest charges may be correctly calculated and adjusted in the Accountant-General's office.

1. This rule applies also to the percentages (vide paragraph 477) leviable under the rules which should, therefore, be adjusted monthly by inclusion in the Schedule of Works Expenditure.

483. The limit of funds set aside for expenditure on a work during the year should be ascertained from the Accountant-General by the officer authorizing the expenditure, and communicated to the Divisional Officer for guidance. This limit should be treated as the appropriation for the work and should not be exceeded without special orders.

D.—KUDIMARAMAT WORKS AND WORKS CONNECTED WITH RAILWAY—AFFECTING TANKS.

484. The following procedure is prescribed for the accounting of expenditure incurred by the Public Works Department (i()) under Board's Standing Order No. 86 (5) and (6) when the ryots failed to do kudimaramat works—*vide* also paragraph 210 of the Madras Public Works Department Code and (ii) on the execution of measures in respect of any irrigation work for the protection of any railway under section 9 or 11 of the Madras Railway Protection Act IV of 1886.

In the case of kudimaramat works, the cost of the work done should be charged under the major head "18. Other Revenue Expenditure financed from Ordinary Revenues—A. Irrigation Works" and the recoveries effected through the Revenue Department should be treated as "revenue receipts" under the major head "XVIII. Irrigation, Navigation, Embankment and Drainage Works for which no capital accounts are kept—A-2 Irrigation Works—a. Direct Receipts—Miscellaneous." To ensure a regular watch being kept over the recoveries due, Executive Engineers should maintain a special register with columns to show—

- (1) the estimated cost ;
- (2) the amount recoverable, i.e., the actual cost ;
- (3) the date of completion of the work ;
- (4) the amount actually recovered ;
- (5) the date of recovery ; and,
- (6) remarks.

In cases where information as to the amount recoverable is available at the time of preparation of the estimate, it should be noted at once in column (2) of the register and if not, it should be noted as soon as it becomes available. The date of completion in

column (3) and the particulars of recovery in columns (4) and (5) of the register should be entered by the Divisional Accountant who should also be required to submit the register periodically, say, once a month, to the Executive Engineer for inspection and the issue of necessary instructions regarding recoveries of amounts overdue after the completion of the work. The register will be scrutinized by audit during the local inspection of the accounts of the divisional office.

In the case of works connected with railway-affecting tanks, the expenditure on the work (including the centage charges) should be debited to the Railway Administration by book transfer month by month as it occurs, the recovery of the centage charge—*vide* note below—being adjusted as laid down in rule 11 of Appendix 7 to this Code. When recoveries from landholders are effected through the Revenue Department, the full amount of the recovery which will include the centage charges should be credited to the Railway Administration concerned.

Note.—In the case of works connected with railway-affecting tanks, centage charges will be calculated at the following percentage:—

For establishment	..	10 1/2 per cent on the works outlay.
For tools and plant	..	1 do.
For audit and accounts	..	1 do.
For pensionary charges	..	1 1/2 do.
Total	..	14 do.

Centage charges at the above rates should be levied (a) in cases where advance payment is made and (b) in cases where it is paid later without resort to a civil suit. If a suit is necessary, only the actuals limited to 14 per cent of the works outlay, even though the actual expenditure may exceed 14 per cent, should be claimed in the plaint. As the particulars necessary for the purpose should be in the form of documentary evidence for production in courts, a separate account should be maintained in the case of all these works showing the items covered by centage charges, viz., time and travelling allowance of inspecting officers, hire charges of tools and plant and the like for the purpose. No charges for the preparation and checking of plans and estimates should be included in the account. This should be filed in the Court to show that the Government actually incurred that expenditure in connection with the execution of the work and that the claim is not merely an arbitrary one but is based on actual expenditure. If the question is raised in the Court why the Government have limited the claim to 14 per cent, it may be pointed out that this has been done. In the interests of uniformity, as this is the percentage charged by Government in the case of works executed by them on behalf of local bodies and others.