

FINANCE AND ACCOUNTING MANUAL



ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE

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CHAPTER – I

1. GENERAL PRINCIPLES AND RULES

1.1 Introduction

1.1.1 This chapter introduces the broad principals of accounting and the overall mechanism for management of Government funds including the banking arrangements and other important elements of accounting. This chapter thus forms an important basis for all the other chapters of the Finance and Accounting Manual.

1.1.2 Unless the context indicates otherwise, the singular shall include plural and the masculine shall include feminine in these rules.

1.2 Objective and Supersession

1.2.1 The overall purpose of the FAM shall be to achieve efficiency, economy, effectiveness, equity, sustainability, transparency, and accountability as stipulated in the PFA for having a sound system of public finance.

1.2.2 In order to achieve the above, the FAM aims to fulfil the following objectives:

- i. Strengthen public sector financial management and accounting through judicious use of public resources,
- ii. Ensure timely and efficient release of public funds,
- iii. Incorporate an effective and efficient system of treasury operations,
- iv. Monitor financial compliance and discipline in the utilization of funds,



- v. Ensure timely submission/receipts of accounts and periodic financial statements from the budgetary bodies,
- vi. Maintain central accounts of the Government and prepare a consolidated report on financial status of the Government,
- vii. Develop and pursue public sector accounting standards for enhancing professionalism in public sector accounting,
- viii. Establish harmony between FAM and other components of the FRR.

1.2.3 FAM shall supersede all circulars, notifications that are inconsistent with the provisions of this manual. All future notifications and circulars shall conform to the provisions of this manual.

1.2.4 Notwithstanding anything contained in the FAM, the provisions as stipulated in the PFA shall prevail.

1.2.5 The FAM 2016 shall come into force with effect from the date of notification by the MoF.

1.3 Currency, Fiscal Year and Mode of Accounting

1.3.1 All receipts and payments transactions of the Government shall be accounted for in Ngultrums. Parallel records in other currencies may be maintained separately in required cases.

1.3.2 The fiscal year for accounting of financial transactions of the Government shall begin on 1st July every year and close on 30th June next year.

1.3.3 Government accounting shall be maintained on cash basis.



- 1.3.4 The transactions executed in a currency other than Ngultrum shall be accounted applying the exchange rate on the date of transaction. Similarly June closing bank balances in foreign currency accounts of budgetary bodies abroad shall be converted to Ngultrum applying the exchange rate of the transaction date.

1.4 Abbreviations

- 1.4.1 The following abbreviations have been used in this Manual:

AA&FS	Administrative Approval and Financial Sanction
AFD	Administration & Finance Division
AFS	Administration & Finance Section
AG	Annual Grant
BM	Budget Manual
BSR	Bhutan Schedule of Rates
BST	Bhutan Sales Tax
BUP	Budget Utilisation Plan
CD	Current Deposit
CPE	Common Public Expenditure
CS-DRMS	Commonwealth Secretariat-Debt Recording & Management System
CSO	Civil Society Organisation
DDO	Drawing & Disbursing Officer
DLG	Department of Local Government
DMD	Debt Management Division
DNB	Department of National Budget
DNP	Department of National Properties
DPA	Department of Public Accounts
DRC	Department of Revenue & Customs
FAM	Finance & Accounting Manual
FMM	Financial Management Manual
GIN	Goods Issue Note



GNHC	Gross National Happiness Commission
GPF	Government Provident Fund
GRN	Goods Received Note
HRMD	Human Resource Management Division
LC	Letter of Credits Account
LG	Local Government
LPC	Last Pay Certificate
MAS A/c	Materials at Site Account
MB	Measurement Book
MoF	Ministry of Finance
MRP	Miscellaneous Receipts and Payments
NGOs	Non-Government Organisations
PAH	Permanent Advance Holder
PED	Public Enterprise Division
PEMS	Public Expenditure Management System
PFA	Public Finance Act
PLC	Project Letter of Credit Account
PMM	Property Management manual
POL	Petrol, Oil and Lubricant
PPD	Policy and Planning Division
PRR	Procurement Rules and Regulations
PWA	Public Works Advance
RAA	Royal Audit Authority
RGoB	Royal Government of Bhutan
RM	Revenue Manual
RMA	Royal Monetary Authority
RMD	Release and Monitoring Division
RMO	Running and Maintenance Operation
SBD	Standard Bidding Document
TA	Travelling Allowances
TAH	Temporary Advance Holder
TS	Technical Sanction
T&P	Tools and Plant



1.5 Definitions

1.5.1 Unless the context otherwise requires, the use of the following terms in these rules shall mean:

(1) **Accounts Officer:**

An officer who shall be responsible for maintaining the books of account with respect to public money and also to ensure that public funds are expended in compliance to the Financial Rules and Regulations.

(2) **Accounting Standards:**

Authoritative statement of how particular types of transactions and other events should be reflected in the financial statements.

(3) **Administrative approval and Financial Sanction:**

The formal approval accorded by the competent authority to start the works or services proposed by the implementing agency based on the budget appropriations.

(4) **Agent Bank:**

A bank acting on behalf of the central bank (RMA) for handling of day to day monetary transactions of the Subsidiary bank accounts and budgetary LC system accounts of the Government.

(5) **Annual Grant:**

The sum of all financial resources, allocated annually from the Government to Local Governments, for implementing new development programmes/projects and activities, and managing and maintaining existing service structures and delivery of services. It includes both current and capital grants and various forms of earmarked grants.



- (6) **Annual Report:**
A yearly report of financial and non-financial performance together with the financial statements.
- (7) **Appropriation:**
An authorization for expenditure of a designated amount of public funds for a specific purpose and under specified conditions.
- (8) **Appropriate/Competent Authority:**
An authority or the government body who/which has the power to exercise or to discharge any duty or function under the Acts/Rules or the mandate made there under.
- (9) **Authorised Bank:**
A bank authorised to be used by a Budget Bodies for facilitating budgetary operations outside the budgetary LC system.
- (10) **Bhutan Schedule of Rates (BSR):**
Item rates for works prepared and published by a designated authority.
- (11) **Budgetary Bodies:**
All organisations and institutions of the three branches of Government including constitutional bodies, and local authority entities, but not state enterprises.
- (12) **Cashier:**
An employee who is authorized to handle hard cash in Budgetary Body.



(13) Chief Executive:

The person who has the responsibility for managing the affairs of a budgetary body or a state enterprise, unless otherwise specified in the Public Finance Act.

(14) Consolidated Fund:

A Government Consolidated Fund into which shall be deposited all public monies not allocated to specific purposes by law and from which expenditure of the State shall be met.

(15) Controlling officer:

An officer entrusted with the responsibility to deploy employees sub-ordinate to him in order to get particular functions of the Government performed.

(16) Deposit Work:

Any work or service, execution of which has been entrusted by a Budgetary body or a non Budgetary Body to another such Budgetary Body. Non Budgetary Body in this case refers to an agency that is executing some works under the auspices of direct funding either through loan or grants or both. (Examples: Hydropower and other Projects under construction)

(17) Detailed Estimate:

Estimate prepared for the purpose of obtaining technical sanction based on the site survey, drawings and technical specifications including structural drawing of a work to be executed.

(18) Disbursing Unit:

An office authorized to disburse the funds on behalf of the Government.



(19) **Donor:**

A provider of external resources by way of concessionary loans, grants, materials, technical assistance or other forms of support to the Government.

(20) **Double entry accounting:**

Double entry bookkeeping is a system of accounting in which every transaction has a corresponding debit and credit entries.

(21) **Drawing and Disbursing Officer (DDO):**

An officer authorised to draw Government funds from a bank account and/or make payments there from on behalf of the Government.

(22) **Financial Rules and Regulations (FRR):**

Rules and Regulations made by the Ministry of Finance pursuant to the Public Finance Act.

(23) **Financial Statements:**

The statement of sources and application of funds showing the revenues and expenditures and financing of a fiscal year.

(24) **Fruitless and Wasteful Expenditure:**

Expenditure which was made in vain and would have been avoided had reasonable care been exercised.

(25) **Government:**

The Royal Government of Bhutan.

(26) **Head of the Department/Agency:**

An officer exercising the over-all administrative, financial and technical control of a Government Department/Organisation and/or declared as such by the Government.



- (27) **Head of Office:**
An officer exercising the administrative, financial and technical control of a unit and declared as such by the Head of the Department/Organisation.
- (28) **Irregular Expenditure:**
Expenditure, other than authorised expenditure, incurred in contravention of a requirement of any applicable rules, regulations or legislation.
- (29) **Local Authority:**
Refers to Dzongkhags, Gewogs and municipal bodies established under legal authority.
- (30) **Local Governments (LG):**
Refers to Dzongkhag Tshogdu (DT), Gewog Tshogde (GT) and Thromde Tshogde.
- (31) **Mobilisation Advance:**
Advance payment made free of interest in respect of work contract on submission of the required performance security and an unconditional bank guarantee for an equivalent amount by the contractor.
- (32) **Preliminary Estimates:**
Estimate prepared for the purpose of obtaining budget appropriations.
- (33) **Property Officer:**
An officer delegated with the authority and responsibility for safe custody and utilisation of Government properties.



(34) **Public Money:**

All money received by the Government and by Budgetary Bodies, including the proceeds of all loans raised, grants received, money collected for specific purposes and retained in separate accounts by law, and any other money that the Minister of Finance determines as public money, but not money held in trust or custody on behalf of non-government parties, or money received by State Enterprises.

(35) **Secured Advance:**

Advance payment made to a contractor against construction materials brought to the site by the contractor for incorporating in the work.

(36) **Storage charge:**

A rate worked out on the basis of expenditure incurred on handling and custody of stock and maintenance of store warehouse or stockyard.

(37) **Supervision charges:**

A charge intended to recover proportionate amount of direct overheads involved on the procurement of the articles supplied to or works carried out for another agency.

(38) **Technical Sanction:**

The formal acceptance of technical soundness of a work to be executed either departmentally or as deposit work or on contract by an appropriate technical authority based on submission of drawings, designs and specifications including detailed estimates.



(39) **Unauthorised Expenditure:**

Over spending from an approved budget limit, and expenditure not in accordance with the purpose of an approved expenditure budget.

1.6 Bank Accounts of the Government

1.6.1 General Principles

1.6.1.1 Ownership and the right of stewardship of all moneys in all the bank accounts of the budgetary bodies shall rest with the Ministry of Finance (MoF). The MoF shall reserve the right to:

- a. Freeze operation of any such account,
- b. Open, re-style and close any such account,
- c. Transfer proceeds from and to any such account,
- d. Withdraw, change the operating authority of any such account.

1.6.1.2 The Royal Monetary Authority (RMA) shall be the Government Depository for the purposes of budgetary operations of the Government.

1.6.1.3 A principal account of the Government for the budgetary operations, styled as the “Government Consolidated Fund”, representing the total fund available, shall be maintained with the RMA.

1.6.1.4 The MoF may authorise opening and operation of bank accounts abroad for the budgetary bodies maintained outside the country, such as, embassies, missions, consulates and other agencies for specific purposes.

1.6.1.5 The MoF and the RMA shall appoint Agent Banks and make such arrangements with them as are required for management of budgetary operations.



1.6.1.6 The MoF may be required to hold foreign currency accounts in the country by virtue of specific provisions in the project agreements and authorise one of its agencies to operate such accounts outside the Government Consolidated Fund.

1.6.2 Bank Accounts for Budgetary Operations

1.6.2.1 The MoF or its authorised agencies shall maintain and operate the following Subsidiary Bank Accounts with the Agent Banks for facilitating receipt of Government Funds in the Government Consolidated Fund and the management thereof:

- a. Government Revenue Account
- b. Government Budget Fund Account
- c. Government Non-Revenue Receipts & Deposits Account.

The Agent Banks shall pass on the net proceeds of these accounts to the Government Consolidated Fund on a daily basis.

1.6.2.2 The DPA shall open the following types of Lines of Credit (referred to as Letter of Credit Accounts) at the Agent Bank for facilitating withdrawal of Government funds by the Budgetary Bodies:

- a. Letter of Credit Account (LC)
- b. Project Letter of Credit Account (PLC)

The Agent Bank shall pass on the total of withdrawals made by the Budgetary Bodies from these accounts to the Government Consolidated Fund on a daily basis.

1.6.2.3 The DPA shall maintain a “Refundable Deposits Account” with the Agent Bank and the RMA to hold those specific purpose receipts against which the Government incurs an obligation to repay or

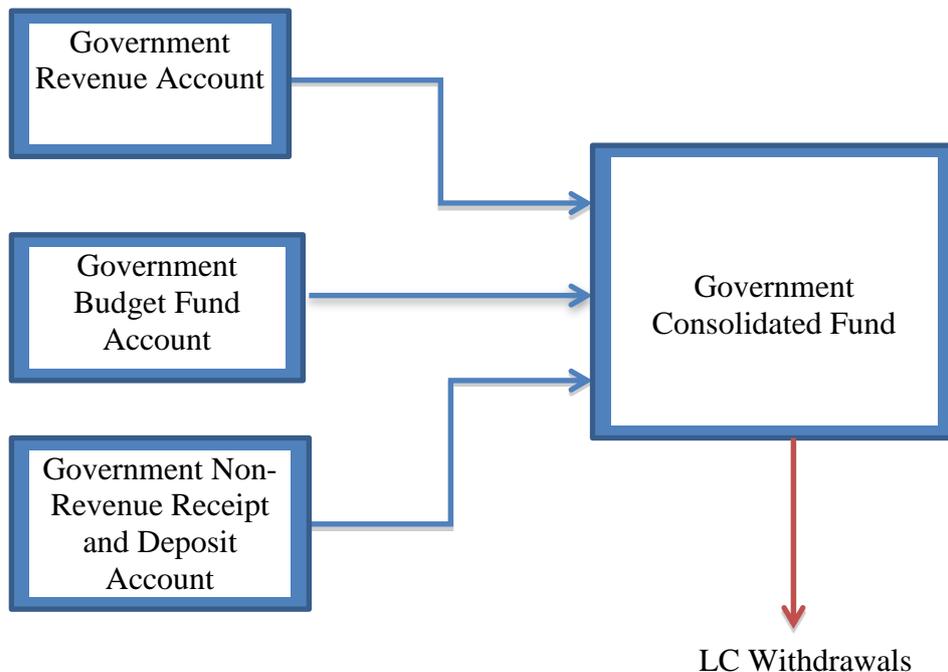


otherwise account for, but which are not available for appropriation against the general operation of the Government.

1.6.2.4 Some Budgetary Bodies may be allowed to maintain current accounts with banks for operation of Revolving funds for manufacture, procurement, maintenance and delivery of articles or services of routine nature.

1.6.3 Operation of Government Bank Accounts

The following flow chart depicts the scheme of operation of the Government Bank accounts:



1.6.4 Government Revenue Accounts (RGR)

1.6.4.1 The Department of Revenue & Customs – (DRC) shall operate the Government Revenue Account with the Agent Bank for accounting of all revenues earned by the Government.

1.6.4.2 The detailed procedure for collection and deposit of revenues through the sub-accounts (RGR accounts) of this subsidiary bank account shall be guided by the rules prescribed in the Revenue Manual (RM).



- 1.6.4.3 Refunds of revenue shall be charged to this account.
- 1.6.4.4 All revenues collected and deposited in the assigned Revenue sub-accounts, as well as the refunds of revenues made by the authorised Agency, shall be passed on to this account by the Agent Bank at regular intervals as prescribed in the RM.
- 1.6.4.5 The net proceeds of this account shall be passed on to the Government Consolidated Fund by the Agent Bank on a daily basis.

1.6.5 Government Budget Fund Account (BFA)

- 1.6.5.1 The Department of Public Accounts (DPA) shall operate the Government Budget Fund Account with the Head Office of the Agent Bank for facilitating account keeping in respect of the following:
 - a. Receipts of external assistance and refund of balances, if any;
 - b. Receipt of borrowings;
 - c. Other receipts such as advances and expenses of previous years, year-end closing cash balances etc.
 - d. Receipt of sale proceeds that are attached to budgetary operations by virtue of specific agreements;
 - e. Recovery of principals on loans extended by the Government;
 - f. Recoupment/transfers from Refundable Deposits Account.
- 1.6.5.2 The receipt and deposit of moneys in the Government Budget Fund Account and the accounting of such receipts shall be guided by the provisions under rules 4.2.2 and 4.4.1.2 in Chapter IV.
- 1.6.5.3 The Agent Banks shall pass on the net proceeds of this account to the Consolidated Fund on a daily basis.



1.6.6 Government Non-Revenue Receipts & Deposits Accounts

- 1.6.6.1 The DPA shall maintain the Government Non-revenue Receipts and Deposit Account with the Agent Bank for making the pertinent non-budgetary receipts of the Budgetary Bodies available in their LC/PLC accounts. Non-Revenue receipts and deposits shall be the non-revenue moneys received other than refundable deposits.
- 1.6.6.2 This account shall be utilised by the Budgetary Bodies to deposit any amount received by them in reimbursement of expenditure already incurred or as an advance towards expenditure to be incurred on behalf of the payer or for deposits of refunds of GIS, GPF, BST, funds for deposit works, etc.
- 1.6.6.3 Non-Revenue deposit cheques shall be “A/C Payee only” drawn in favour of Non-Revenue Receipts and Deposits Account. In case of cheque/cash warrants/demand draft received from Budgetary & Non-Budgetary Agencies on account of Non-Revenue Receipts and Deposits Account, the DDO shall ensure that such instruments are endorsed as deposits as Non-Revenue Receipts and Deposit Account.
- 1.6.6.4 The budgetary bodies shall deposit the cheques/cash warrant/Demand draft into Non-Revenue Receipts and Deposits Account on the same day/next working day where there is banking facilities. In rural places without banking facilities, such instruments shall be deposited within ten (10) working days.
- 1.6.6.5 The request for release of Non-Revenue releases shall be submitted to the DPA only when payments are due.
- 1.6.6.6 The DPA shall make equivalent non-revenue releases in the desired LC/PLC account on receipt of requisitions from the budgetary bodies quoting reference to the deposit of the amount.



- 1.6.6.7 Any unspent non-revenue release balances towards the end of the fiscal year shall have to be re-deposited into non-revenue receipts and deposits account to facilitate releases in the subsequent fiscal years.
- 1.6.6.8 Operation of this account for withdrawals will not be required normally. The DPA may operate this account only for transfer of wrong deposits from this account to the pertinent subsidiary bank account or the reverse thereof.
- 1.6.6.9 The Agent Bank shall pass on the proceeds of this account to the Government Consolidated Fund on a daily basis.

1.6.7 Letter of Credit Accounts (LC & PLC)

- 1.6.7.1 The DPA shall open the LC and PLC accounts on a case-by-case basis, at the request of the Budgetary Bodies, after taking into consideration their organisational, structural, location and regional requirements for the execution of their budgets provided that the operation of such accounts will be done by the responsible accounts personnel posted in such organization.
- 1.6.7.2 A PLC account shall be opened only when the quantum of external grant to a project is a substantial amount and the project is expected to run over more than one fiscal year. The capability of the project executing unit in the maintenance of a separate set of accounts records and submit regular monthly accounts shall also be taken into account.
- 1.6.7.3 LC/PLC account shall be jointly operated by any two signatories, one of which shall be the Head of Finance and the other, one of the following:
- i. The Head of Office; or
 - ii. The Officers designated by the Act



- 1.6.7.4 Drawing and Disbursing Officer, Budget Line and Bank Branch shall be specified in the request letter.
- 1.6.7.5 These accounts shall be used as the drawing sub-accounts of the Consolidated Fund.
- 1.6.7.6 In order to facilitate the withdrawal of funds through the LC and PLC accounts, the DPA shall issue release orders from time to time to the Agent Banks in respect of the individual accounts. These release orders shall specify the limits up to which the drawing authorities of the Budgetary Bodies may withdraw funds for their respective expenditures.
- 1.6.7.7 All releases shall be valid until the end of the relevant fiscal year, after which any unutilised balance shall lapse.
- 1.6.7.8 The authorised Drawing and Disbursing Officers of the Budgetary Bodies shall issue cheques for approved expenditures within the limit of the releases.
- 1.6.7.9 The different forms of LC accounts, in view of their drawing sub-account status, shall not be used for deposit of funds.

1.6.8 Bank Accounts Abroad

- 1.6.8.1 The Budgetary Bodies abroad shall hold, with approval of the DPA, bank accounts with reputable banks in respective countries, for the funds remitted to them.
- 1.6.8.2 The parent or controlling authorities of the budgetary bodies abroad shall designate Drawing and Disbursing Officers of such accounts and intimate their names and designations to the DPA.



1.6.8.3 Releases for the use of the Budgetary Bodies abroad shall be made by the DPA into the appropriate LC accounts, which shall be held with the Agent Bank in Bhutan.

1.6.8.4 Funds shall be remitted from the LC accounts by the agent bank to the budgetary bodies abroad in their appropriate overseas accounts.

1.6.8.5 The expenditure incurred from these overseas accounts shall be governed by the provisions of the Financial Rules and Regulations.

1.6.9 Government Consolidated Fund Account

1.6.9.1 The Government shall hold Government Consolidated Fund Account at the RMA as the Principal account for the budgetary operations of the Government. The daily cash position of the budgetary operations of the Government shall be ascertained from this account.

1.6.10 Refundable Deposits Accounts

1.6.10.1 The DPA shall maintain the Refundable Deposits Account with the Agent Bank and the RMA as a principal bank account.

1.6.10.2 This account shall be used for those specific purpose moneys, which are not available for appropriation against the general operation of Government.

1.6.10.3 All money received by the Budgetary Bodies as refundable security deposits, earnest money or performance security or any other type of refundable receipts, which are not revenue, grants or borrowings, shall be deposited into this account.

1.6.10.4 Refundable deposit cheques shall be “A/C Payee only” drawn in favour of Refundable Deposits Account. In case of cash



warrants/demand drafts received from suppliers on account of Refundable Deposits Account, the DDO shall ensure that the instrument is duly endorsed as “Deposit into Refundable Deposits Account”

- 1.6.10.5 The budgetary bodies shall deposit the cheques/cash warrant/Demand draft into Refundable Deposits Accounts on the same day/next working day where there is banking facilities. In rural places without banking facilities, such instruments shall be deposited within ten (10) working days.
- 1.6.10.6 The request for Refundable deposits release either in full or in part shall be submitted to the DPA only when payments are due.
- 1.6.10.7 Expenditure on meeting liabilities relating to deposits made in the Refundable Deposits account shall be met through Refundable Deposits Account releases from the DPA. Such a release shall be made only upon receipt of a specific request from the Budgetary Bodies concerned. The DPA shall arrange recoupment of equivalent amounts from the Refundable Deposits account to the Government Budget Fund account.
- 1.6.10.8 If the concerned Budgetary Body does not pay full amount of refundable deposits released by DPA to the contractors/suppliers, the remaining balance amount shall have to be re-deposited into the refundable deposit account before the end of the fiscal year.
- 1.6.10.9 Trust Funds created for specific purposes, and operated by or under supervision of Budgetary or Non-Budgetary Bodies or Board of Directors appointed by the Government, through separate bank accounts, shall not form a part of the Refundable Deposits account.
- 1.6.10.10 The Agent Bank shall pass on the net proceeds of the Refundable Deposits account to the MoF Refundable Deposits Account maintained



1.6.10.11 The Ministry of Finance shall transfer funds from the Refundable Deposits Account to Government Budget Fund Account from time to time to facilitate smooth release of refundable deposits and for cash management purposes. Unreleased balances, if any, at the close of the financial year shall be transferred to Refundable Deposit Account by debit to Budget Fund Account.

1.6.11 Revolving Fund Account

1.6.11.1 The DPA may authorise operation of current bank accounts to some Budgetary Bodies for some specific operations of routine nature. The proceeds in these accounts shall form a part of the Government money in banks but shall not form a part of the budgetary accounts. The services generated from these funds are generally purchased by the Budgetary Bodies and hence those are already accounted for.

1.6.11.2 Revolving funds shall not be used for meeting budgetary expenses under any circumstances.

1.6.11.3 The expenditure incurred from these accounts shall be governed by the provisions under the Financial Rules & Regulations.

1.6.11.4 By issue of separate orders, the Government may, at any time, prescribe financial rules and establish mechanisms to capture relevant financial and other information in respect of these accounts and assimilate those with the overall budgetary operations of the Government. Till such time, the account-keeping and other aspects of these operations shall be governed by the arrangements made by the parent organisations.

1.6.11.5 An account of these operations shall be submitted to the DPA at such intervals and formats as may be prescribed by the DPA.



1.6.11.6 A statement of operations of the Revolving Funds shall be appended as a memorandum item in the Annual Financial Statements of the Government.

1.6.12 Trust Fund Account & Other Government Funds

1.6.12.1 The Government may order establishment of Trust Funds outside the Government Consolidated Account for specific purposes.

1.6.12.2 Such funds shall generally be operated by a Board of Directors or such other persons or bodies as may be nominated by the Government or by its constitution.

1.6.12.3 Moneys generated by the Trust Funds shall be utilised for the specific purposes only through the budgetary process.

1.6.12.4 A Statement of Trust Funds showing receipts and payments for the fiscal year shall be appended as a memorandum item in the Annual Financial Statements of the Government.

1.6.13 Audit Recoveries Account

1.6.13.1 The Royal Audit Authority (RAA) shall operate a current account styled “Audit Recoveries Account” outside the Government Consolidated Fund for the deposit and management of audit recoveries remitted to it on its instance.

1.6.13.2 The amounts recovered at the instance of the RAA shall be remitted by the Heads of Offices within the prescribed dateline to the RAA. Such remittances shall be supported by a statement indicating the Audit report No. & date, relevant audit paragraph/memo number and date, name of the party, amount recovered and the balance amount recoverable, if any. In case, the amounts are directly received by the



RAA from the party concerned, it shall provide all the above information to the Head of Finance Section of the relevant office among others.

1.6.13.3 The RAA shall remit the proceeds of the Audit Recoveries Account on a quarterly basis as follows:

- a. Revenue portion of the proceeds to the Government Revenue Account.
- b. The balance to the DPA for deposit in to the Government Budget Fund Account.

1.6.13.4 The operation, maintenance and discharge of accountability in respect of this account shall be governed by the rules framed by the RAA.

1.6.13.5 The proceeds in this account shall form a part of the Government money in banks but shall not form a part of the budgetary accounts save for the amounts remitted to the Government Revenue Account and the Government Budget Fund Account.

1.6.14 Current Deposit (CD) Accounts

1.6.14.1 The DPA may authorise operation of current accounts to the budgetary bodies, NGOs, CSOs etc. for management of activities outside the budgetary system. However budgetary bodies shall not be permitted to open and operate the CD Accounts with any of the Financial Institutes without the explicit written authorization from the Department of Public Accounts.

1.6.14.2 These accounts shall be maintained to deposit moneys received or collected in addition to the budgetary releases from the Government for the specific purposes. The proceeds shall be a part of the Government money but shall not form part of the budgetary accounts.

1.6.14.3 Funds earmarked for such activities shall be passed on to these current



accounts as “Current or Capital Grants” through the budget mechanism.

1.6.14.4 The management of these accounts and the account keeping shall be guided by the relevant fund management rules or funding agreements duly approved by the Ministry of Finance in individual cases.

1.6.14.5 The expenditure from these accounts shall be generally governed by the provisions under the Financial Rules and Regulations subject to conditions as may be additionally provided for in the approved fund management rules or funding agreements.

1.6.14.6 The responsibility for proper utilization of such funds and the accountability thereof shall rest upon the officials nominated for operation of these accounts.

1.6.14.7 An account of these operations shall be submitted to the DPA at such intervals and in such formats as may be prescribed by the DPA. A statement of operations of these accounts shall be appended as a memorandum item in the Annual Financial Statements of the Government.

1.6.14.8 Supplementary funds raised by Budgetary Bodies through the fees and charges made with the approval of the MoF, for services provided to the public shall be deposited into the Current Deposit Accounts.

1.6.14.9 The audit of CD Accounts shall be conducted by the RAA.

1.6.15 Use of Deposit Invoices

1.6.15.1 Save for the credits transferred by the RMA, the Agent Bank and all its branches shall accept deposits in any of the subsidiary bank accounts only if such deposits are made by the use of Government supplied and account specific Deposit invoices.



- 1.6.15.2 Four different types of deposit invoices shall be used meant for each kind of the subsidiary bank accounts, namely:
- a. Revenue Deposit invoices for Government Revenue Account (Form prescribed in the RM);
 - b. Budget Fund Deposit invoices for Government Budget Fund Account (Form FAM – 1.1A);
 - c. Non-Revenue Deposit invoices for Government Non-Revenue Receipts & Deposits Account (Form FAM – 1.1B);
 - d. Refundable Deposit invoices for Refundable Deposit Account (Form FAM– 1.1C).

All deposits shall be made using deposit invoices that are generated from the accounting system.

- 1.6.15.3 Maintenance of central stock and distribution of the Revenue Deposit invoices to the user agencies shall be undertaken by the DRC. Where deposit invoices are generated through the accounting system, maintenance of central stock and distribution thereof will not be necessary.

- 1.6.15.4 The respective deposit invoices, filled in three copies shall be produced to the Agent Bank whenever any deposit is made in any of the above subsidiary bank accounts of the Government.

- 1.6.15.5 The Agent Bank shall retain two copies of the invoices and acknowledge receipt of the amount specified in the 3rd copy of the invoices.

- 1.6.15.6 A reference of the deposit invoice shall be kept in the Cashbook of the depositor against the relevant payment item.

- 1.6.15.7 While sending the bank statements in respect of the subsidiary bank accounts, the Agent Bank branches shall send one copy of the deposit



invoices to the DRC (in respect of the Revenue Account) or to the DPA(in respect of the other subsidiary bank accounts).

1.6.16 Statement of Accounts from Banks

1.6.16.1 Each branch of the Agent Bank shall send the following statements at the end of every month:

- a. Bank statements for each LC and PLC account to each of the agencies operating those accounts. A copy of such statements shall be sent to the DPA.
- b. Separate bank statements for deposits received in the Non-Revenue Receipts & Deposits Account and the Refundable Deposits Account duly supported by one copy of the individual deposit invoices to the DPA.

1.6.16.2 The Head Office of the Agent Bank shall submit the following reports to the agencies mentioned against each:

- a. A daily report giving the balance of the Government's Budgetary fund position at the end of the day's business, indicating the totals of receipts and withdrawals shall be sent to the DPA on the next working day.
- b. A consolidated statement in respect of the Government Revenue Account shall be sent to the DRC and the DPA on a monthly basis.
- c. A fortnightly bank statement in respect of the Government Budget Fund Account supported by a copy of the deposit invoices and credit advice shall be sent to the DPA.
- d. Separate consolidated statements of the deposits received



through the Government Non-Revenue Receipts & Deposits Account and the Refundable Deposits Account, by bank branches, shall be sent to the DPA on a monthly basis.

- e. A consolidated statement giving totals of all transactions in the subsidiary principal and LC/PLC accounts, transfer of proceeds to the Government Consolidated Account and the resulting balances at the beginning and end of the period shall be sent to the DPA at such intervals as may be decided by the MoF.

1.6.16.3 The RMA shall submit separate bank statements in respect of the Consolidated Fund and the MoF Refundable Deposits Account on a monthly basis to the DPA.

1.6.17 Reconciliation of Bank Accounts

1.6.17.1 Reconciliation of the Principal and Subsidiary bank accounts shall be undertaken by DPA. Agencies collecting revenues shall follow instructions in the Revenue Manual for reconciliation of Revenue sub accounts (RGR accounts).

1.6.17.2 Accounting units in all budgetary bodies shall reconcile each of the LC, PLC or any other bank accounts operated by the office on a monthly basis.

1.6.17.3 The DPA shall withhold releases if the bank reconciliation statements are not submitted on a monthly basis.

1.7 Money in Government Accounts

1.7.1 Location of Government Moneys

1.7.1.1 Government funds shall be held in the following places:



- a. Moneys credited in Government Consolidated Fund Account shall be held in the RMA.
- b. Such moneys in transit to the RMA shall be held in the Agent Banks.
- c. In the case of Budgetary Bodies abroad, such moneys shall be held in authorised banks.
- d. Part of such moneys may also be held in the departmental chests provided that:
 - i. The departmental chest shall mean to include the cash boxes provided at the collection windows, and
 - ii. The amount of money held in a departmental chest shall not exceed the amount of collections made after the banking hours or the amount of cash disbursements expected to be made during the business hours of a working day.

1.7.1.2 The Heads of Departments shall prescribe suitable cash collection/transaction hours so that the above rule can be adhered to.

1.7.1.3 The Heads of Departments shall prescribe the maximum amount of cash that can be held in a departmental chest, in case banking facilities are not available in a station.

1.8 Custody of Government Moneys

1.8.1 The RMA, the Agent Banks and the authorised banks shall be responsible for the safe custody of Government moneys held in the banks.

1.8.2 The procedure for the safe custody of Government moneys held in the departmental chests referred to in rule 1.7.1.1(d), shall be governed by the provisions under Section 1.12.1 of this chapter.



1.9 Deposit of Receipts in Government Accounts

- 1.9.1 All moneys received for the Government shall be deposited in full on the same day or following working day to the concerned bank by use of deposit invoices for inclusion in the Government account failing which a penalty of twenty-four (24%) per annum on the total amount not deposited shall be imposed on the person responsible unless authorized by a competent authority.
- 1.9.2 In places where there are no banking facilities available, such monies should be deposited within ten (10) days from the date of receipt failing which the a penalty of twenty-four (24%) per annum on the total amount not deposited shall be imposed on the person responsible unless authorized by a competent authority.
- 1.9.3 By the end of each working day, the receiving branches of banks shall cause all such receipts to be included in Government Consolidated Fund Account held at the RMA.
- 1.9.4 Receipts of moneys for the Government and accounting of such receipts shall be governed by the rules prescribed under Chapter IV.

1.10 Withdrawal of Money from Government Accounts

- 1.10.1 Moneys shall not be withdrawn from Government account other than against cheques/authorisations issued by an authorised Drawing and Disbursing Officer (DDO)¹ on an account opened in favour of an agency at a specified branch of the Agent Bank/s.
- 1.10.2 Unless otherwise authorised specifically, no moneys shall be



withdrawn from Government accounts for holding them in separate accounts.

1.10.3 By the end of each day, the paying branches of banks shall cause all withdrawals of Government money to be passed on to the Government Consolidated Fund Account held at the RMA.

1.10.4 Withdrawal of moneys from Government accounts for meeting expenditure shall be governed by the rules prescribed under Chapter V.

1.11 Responsibility for Government funds withdrawn

1.11.1 A Chief Executive of a Budgetary Body or a Head of Office withdrawing funds or authorising other officials to withdraw funds from Government accounts shall be primarily accountable to the Government for such funds withdrawn. All withdrawals from a Government account and all payments from the office shall be made on his authority or on his behalf.

1.11.2 The responsibility shall not cease until an account of the legitimate expenditure is rendered and accepted to the satisfaction of the Government on completion of audit of the accounts.

1.11.3 The officer authorised for withdrawal of funds or making disbursements shall be accountable to the Chief Executive or Head of Office for funds withdrawn or disbursements made.

1.11.4 A Government employee provided with temporary or permanent advances to meet legitimate expenditure shall be accountable to the Chief Executive or Head of Office. The responsibility shall not cease until an account of them is rendered and accepted to the satisfaction of the Chief Executive or Head of Office/Finance Officer in charge.



1.12 Handling of Government funds

1.12.1 Use and maintenance of cash chest

1.12.1.1 As far as possible the agencies should refrain from holding cash in the office. They are not permitted to draw self-cheques and hold cash.

However, for the cash received against recovery of advances pertaining to the same financial year and other valuables such as Bank Guarantees, the Agency shall maintain a cash chest for the safe custody of Government cash and/or other valuables. The use of a cash chest shall be conducted in accordance with the following procedures:

- a. Cash, Chequebook or fanfold cheque forms in use, receipt book in use and other valuables held in custody on behalf of the Government shall be kept in an adequately strong cash chest (where necessary, firmly embedded in cement concrete or walls).

Note – 1. The type of cash chest shall depend upon the amount of cash and other valuables generally kept therein and other relevant circumstances like the general state of security of the premises or the area in which the office is located.

Note – 2. The cash chest shall be secured by two locks of different patterns so that the keys of one do not fit into the other.

Note – 3. The keys of such locks shall be kept preferably under the custody of two different officers. If this is not practicable, the key of one lock shall be kept apart from that of the other lock.

- b. The chest shall not be opened unless the custodian/s of the two keys are present for the purpose.



- c. A loss of the key/keys of the chest shall at once be reported by the custodian/s of the key/s to the Head of Office who shall take such necessary action as will prevent the risk of loss of Government money or other valuables in the chest. Such action may include, but not limited to, sending information to the Head of the Department or Ministry, as the case may be, and the police authorities.
- d. Duplicate keys of the locks shall be placed in separate sealed covers, super-scribing the identity of the chest, the office to which it belongs and the numbers of the keys. The sealed covers shall be lodged with another Head of Office functioning in the area or preferably with the branch of the bank conducting business of the office concerned.
- e. A Duplicate Keys Register shall be maintained indicating the authorities with which those are lodged. The covers shall be called for once a year (in July), the keys examined, put under fresh sealed covers and lodged once again. A note shall be kept in the register to signify that the duplicate keys have been examined, found correct and genuine and that those have been sent back for safe-keeping.
- f. Entries shall be made in the Duplicate Keys Register indicating the date and the reasons, if on any occasion, the duplicate keys are obtained for opening the chest. The date of re-sealing the duplicate keys and lodging them afresh with the desired officer shall be noted in the register.
- g. The amount of cash or other valuables available in the chest shall match with the balance of cash/valuables in the Cashbook/valuables register at any point of time. A physical verification of the balance available in the chest shall be carried



out at the end of each working day.

1.13 Use of Cheques

1.13.1 Issue of Chequebooks

1.13.1.1 First issue of chequebooks or cheque forms shall be made by the Agent Bank to the authorised DDO on the opening of a bank account and on receipt of a request from the DDO.

1.13.1.2 For subsequent issue, the DDO shall fill in the special requisition slip inserted in the chequebook or cheque forms and submit the same to the bank.

1.13.1.3 Bank accounts allotted to the Budgetary Bodies shall generally be jointly by two signatories, one of which shall be the Head of Finance and the other, one of the following:

- a. The Head of the Agency; or
- b. The Officer designated by the Act.

1.13.1.4 When an authorised cheque signing officer vacates his/her position, the Head of Office or in his own case his controlling officer, shall withdraw the cheque signing authority of the officer and shall authorise a new officer under intimation to the bank branch and the DPA.

1.13.2 Care and custody of Chequebooks

1.13.2.1 In the performance of their functions as the drawing officers of Government money, the DDOs shall act with utmost integrity, care and caution. They shall take particular care in discharging the responsibilities and adherence to procedures prescribed hereunder:

- a Chequebooks shall be kept under lock and key in the chest.



- b. Before bringing a Chequebook into use, the DDO shall examine the Chequebook by counting the number of cheque forms contained in the book and the series of the cheque numbers printed in the forms. He shall then record a certificate of count on the inside of one of the cover pages of the Chequebook under his signature and seal.
- c. The DDO shall alert the relevant bank branch promptly in writing, in case a loss of a Chequebook or a blank cheque form is noticed at any point of time.
- d. The DDO shall maintain a Chequebook Register and a Cheques Issued Register in forms FAM – 1.2 and FAM – 1.3 respectively. The Cheques Issued Register shall be reviewed from time to time to ensure that every cheque form has been accounted for.
- e. When a bank account is closed or issue of cheques on a bank account is no longer necessary, a cheque drawing officer shall notify the bank branch of the fact. The unused blank cheque forms or a totally unused Chequebook shall be returned to the bank. A note to this effect shall be kept in the Chequebook and the Cheques Issued registers.
- f. Counterfoils of the used Chequebooks shall be maintained as per provisions under Chapter XI.

1.13.3 Procedure for preparation of cheques

1.13.3.1 The Head of Office and the DDOs shall ensure that the procedure for preparation of cheques as prescribed under this rule are followed:

- a) All cheques shall be drawn only on the basis of disbursement



vouchers duly signed by the Head of Finance and approved by the Drawing and Disbursing Officer and valid supporting documents.

- b) Cheques shall be drawn on a bank account in cheque forms provided specifically for that account by the Agent Bank branch.
- c) Amount shall be mentioned clearly and legibly both in numbers and words in every cheque, leaving no blank space on the left-hand side of both.

Note – 1. Abbreviations in the use of words, like “Fifteen hundred only” in place of “One thousand five hundred only”, shall not be permitted.

Note – 2. A sum in whole Ngultrums just above the amount, for which the cheque is drawn, shall be written in words across the cheque in right angle to the print. Thus, “Under Ngultrums one hundred ten only” shall mean that the amount of the cheque is equivalent to or slightly more than Ngultrums one hundred nine but not more than Ngultrums one hundred ten.

This cross entry shall not be necessary, if the amount in words is type perforated by special cheque writing machines.

- d) Cheques written by hand shall be written and signed in indelible ink only. Type perforated cheques shall be signed in indelible ink only.
- e) An official seal indicating the designation of the cheque drawing officer shall be put below the signature on every cheque issued.



- f) The bank account number on which the cheques are drawn shall be inscribed on every cheque issued.
- g) Corrections and alterations in a cheque shall be made only by striking through the incorrect entries and rewriting the correct entries above or below the incorrect entries. The cheque drawing officer shall attest such corrections and alterations over his full signature.
- h) Cheques drawn in favour of suppliers, contractors etc. shall be crossed “A/C. Payee only”. Those drawn in favour of Government offices shall be crossed “& CO.”.
- i) Cheques drawn for the purchase of Demand drafts or Cash Warrants shall be drawn on “Yourselves” and endorsed at the back with the following words: “Please issue Demand Draft/Cash Warrant as per application”.
- j) Cheques drawn in favour of temporary or permanent advance holders for their making cash payments on behalf of the Government shall be issued in favour of the concerned officer by name.

1.13.4 Period of validity, stale or time-barred cheques

1.13.4.1 A cheque issued against a LC account shall remain valid for six months from the date of issue or till the closure of the financial year, whichever is earlier. Cheques shall become “stale” or “time barred” on expiry of this period and shall not be negotiated.

1.13.4.2 A stale or time barred cheque shall not be revalidated under any circumstances. Such a cheque may be replaced by issue of a fresh cheque in accordance with the following procedure:



a. A stale cheque pertaining to the same fiscal year.

After obtaining satisfactory explanations from the payee on the reasons of not presenting it in time, a stale cheque pertaining to the same fiscal year, shall be marked “CANCELLED” diagonally and prominently across, and a fresh cheque may be issued in its place.

Note – 1. A note of cancellation of the stale cheque shall be recorded in the “Cheques Issued” register and a cross reference shall be recorded on counterfoils of both the cancelled and new cheques.

b. Uncashed cheque pertaining to previous years.

An uncashed cheque pertaining to previous years presented for revalidation shall be sent to the DPA along with the explanation from the payee, for issue of equivalent release. A fresh cheque shall be issued only on receipt of the equivalent release. The following shall be the accounting transactions:

i. On receipt of a uncashed cheque from the payee.

Cash A/c (BH 12.a, OBC 80.01)	Dr.	
MRP: Others (BH 8.d, OBC 89.26)		Cr.

ii. While forwarding the uncashed cheque to DPA.

MRP: Payments to DPA (BH 8.c, OBC 89.17)	Dr.	
Cash A/c (BH 12.a, OBC 80.01)		Cr.

iii. On receipt of Uncashed cheque release from DPA.

Bank A/c (BH 12.b, OBC 80.02)	Dr.	
Release–Uncashed Cheque (BH 2.d, OBC 81.04)		Cr.

iv. On payment to the payee.

MRP: Others (BH 8.d, OBC 89.26)	Dr.	
Cash/Bank A/c (BH 12.a/b, OBC 80.01/02)		Cr.



1.13.5 Stop payment of cheque

1.13.5.1 When the payment needs to be stopped against a cheque already issued the DDO shall promptly send a stop payment order to the bank. A written confirmation on having noted the stop payment order against the cheque shall be obtained from the bank.

- a. When the payment of a cheque is stopped, a note of stopping the cheque shall be maintained.
- b. If a cheque payment is stopped, the DDO shall reverse the original entry in the Cashbook and other accounting records.

1.13.6 Replacement of lost cheques

1.13.6.1 A Head of Office may decide to consider a request for issue of a fresh cheque in lieu of a cheque alleged to have been lost or not received by the payee. Such cases may be processed in the following manner:

- a. The bank statements and bank reconciliation statements shall be referred in order to ascertain that the cheque has not been paid for.
- b. If the cheque pertains to the current fiscal year:
 - i. The alleged loss of the cheque shall be intimated to the bank with the advice to stop payment of the cheque.
 - ii. A certificate of non-payment and a written confirmation of noting the stop payment order on the cheque shall be obtained from the bank and recorded in the Cheques Issued Register.
 - iii. The party requesting for the issue of a fresh cheque shall execute an indemnity bond (Form FAM – 1.4) exonerating the Government from any risk or loss that may arise in future, as a result of use of the cheque alleged to have been lost.



Exception – 1. In the case of a Government office, undertaking or a bank, such an indemnity shall not be required. A certificate to the effect that the cheque was not received or was lost after having received and that it will be returned to the drawer if found afterwards, shall be obtained.

iv. A fresh cheque may be issued in lieu of the lost cheque only on completion of the requirements mentioned at (a) and (b) above.

c. If the cheque pertains to a previous fiscal year:

Actions as per rule 1.13.6.1 (b) (i) to (iii) shall be completed. A case requesting for an equivalent release shall be sent to the DPA giving the details of meeting the requirements mentioned at rules *ibid*. A fresh cheque may be issued only on receipt of the equivalent release. The accounting treatments shall be as specified under 1.13.4.2 (b).

d. A cross-reference of the cheque getting lost and issue of the fresh cheque shall be recorded in the Cheques Issued Register, the counterfoils of both the cheques and the relevant paid voucher.

1.14 Loss and Defalcations

1.14.1 Responsibility for losses

1.14.1.1 Every official of the Government shall understand clearly that he will be held personally responsible for any loss sustained by the Government because of:

a. Act/s of fraud or negligence on his part;



- b. Act/s of fraud or negligence on the part of any other officer, if it is found that he contributed to the loss by his own action, negligence or omission.
- c. Proper internal control system in their respective organization; or
- d. Timely action or direction to check such losses.

1.14.2 Report on losses

- 1.14.2.1 An officer shall submit a report to the next higher authority, the Head of Office and the Head of the Department as soon as circumstances lead to believe that a loss or shortage of Government moneys, stores, equipment or other properties has taken place. A loss for the purposes of this rule shall include all loss or destruction of Government property as a result of accidents, suspected theft, fraud, fire, sabotage or any other natural causes.
- 1.14.2.2 The Head of Office/Department shall arrange a full investigation and subsequently submit a complete report to the next higher authority. The report shall be submitted even when the responsible party makes good such loss. It shall describe the nature and extent of the loss indicating the flaw or neglect of the rules by which the loss was possible to be perpetrated and the prospects of recovery.
- 1.14.2.3 All cases of losses due to accidents or suspected acts of sabotage or burglary shall be reported at once to the Police irrespective of the value of the loss.
- 1.14.2.4 A formal Police investigation report shall be obtained from the Police Authorities in respect of all cases referred to them.



1.14.3 Administrative follow-up

1.14.3.1 All investigations on losses and shortages shall try to fix the responsibilities for losses. Apart from ascertaining the nature, extent and circumstances leading to the loss, the investigations shall go into such details as are necessary for fixing of responsibility for the loss.

Copies of investigation reports shall be sent to all the authorities mentioned under rule 1.14.2.2.

1.14.3.2 If it transpires in the investigations that an act of fraud, negligence or financial irregularity could be perpetrated because of some defect in the rules and procedures, the MoF and/or the administrative Ministry/Organisation shall take effective remedial action to rectify the shortcomings.

1.14.3.3 Departmental proceedings for taking disciplinary actions shall be undertaken in all cases of loss caused by fraud, negligence or financial irregularity. Apart from these proceedings, every effort shall be made to recover the whole amount of loss from the persons found guilty, especially when cause of the loss was commitment of fraud or wilful financial irregularity. If it is found that laxity of supervision facilitated the fraud, the supervising officer at fault shall also be penalised.

1.14.3.4 On completion of investigations in a reported case of loss, a competent authority shall issue a sanction order for effecting the write off and/or consequent recovery of cost, if any. If the amount of loss in cash or stock is replenished immediately on reporting or on completion of investigations within the same fiscal year in which the loss was reported, only the recovery shall be ordered and no write off shall be effected.



Note – 1. Accounting procedure for writing off the losses shall be guided by the provisions under rule 5.15.2.(vii) in Chapter – V.

1.14.4 Exceptions

- 1.14.4.1 The Chief Executives/Heads of Departments shall prescribe the percentage of permissible losses in handling, processing, storage or transit wherever some losses in quality or quantity are perceived in the routine handling of perishable or non-perishable goods.
- 1.14.4.2 The rules under Sections 1.14.2 and 1.14.3 shall not apply in the cases of such normal handling, processing, storage or transit losses up to the limit prescribed by the Chief Executives/Head of the concerned Department.
- 1.14.4.3 Except for provisions under rule 1.14.2.1, all the other rules under Sections 1.14.2 and 1.14.3 shall not apply in the cases of losses due to natural calamities. The Chief Executive/Head of Department shall make an assessment of the extent of loss or damage caused by a natural calamity and take up the issue with appropriate authorities for write off or restoration.



CHAPTER – II

2 TRANSFER OF CHARGES

2.1 General

2.1.1 A register of “Incumbents of Heads of Office” shall be kept in every office showing the period of incumbency of each officer who held charges of the Head of Office at different points of time.

2.1.2 Every change in the incumbency of the Head of Office shall be conducted by preparation of a proper Charges Handing/Taking Over Note bearing signature of both the relieved and relieving officers. A copy of these notes shall be sent on every occasion to the controlling officer and such other officers as may be necessary.

2.1.3 Handing/Taking Over Notes, bearing signatures of both the relieved and relieving officers, shall preferably be prepared in all cases of transfer of charges. Such notes shall invariably be prepared in case of every change in the incumbency to any position, which heads a section under the Head of Office or require handling of any or several of the following:

- a. Construction/maintenance works,
- b. Stores,
- c. Stock of inventory or equipment,
- d. Cash including Permanent/Temporary Advances,
- e. Cashbook,
- f. Signing of cheque and/or receipt.

2.2 Transfer pursuant to Administrative Orders

2.2.1 In the case of transfer of charges of the Head of Office, the relieving officer shall, on assumption of charges, send a report on “Transfer of



charges” to his controlling officer. Unless specific extension of time for submission of such report is obtained from the controlling officer, the report on Transfer of charges shall be sent within a period of two weeks of assumption of charges.

Note – 1. The relieving officer shall inspect the records, stores, works including materials at site, examine the accounts and count the cash. The relieved officer may accompany the relieving officer in the inspection of outstations.

Note – 2. In his “Transfer of charges” report, the relieving officer shall bring to notice any deficiencies, departure from rules and generally any irregular practices in the conduct of business, which may have come to his notice during such inspection. He shall also mention what outstations he has to inspect yet and when he proposes to inspect those.

Note – 3. The relieving officer, after taking over of charges, shall take such actions as may be necessary and within the powers delegated to him, to set right the deficiencies, departures and irregularities. The controlling officer shall pass such orders in respect of deficient items as may be necessary.

2.2.2 In order to complete the process of transfer of charges, the following procedures shall be followed:

- a. The Cashbook or the advance account (in the case of permanent or temporary advance holders) shall be closed, totalled and balanced. The permanent or temporary advance holder shall settle the advances before being relieved.
- b. The relieved officer, under his dated full signature, shall render the following:
 - i. A certificate of verification of cash in chest and handing over of the same to the relieving officer.



- ii. A certificate of handing over of the original keys of the chest indicating the key numbers.
 - iii. A certificate of handing over of the unused cheque forms available in the Chequebook under use.
 - iv. A certificate of handing over of the unused receipt forms available in the receipt book under use.
- c. The relieving officer shall satisfy himself of the physical availability of the stated cash and other items mentioned under rule 2.2.2 (b) and take over the items by writing the words “Taken over” below the certificates and putting his dated full signature.
- d. The relieved officer shall get the duplicate set of the keys of the chest brought in. Those shall be examined and tested by the relieving officer. The keys shall be sealed in a fresh cover under the signature of the relieving officer and lodged once again. A note of the examination, taking over, putting under a fresh seal and lodging of the keys back shall be kept in the Duplicate Keys Register under the signature of the relieving officer.
- e. The relieved officer shall get separate lists prepared in respect of stores balances and inventories maintained under his charges, countersign those and hand those over to the relieving officer. The relieving officer shall take over such charges and sign a receipt on the list. The relieving officer shall note any inaccuracies noticed therein by him. The receipts of stores, inventory shall form a part of the Handing/Taking over note.
- f. The relieved officer shall hand over a note to the relieving officer, which shall contain at least the following information.
- i. Status of all the works in hand.
 - ii. The orders remaining to be complied with.
 - iii. Details of such matters, which, in his opinion, may require the



attention of the relieving officer.

- iv. Explanation of extra-ordinary circumstances, if any.
 - v. Existing or apprehended difficulties.
 - vi. Status of audit that is, the period up to which audit has been completed and outstanding observations remaining to be attended, if any.
 - vii. A list of all claims awaiting settlement/adjustment as on the day of transfer of charges indicating the reasons for cases remaining pending for more than 3 weeks.
- g. A copy of the complete set of handing/taking over document including the receipts for cash, stores and inventory, the note from the relieved officer and the list of outstanding cases shall be sent to the Controlling officer, Chief Executive/Head of the Department, Organisation or Ministry as the case may be. The relieved officer may keep a copy of the complete set of handing/taking over document.
- h. In the case of any disagreement between the relieved and relieving officers, a reference shall be made to the controlling officer.

Note – 1. All of the requirements prescribed under rule 2.2.2 may not be applicable in the cases of transfer of charges of officers working under the overall supervision of the Head of Office as specified under rule 2.1.3. Only the pertinent items of requirements shall be adopted in such cases.

- 2.2.3 If the relieving officer fails to bring to notice any deficiency, discrepancy or insufficiency in the charges taken over from his predecessor, he shall be held responsible for the same, both to the quantity and quality, so far as he was in a position to ascertain it.



2.3 Taking Over of Charges in Absence of an Officer

2.3.1 The following course of action shall be taken when an officer handling Government funds, stores, stock of equipment and inventory etc., absconds, dies or become incapacitated in the performance of duties:

- a. The Head of the Department, Organisation or Ministry shall immediately designate a custodian to safeguard the funds, stores equipment and inventory etc. The nearest civil authority shall safeguard these if such an incidence takes place in a remote locality.
- b. The Head of the Department, Organisation or Ministry shall thereafter appoint a committee to prepare an inventory of the cash and other accountable items physically available and to determine the extent of responsibility or liability of the officer for any shortage that may be found.
- c. If the absconding, deceased or incapacitated officer happens to be responsible to another accountable officer like the Head of Office under an order on delegation of authority, procedures mentioned at (a) and (b) above shall be followed. The extent of responsibility or liability of the former for any shortage shall be determined by the committee appointed by the Head of the Department, Organisation or Ministry.
- d. Charges of the absconded, deceased or incapacitated officer shall be taken over by another officer designated by the appropriate authority [or the Head of Office himself in the case of (c)] on the basis of the inventory prepared by the committee.



CHAPTER - III

3 RELEASE OF FUNDS

3.1 General

3.1.1 Once the budget has been approved by the Parliament, the DNB shall issue a Budget Notification to provide the Budgetary Bodies with their approved budget details. The Ministry of Finance shall release funds to budgetary bodies after the budget has been approved by Parliament in accordance with the provisions of PFA.

3.1.2 The Ministry of Finance shall set and meet reasonable time frames for the release of funds.

3.1.3 The Ministry of Finance may withhold releases of funds based on the conditions provided in this Manual.

3.2 Procedure for Release of Funds

3.2.1 The budget execution phase shall start with the release of funds through the Letter of Credit (LC) system in the respective bank accounts maintained at the agent banks. Subject to fulfilment of the necessary formalities, the DPA shall ensure timeliness of release of funds to the concerned Budgetary Bodies in order to facilitate execution of programmes and activities, which are included in the approved budget.

3.2.2 The Budgetary Bodies shall plan their works in such a way as to avoid lapse of released funds at the close of a fiscal year and submit their Budget Utilization Plan (BUP) accordingly. In order to minimise the



chances of idle funds getting lapsed at the year-end, the DPA shall be empowered to fix time periods in the last quarter of the year, after which release of funds shall generally not be permitted.

3.2.3 The system of releases described in this chapter shall be subject to change depending upon the Government's cash flow situation and fund management policies.

3.3 Types of Releases

3.3.1 There are two (2) types of releases namely (i) Budgetary releases and (ii) Non-Budgetary releases.

3.3 Budgetary Releases

3.4.1 The budgetary releases shall consist of the following two types:

- i. Current regular
- ii. Capital

3.4.2 Current Regular Releases

3.4.2.1 Such releases are for meeting the current expenditures of regular nature, and shall be made quarterly for Central Agencies and Dzongkhags and half yearly for Gewogs. However, Agencies shall be required to submit BUP and release request for activity based current releases, which shall not be included in the Current Regular Releases.

3.4.2.2 The only condition to be fulfilled for the release of such funds shall be the timely closure and reconciliation of monthly accounts of the last month of the previous quarter within ten (10) days after closure of the month and the submission of BUP.



3.4.3 Capital Releases

3.4.3.1 For the release of funds under this category, the minimum documents to be submitted and procedures to be followed, unless otherwise prescribed, shall be as follows:

3.5 Minimum Conditions for Budgetary Releases

3.5.1 To facilitate timely budgetary releases, the following minimum conditions shall be fulfilled by the budgetary bodies:

a. **Sufficient Budget provision:**

There should be sufficient budget provision against the activity for which fund release is requested. If the activity is new, budget incorporation process has to be completed before requesting for fund release.

b. **Monthly Accounts and Bank Reconciliation:**

Timely closure of monthly accounts and BRS by the budgetary bodies within ten (10) days after completion of a month.

c. **Donor Fund Balance:**

If the activity is funded by the donor, there should be sufficient fund balance against that particular FIC

d. **Closing Cash Balance:**

To facilitate the first quarterly release the closing cash balance of previous fiscal year should be surrendered and received by DPA

e. **Budget Utilisation Plan (BUP):**

Submission of Budget Utilisation Plan (BUP) is mandatory for all RGoB funded and RGoB co-financed activities. All subsequent



releases shall be based on utilization of previous fund releases made.

3.6 Non-Budgetary Releases

3.6.1 It refers to release of fund that is not tagged to the budgeted activities. The following shall be construed as non-budgetary releases:

3.6.2 Non-Revenue Releases

3.6.2.1 It refers to releases made against deposits made by Budgetary Bodies into Government Non-Revenue Receipts and Deposit Account on account of the fund received from another budgetary body or other agencies for carrying out deposit works etc.

3.6.3 Refundable Deposit Releases

3.6.3.1 It refers to releases made against the funds deposited by budgetary bodies into the Government Refundable Deposit Account as bid security, performance security and retention money etc.

3.6.4 Uncashed cheque Releases

3.6.4.1 It refers to releases made against cheques pertaining to the previous fiscal year which could not be presented to the bank before the closure of the fiscal year. Such releases shall be made taking into consideration the availability of lapsed fund against that particular LC/PLC account.

3.6.4.2 Budgetary bodies should exercise due diligence to avoid incidence of un-cashed cheques by constantly referring to bank reconciliation statements and other measures as deemed appropriate.



3.7 Timeline for Release of Funds

3.7.1 As required by the PFA, 2007 under Section 114, a timeframe for release of funds may be set by the DPA.

Sl. No.	Type of Fund Releases	Documents Required	Timeframe for Release of Funds by DPA
I Budgetary Releases:			
1.	Current Regular Release	No documents. Release on quarterly basis without having to request	Current Release completed by 15 th of the first month of every quarter.
2.	Capital Releases	No documents. Release based on BUP	One (1) working day (Release completed within one (1) working day from the receipt of online release request)
II Non-Budgetary Releases:			
1.	Non-Revenue and Refundable Releases	No documents. Online fund request	Two (2) working days (Release completed within two (2) working days from the receipt of online fund request. After validation of deposits with BoB statements of deposits in NR and RD accounts)
2.	Un-cashed Cheques	Online fund release request with scanned copy of the original un-cashed Cheques and explanations. Original cheque to be forwarded to DPA.	Two (2) working days (Release completed within two (2) working days from the receipt of online fund release request)



3.8 Unauthorised diversion of Funds

3.8.1 Activities for which there is no provision in the budget shall not be carried out. Incurring of unbudgeted expenditures and diversion of funds towards unauthorised activities shall constitute a budget offence, for which the Head of the office and the AFD shall be liable and accountable.

3.9 Release of funds is not Sanction for Payment

3.9.1 The release of funds by the DPA does not in any way exempt the budgetary bodies from the need to ensure that expenditures out of released funds are in accordance with the budget and prescribed financial rules and regulations and therefore the release of funds shall not be taken as sanction for payment under any circumstances.

3.10 Right to Withhold Release or Freeze Operation of Bank Accounts

3.10.1 Notwithstanding any of the provisions contained in this chapter, the DPA shall reserve the right to withhold releases of funds or freeze operation of any bank account under the following circumstances:

- a. Non-closure of completed monthly accounts over extended periods of time;
- b. Non-submission of quarterly Budget Utilisation Plan (BUP) through PEMS;
- c. Failure to attend to the defects/irregularities noticed in the reports/accounts or any general queries raised by the DPA.



3.11 Monitoring and Reporting of Releases

- 3.11.1 Towards the end of each quarter, the DPA shall closely monitor the releases made to the budgetary bodies
- 3.11.2 Any instances of underutilization of funds released shall be reviewed from Monthly Accounts and adjusted against the subsequent fund releases.
- 3.11.3 For facilitating proper closure of books of accounts, all budgetary fund releases shall be completed by the 15th of June of every Fiscal Year.
- 3.11.4 A quarterly fund release status report shall be prepared by the DPA on a regular basis.



CHAPTER – IV

4 RECEIPTS

4.1 General

4.1.1 Amounts collected by Budgetary Bodies pertain to either the Government Consolidated Fund or the Refundable Deposits Account.

4.1.2 The receipts in the Government Consolidated Fund Account shall consist of the following:

- a. Proceeds of the Government Revenue Account.
- b. Proceeds of the Government Budget Fund Account.
- c. Proceeds of the Government Non-Revenue Receipts and Deposits Account.

4.1.3 The receipts in the Refundable Deposits Account may include:

- a. Security deposits;
- b. Earnest moneys;
- c. Other refundable receipts.

4.2 Receipt and Deposit of Government Money

4.2.1 All moneys received as revenue of the Government shall be deposited without delay in the designated revenue sub-account through the use of Revenue Deposit invoices as provided for in the RM.

4.2.2 Moneys received as grants, borrowings, recoveries of loan principals, specific sale proceeds, other recoveries etc. at the DPA shall be deposited in the Government Budget Fund Account by the use of Budget Fund Deposit invoices (FAM – 1.1A).



- 4.2.3 Money received by any Budgetary Bodies as advance or reimbursement from other agencies for expenses to be incurred or already incurred on their behalf shall be deposited in the Government Non-revenue Receipts and Deposits account by use of Non-revenue deposit invoices (FAM – 1.1B).
- 4.2.4 Receipts of all refundable moneys like security deposits, earnest money, performance security and other refundable deposits etc. shall be deposited promptly in the Refundable Deposits account by use of deposit invoices for Refundable Deposits Account (FAM – 1.1C).
- 4.2.5 Officers receiving money for the Government shall be accountable for all such monies received by them. They shall maintain a proper record of the receipts and deposits. The accountability shall not cease until proper accounts of the receipts and the deposits of such receipts in the Government account are submitted and the same are accepted to the satisfaction of the Government.
- 4.2.6 Any person making a payment to the Government is entitled to receive a proof of payment in the form of an official receipt. The receiving officer shall issue such a receipt against the payments received by him. In the case of a recovery made from a payment, a signed statement showing the dues, recoveries made and the net amount paid shall be issued by the DDO if so desired by the payee.
- 4.2.7 Collection of Government monies shall not be mixed with private monies.
- 4.2.8 Government monies shall not normally be collected except at the designated offices unless otherwise specifically authorized by the Government.



4.3 Acceptable Form of Receipts

4.3.1 Payments to the Government may be received in cash, cheque, bank draft, cash warrants, transfer of credit and such other forms as may be authorised by the Government from time to time.

- a. Cheques, drafts or cash warrants used for payment of Government revenue or other dues shall be drawn on a local bank.

Note – 1. Local bank, for the purposes of this rule shall mean that the paying bank shall be situated in the same station as the office of the collection agency.

4.3.2 If the cheque or instrument is dishonoured by the bank, the payer's indebtedness to the Government continues and the collection agency shall take appropriate action, including notification to the payer and levying of penalties or interests as may be applicable under the relevant rules. The Government shall not accept any responsibility for any delay in the receipt of such communication by the payer.

4.4 Money Receipts

4.4.1 Money Receipts, Money Receipts Books

4.4.1.1 Money receipts shall bear a clause to indicate that those issued against receipt of payment by cheques, drafts, cash warrants or means other than by cash shall be valid only when the proceeds against such instruments are realised and credited in the Government account.

4.4.1.2 In order to maintain a separate and distinct identity of the Government revenue receipts accounting, two separate types of money receipts shall



be used for Government revenues and other items of receipts. These shall be referred to as:

- a. Revenue money receipts – Used for receipts of Government Revenue as defined by the DRC. The DRC shall maintain the central stock of Revenue money receipts.
- b. Non-Revenue money receipts (Form FAM – 3.1) – Used for all other kinds of receipts. All the Budgetary Bodies shall use the system generated Non-Revenue money receipts for accounts operated in the government accounting system.

4.4.2 Custody and use of Revenue Money Receipts

4.4.2.1 The use, distribution, custody and preservation of Revenue money receipts shall be governed by rules under the RM.

4.4.3 Custody and use of Non-revenue Money Receipts

4.4.3.1 All budgetary agencies shall use system generated Non Revenue Money Receipts and not the printed receipts. The Ministry of Finance shall not be responsible for printing and supply of the printed Non Revenue Receipt Books to any agencies.

- a. Non-Revenue Money Receipt in form FAM – 3.2 has been designed and incorporated in the accounting system.
- b. As soon as the transactions for non-revenue receipt is passed and approved in the system, the system will auto generate the Non-Revenue Money Receipts which are pre-numbered.
- c. The print out of such receipts may be handed over to the payer and a copy may also be attached with the voucher.
- d. A copy of such receipts shall also be filed in chronological order for reference and record.
- e. In case, a receipt is required to be cancelled, all copies of the



receipt form shall be prominently defaced by putting two diagonal lines across the form and writing “CANCELLED” inside the lines. All copies of the cancelled receipt shall be retained in the book.

- 4.4.3.2 Duplicate money receipts or Hand Receipts shall not be issued under any circumstances. A certificate to the effect that a particular money receipt was issued for the money received from the payer on a certain date may be given if necessity arises.

4.5 Accounting of Receipts

4.5.1 Responsibilities for Accounting for Receipts

- 4.5.1.1 The responsibility for collecting, depositing and accounting of revenue receipts and refunds there from shall rest with the DRC. The designated officers of the DRC and other agencies administering revenue collections shall be responsible to ensure that all sums due to the Government are promptly collected, deposited, accounted for and credited to the designated bank account.

- 4.5.1.2 The DPA shall be responsible for detailed accounting of receipts in the Government Budget Fund Account including the payments and/or transfers there from. The total receipts in Refundable Deposits Account and the Non-Revenue Receipts and Deposits Account shall be reconciled with reference to the copies of respective deposit invoices, bank statements and the monthly accounts received at the DPA. It shall also be responsible for the accounting of the total receipts in the Government Consolidated Fund Account.

- 4.5.1.3 A payer shall be responsible to ensure that the payments of Government dues are rendered within the due date. In cases of default, the DRC or the concerned Budgetary Bodies shall be responsible to take appropriate actions to realize such dues.



4.5.1.4 A penalty of twenty-four percent (24%) per annum shall be imposed on all financial dues to the Government relating to outstanding advances, excess payments, inadmissible payments, embezzlements, misuse of funds and such other irregularities after three (3) months from the date of issue of audit reports. The agencies concerned shall take legal action in case of non-recovery within twelve (12) months from the date of issue of audit report.

4.5.2 Receipts Accounting Principles

4.5.2.1 All receipts of the Government shall be recognised at the DPA and the DRC (HQ) after the bank has received the money or cleared the cheque, draft or credit advice.

4.5.2.2 Receipts at the collecting agencies shall be recognised on receipt of money or instrument of payment in an acceptable form and on recoveries from payments made.

4.5.2.3 Receipts in the form of cheques at the collecting agencies shall be subject to de-recognition through a reverse entry in cases of cheques being dishonoured.

4.5.2.4 Receipts of fund releases at the Budgetary Bodies shall be recognised on the basis of receipt of release orders from the DPA. The Budgetary Bodies shall compare their records of receipts of releases with those recorded by the bank and discrepancies if any found between the two shall be settled by referring such matters to the DPA.

4.5.2.5 Other receipts and deposits shall be recognised at the Budgetary Bodies on the date of receipt of such payments.



4.5.2.6 Receipt of recoveries made from the disbursements at the Budgetary Bodies shall be recognised on the date of disbursement.

4.5.2.7 Receipts shall be recorded on gross basis, that is, at the full amount received from the payer. Receipts shall not be recorded net of any related costs such as refunds, commissions or fees.

4.5.3 Receipts Accounting Procedures

4.5.3.1 Accounting of Government Revenue Account

The provisions under the RM shall govern the account keeping and rendering of accounts returns in respect of the revenue collected at various levels. The following directions are added to supplement those provisions:

- a. All receipts shall be credited in gross amount. The Agent Banks shall be instructed to pass on the debits on account of collection charges, commissions, fees etc. if any, to a specific withdrawal account (LC/PLC).
- b. The consolidation of revenue receipts shall take place at the DRC level on the basis of information received from all the RRCO's, budget and other collecting agencies.
- c. Monthly collection statements shall be received at the DRC according to the formats prescribed in the RM.
- d. All refunds shall be processed and accounted for at the DRC.
- e. The collection and refund data shall be reconciled with the bank statements.
- f. A monthly report on total receipts and refunds (with relevant



breakdowns) shall be prepared by the DRC and submitted to the DPA among others.

4.5.3.2 Accounting of Government Budget Fund Account

Receipts and deposits in the Government Budget Fund account shall be undertaken and accounted for by the DPA as follows:

- a. The receipts shall be recorded on gross amount basis. The RMA and the Agent Banks shall be advised to pass on the collection charges, commissions or fees etc., involved in the process of collection of the proceeds to a designated withdrawal (LC) account.
- b. The refund of unutilised grants to the respective donors shall be made by the DPA from the Government Budget Fund Account
- c. The deposit of receipts and the refunds of unspent grants shall be recorded in a Cashbook.
- d. Subsidiary records in respect of grants and borrowings in particular shall be maintained to ensure maintenance of updated accounts of receipts and refunds for each project, implementing agencies and donors to which such receipts and refunds pertain.
- e. A statement of receipts and payments in Government Budget Fund Account shall be prepared. This statement shall be reconciled with the bank statements.

4.5.3.3 Accounting of Non-Revenue Receipts & Deposits Account

This being a decentralized account, the exercises at the DPA shall be limited to the reconciliation of the receipts through this account and ensuring that equivalent deposits are exhibited in the monthly accounts



of Budgetary Bodies. The procedures for reconciliation of this account are prescribed in Chapter XII.

4.5.3.4 Accounting of Government Consolidated Account

- a. The Annual Financial Statements of the Government start with the opening balance in this account and arrive at the resulting closing balance, which match with the balance in this account. There shall be no separate accounting of the Consolidated Fund Account as such.
- b. An exercise shall however be undertaken by the DPA for reconciliation of the balance available in this account. The procedures for the reconciliation of this account are prescribed in Chapter XII.

4.5.4 Accounting of Recovery of Expenditure

- 4.5.4.1 Recoveries in respect of overpayments previously made out of Government funds shall not be treated as revenue.
- 4.5.4.2 Recoveries pertaining to the overpayments made in the same fiscal year shall be credited to those account heads in which the original expenditure was debited.
- 4.5.4.3 Recoveries pertaining to overpayments made in a previous fiscal year shall be credited to those account heads in which the original expenditure was debited after obtaining necessary budget line with zero budget appropriation from DNB by debiting Cash and crediting the zero budget line. The amount recovered shall be remitted to the DPA by debit to the Head “Misc.Rct/Pmt: DPA– Prev.Yr. Exp”.
- 4.5.4.4 Under both the circumstances covered under rules 4.5.4.2 and 4.5.4.3, if the recoveries cannot be made immediately on detection of the



overpayment or if the recoveries are effected in instalments, the first journal entry shall be to debit the head “PWA – Employees or PWA – Suppliers -Others” as the case may be and credit the original expenditure account head. Subsequently when the recovery is effected, the Cash account shall be debited and PWA account shall be credited. At the time of remittance of the recovered amount, “Misc. Rct/Pmt: DPA– Prev. Yr.Exp” A/C. shall be debited and Cash or Bank Account shall be credited.

4.5.4.5 If the recoveries pertaining to the previous fiscal year’s expenses are effected at the instance of the RAA, and if there are instructions to deposit the recoveries in favour of the RAA, the remittance of recoveries shall be made accordingly. The accounting head “Other Recov./Remit.: Others – Audit Recoveries for RAA” shall be used for recording such remittances.

4.5.4.6 There could be instances when an employee pays the recoverable amount directly to the RAA. This shall be discouraged as the accounts records of the office shall continue to show the amount as outstanding against the employee under such circumstances. However, in case of an emergency, if the RAA agrees to accept the recovery directly from an employee, an intimation of the recovery giving proper references and indicating the receipt number shall be sent by the RAA to the head of finance of the concerned agency. The head of finance shall, on the strength of the advice from the RAA, make the necessary covering Journal entry by debiting the “Other Recov./Remit.: Others – Audit Recoveries for RAA” and crediting the PWA account to clear the outstanding item from the books of accounts.



CHAPTER – V

5 EXPENDITURE PROCESSING- GENERAL RULES

5.1 General Principles

- 5.1.1 Moneys appropriated for specific purposes or activities and made available from time to time shall be utilised solely for those specific purposes.
- 5.1.2 No money shall be withdrawn from Government accounts except for settlement of legitimate claims against the Government or for payment of advances in pursuance of an approved appropriation.
- 5.1.3 Claims against the Government shall become due for submission immediately on completion of the required services or on fulfilment of conditions as specified in individual contracts.
- 5.1.4 Claims shall be submitted immediately but not later than by 12 months of their becoming due. Personal claims of the Government employees shall be submitted within the times prescribed for each in the rules for processing of such claims.
- 5.1.5 A Claim against the Government shall be presented by submission of a bill indicating the nature and amount of the claim.
- 5.1.6 A bill may be drawn by the office itself or a Government employee in an appropriate bill form prescribed for the particular nature of the claim and signed by the officer-in-charge or the employee as the case may be, or,



A bill may be presented by a supplier, contractor, firm or corporate body in respect of supplies, works or services delivered or to be delivered to the Government in accordance with a valid agreement. All such bills raised against the Government must be signed by the claimant.

5.1.7 Every claim against the Government shall be established as legitimate prior to making payments out of Government funds.

5.2 Claims in Arrears - Exceptions

5.2.1 Claims in arrears refer to the claims not presented within a period of 12 months of their becoming due for payment. Such claims shall be considered as time barred.

5.2.2 Time barred claims can be revitalised within a period of two years of their becoming time barred only by obtaining a formal “Approval for Review” from an appropriate authority, delegated with such powers. The process of verification and settlement of the claim shall begin only after receipt of the Approval for Review of the claim.

5.2.3 No claim shall be accepted after a period of two years from the date up to which the presentation is permissible under rule 5.1.4, except for those that may become due on the strength of a court order or an order of the Government.

5.3 Permanent Advances

5.3.1 The Head of Office may designate “Permanent Advance Holders” to handle generally - recurring expenses in the field units or branch offices. The Permanent Advance Holder (PAH) shall be a person other than the DDO of the HQ. The advances paid to the PAH for such



purposes shall be called “Permanent Advances”.

- 5.3.2 The following procedures shall apply in respect of payment and replenishment of Permanent Advances to a PAH:
- a. The amount of such advance shall be limited to one month’s estimated expenditure of the unit, office or section concerned;
 - b. The amount of Permanent Advance shall be determined and sanctioned on a case by case basis by the Head of Office.
 - c. A PAH shall submit an account of the utilisation of the Permanent Advance from time to time to the Head of Office for obtaining replenishment. Replenishment of the advance shall be made normally once a month; but it can be more frequent if the occasion demands.
 - d. A PAH shall refund any unspent amount of the advance at the close of a fiscal year.

5.4 Temporary Advances

- 5.4.1 The Head of Office may designate Temporary Advance Holders (TAH) for making disbursements against specific purposes within a specific time. The advance paid for such specific purposes shall be called “Temporary Advance”.
- 5.4.2 The following procedures shall apply for payment and liquidation of Temporary Advance to a TAH:
- a. Temporary Advance shall be approved and authorised for payment on the basis of an identified and imminent expenditure.
 - b. The TAH shall submit an account of utilisation of the



Temporary Advance to the Head of Office immediately on completion of the assignment. Unspent balance of the advance shall be refunded along with the submission of accounts.

- c. The TAH shall refund the advance immediately if the specific purpose no longer needs to be fulfilled and if it transpires that the advance shall not be used during a period of fifteen (15) days.
- d. On the close of a fiscal year, a complete liquidation of all temporary advances in the hands of the individual TAHs shall be made.
- e. A TAH shall cease to act immediately upon the completion of the assignment.

5.5 Permanent & Temporary Advances - Accounting

- 5.5.1 The PAH/TAH shall operate on advances received from the Head of Office/DDO and be accountable to him.
- 5.5.2 The PAH/TAH shall observe the relevant rules for incurring expenditure.
- 5.5.3 Any other money received by the PAH/TAH on behalf of the Government shall not be mixed up with the advance but shall be deposited in the relevant account of the Government in accordance with the provisions under Chapter IV.
- 5.5.4 Permanent and Temporary Advances shall be classified as “Suspense – PW Advances – Employees” against the respective officers by name.
- 5.5.5 The PAH/TAH shall maintain an account in duplicate in Form FAM – 4.1. The duplicate shall be retained by the PAH or the TAH and the



detachable original shall be submitted to the Head of Office together with the original paid bills, cash memorandums etc. for adjustment and liquidation of the advances.

- 5.5.6 The account submitted by a PAH or TAH shall be treated as a claim for the purposes of replenishment or liquidation of the advance.
- 5.5.7 All Ledgers, Sub-ledgers and Memorandum records in respect of the expenses incurred out of the Permanent and Temporary advances shall be maintained at the accounting unit of the Head of Office
- 5.5.8 The non-expended balance of the Permanent or Temporary Advances at the end of a Fiscal Year shall be surrendered by the respective officers before the books are closed.

5.6 General Procedure for Processing of Claims

- 5.6.1 A Head of Office or an officer authorised by him with powers to draw and disburse Government money shall maintain a Bills Inward Register in Form FAM – 4.2.
- 5.6.2 All claims received or prepared in an office shall be registered in the Bills Inward Register. The register shall be reviewed once a month by the Head of Office and the result of the review shall be recorded in the register.
- 5.6.3 Action on settlement or return of any claim received in an office shall be completed within thirty (30) days of receipt of the claim.
- 5.6.4 The following requirements shall be fulfilled for establishment of legitimacy of claims against the Government and making payments out of Government funds:
 - a. Existence of a Sanction of expenditure;
 - b. Recording of verification of claims;



- c. Preparation of disbursement voucher;
- d. Approval of expenditure;
- e. Payment;

5.7 Sanction of Expenditure – Sanctioning Officer

- 5.7.1 A Sanction of Expenditure shall include the terms Administrative Approvals or Financial Sanctions or Administrative Approval & Financial Sanction approved by competent authority.
- 5.7.2 The purpose of such an order shall be to indicate the acceptance by the administrative Department or organisation of a proposal to start incurring of expenditure or making commitments against an appropriation available.
- 5.7.3 An officer to whom adequate financial powers have been delegated under the relevant rules shall issue a Sanction of Expenditure in Form FAM – 4.3 wherever practicable, on the basis of a proposal submitted by the head of an unit or section and verified by the head of the finance section. Such officers have been referred to as Sanctioning Officers in these rules.
- 5.7.4 The sanctioning officer shall exercise due care and diligence, and shall not sanction expenditure exceeding the lawful and available appropriations and the financial powers delegated to him/her.
- 5.7.5 The sanctioning officer shall not sanction any personal advances of any kind unless a previous advance of such kind is liquidated in full.
- 5.7.6 The accounting unit shall maintain an Appropriation Control Register in Form FAM – 4.4 wherever practicable, to keep the commitments of expenditure within the approved budget limits. Appropriation



available at any time shall be the allocated budget less commitments.

- 5.7.7 If a Sanction of Expenditure is issued with the concurrence of a higher authority, the fact shall be mentioned in the sanction or order.

Exceptions:

Issue of Sanction of expenditure shall not be necessary in the following cases:

- a. Payments or withdrawal of moneys for personnel emoluments and other personnel emoluments;
- b. Office expenses on utilities, small and urgent purchases of consumables or services and POL for office vehicles;
- c. Remittances of recoveries and Government contributions to GPF;
- d. Deposits in the Government Non-Revenue Receipts and Deposits Account and Refundable Deposits Account;
- e. Refund of security deposits and earnest moneys;
- f. Payment of taxes and royalties;
- g. Replenishment of advances up to the amount accepted for adjustment.
- h. Payment of subsequent rents.
- i. Settlement and/or payment of Travelling Expenses bills of employees;
- j. Sanction and payment of Transfer TA (including advances) and LTC.
- k. Payment of subsequent running account bills in respect of Works Contracts. However specific approvals will have to be obtained for payments beyond the permissible limits of the contracts in terms of deviations/extra works/substitute items etc.
- l. In case of supply contracts, the supply order/purchase order and the amendments thereof may be treated as the sanction of expenditure.



5.8 Certificate of Verification – Verifying Officer

- 5.8.1 This process involves the function of verification of any claim against the Government in order to establish that the goods or services have been received for the specific purposes and have been recorded in the relevant records.
- 5.8.2 An officer delegated with the responsibilities for supervision and/or maintenance of records pertaining to particular activities or functions, shall verify any claims pertaining to those supplies or services delivered, utilities provided or works executed. Such an officer has been referred to as Verifying Officer in these rules.
- 5.8.3 In order to prevent the chances of making a double payment, the verifying officer shall record the fact of verification of a claim on the relevant supply orders, registers, measurement books etc., mentioning the bill/claim number so verified.
- 5.8.4 He shall append a certificate of verification on the claim under his full signature and seal. The certificate shall state that:
- a. The articles and the quantities mentioned in the claim have been received and recorded in page numbers of the relevant registers/measurement books;
 - b. The quality of goods are as per specifications;
 - c. The rates are correct;
 - d. Suitable notes of the verification of the claim have been made in the relevant contracts, supply orders, registers etc.
- 5.8.5 If the certificate of verification is recorded on more than one copy of the claim, all the copies except the original shall be marked “COPY” prominently. The verifying officer shall sign the certificate of verification in full only on the original claim and initial on the other copies.



5.9 Preparation of Vouchers

5.9.1 Disbursement Voucher (Form FAM – 4.5)

- a. The accounting unit shall prepare a disbursement voucher (DV) in the computerized accounting system, which has been implemented by the MoF. The DV has been designed as per Form FAM – 4.5 for settlement of a claim by payment.
- b. All relevant sections of the disbursement voucher shall be filled in properly and due diligence may be exercised in selecting the Broad Heads and the object codes.
- c. The accounting unit shall refrain from preparing manual vouchers.
- d. Corrections of disbursement vouchers, if required, shall be made by passing either journal voucher or reversal voucher through the computerized accounting systems.
- e. For all adjustment vouchers where no payment has to be made, the accounting unit shall prepare a Journal Voucher through the system by selecting the required parameters.
- f. The disbursement voucher along with the verified claim and supporting documents shall be submitted to the designated authority for according approval.
- g. After obtaining the approval from the designated authority on the body of the voucher generated by the system, the accounting unit shall approve the voucher from the system. If the voucher entails a cheque, cheque number shall be selected and this particular cheque number and the voucher number



generated by the system shall be noted down on the copy of the voucher. The accounting unit shall ensure that the approved copy of the voucher in the system and the printed copy of the voucher shall have exactly the same details including the voucher number and the cheque number.

5.9.2 Journal Voucher (Form FAM – 4.6)

- a. Journal vouchers shall be prepared and approved for incorporation of values of non-cash transactions in the accounts and transfer of debits and credits from one head of account to another.
- b. The preparation and approval of a journal voucher shall be undertaken in the same process as have been prescribed for the disbursement vouchers.
- c. If a transaction is meant for adjustment of an earlier advance and no payment is required to be made, normally a Journal voucher in Form FAM – 4.6 shall be prepared.

5.9.3 Other Voucher (as prescribed in Form FAM – 4.6)

- a. All cash and release receipts are recorded through preparation of Other Vouchers. While the release vouchers are auto generated by the system by debiting bank and crediting the appropriate BH and OBC for releases, the cash receipt vouchers will have to be prepared by the accounting unit by selecting voucher type as “Others” and debiting Cash and crediting relevant BH and OBC.
- b. The transactions under Other Vouchers will appear in the Receipt side of the Cash Book.



- c. The other vouchers shall be approved immediately to capture total cash and fund release receipts. Print out of the Other Vouchers shall be filed properly for future records/reconciliation.

5.9.4 Reversal Voucher (as prescribed in Form FAM - 4.6)

- a. Reversal vouchers shall be prepared and approved for correction of disbursement transactions, journal entries and other vouchers to nullify the earlier entries. A correct disbursement/journal/other vouchers will have to be prepared and approved simultaneously.
- b. The preparation and approval of a reversal voucher shall be undertaken in the same process as have been prescribed for disbursement vouchers.

5.10 Approval of Expenditures – Approving Officer

5.10.1 A disbursement/journal/reversal/other vouchers shall be approved for payment, adjustment or receipts by the Head of Office or an officer designated as the DDO. Such an officer has been referred to as Approving Officer in these rules.

5.10.2 The Approving Officer shall be responsible for seeing that:

- a) A sanction of expenditure has been issued by an appropriate authority;
- b) A certificate of verification has been accorded by the relevant Verifying Officer in appropriate cases;
- c) The intended payments/adjustments are within the lawful and available appropriations;
- d) Claims have been preferred by the rightful party and the payee has been identified correctly in the voucher.



- e) All supporting documents like verified bills, GR Notes, sanctions, approvals are attached with the voucher;
- f) Statutory deductions and recoveries have been made at correct rates and amounts;
- g) Remittances against recoveries/receipts are made to proper authorities;
- h) The expenses and recoveries (if any) have been classified correctly.
- i) Adequate funds are available for making the disbursement;
- j) The money is either required for immediate disbursement or has already been paid from a permanent or temporary advance;
- k) The amount of payment required has been mentioned correctly in the disbursement voucher.

5.10.3 The Approving Officer shall sign in full only in indelible ink on the voucher to accord approval for payment/adjustment/receipts. A seal indicating the official position of the Approving Officer shall be used below the signature.

5.10.4 Approval in excess of available appropriations shall not be accorded.

5.11 Payment

5.11.1 The following general rules shall be followed for making payment against an approved claim:

- a. All payments shall be made by cheque. Agencies are not permitted to draw self-cheques for drawing cash to make cash payments.
Exceptions to the applicability of this rule may be allowed by a Head of Office in the following cases:
 - i. Advances recovered in cash pertaining to the current fiscal year only can be utilized for making cash payments not exceeding to the amount recovered in cash.
 - ii. As far as possible cash balances may be maintained at zero.



The unutilized cash balance at the end of the fiscal year shall be automatically carried forward by the system to the first month of the next fiscal year.

- b. Payments against approved and authorised claims shall be made only to the claimant as identified in the disbursement voucher usually through Account Payee Cheques.
- c. Payments in cash, where permissible, shall be made to the payee or his authorised agent only.
- d. Rules on use, custody and preparation of cheques as prescribed under Part 1.6 of Chapter I shall be followed for payments by cheques.
- e. Cheques for payment shall generally be sent by registered post. These may also be handed over to the payee or his authorised representative who may come personally to collect the same.
- f. Cheque payments made by the registered post shall have cheque envelopes bearing a direction to return the unclaimed cheque (i.e. unclaimed post) to the issuing office.
- g. All disbursements shall be supported by proper evidence of the payee having received the payment in accordance with the applicable laws.

5.12 Drawing and Disbursing Officer (DDO)

- 5.12.1 The Head of Office shall generally designate a suitable Drawing and Disbursing Officer (DDO) preferably the Head of Finance unless he himself acts as such.
- 5.12.2 The DDO shall exercise the same vigilance in respect of expenses out of Government funds as a person of ordinary prudence may be



expected to exercise in spending his own money. In particular, the DDO shall see to it that:

- a. Proper entries of the disbursement and recoveries are made for the correct amounts in the Voucher;
- b. A cheque for the correct payable amount to the correct payee is prepared in accordance with the rules if the payment is made by cheque, and the cheque number and date is entered in the disbursement voucher correctly;
- c. The disbursement voucher has been duly numbered;
- d. The supporting documents are prominently defaced with the word “PAID VIDE VR.NO...”
- e. The instructions under Section 5.1.10 for approval of expenditure and Section 5.1.11 for making payments are strictly observed;

5.13 Return of Claim

5.13.1 Notwithstanding anything incorporated in the rules earlier, a claim may be returned to the claimant at any stage of its processing or just after the receipt of it, explaining the reasons for not entertaining the same or giving instructions to attend to some material defects noticed in the claim.

5.14 Claims of Civil Servants

5.14.1 Personnel and Other Personnel Emoluments

5.14.1.1 Attendance register as prescribed in the Civil Service Rules shall be the basis for drawing of Personnel and Other Personnel Emoluments in respect of both civil service employees and elementary service



personnel. However, the personnel and other personnel emoluments shall be processed and paid using the payroll system. Any deductions arising out of unauthorized leave should be based on the strength of the administrative orders issued by a competent authority.

5.14.1.2 In cases where separate attendance registers are maintained in different field units and sections located outside the office, the Officer-in-charge of personnel of those sections shall send an Attendance Report in form FAM – 4.7, to the accounting unit by 20th of each month through the Human Resource Division (HRD).

5.14.2 Pay Bills

5.14.2.1 Preparation of monthly pay bills:

- a. Save for provisions in (b) below, separate pay bills in Form FAM – 4.8 shall be generated and approved from the Payroll System.
- b. Separate pay bills shall be prepared for establishments, which are chargeable to different budget lines (Activities or Projects).
- c. All modifications in the establishment including leave, absence, new appointment etc. communicated to the accounting units up to the 20th of the month shall be incorporated in the payroll for the same month; modifications communicated after the 20th of the month shall be incorporated in the succeeding month's payroll.
- d. When pay is drawn for a portion of a month only, the actual period of the month for which the pay is drawn shall be mentioned against the concerned employee below his name.
- e. Every change in the amounts drawn in respect of each



employee over those drawn in the previous month's payroll shall be supported by a copy of the relevant order. (Periodical Increment Certificate, Order of Pay fixation etc.) This order shall be attached with the monthly payroll in which the changed emolument is drawn for the first time. A brief explanation on the cause of change in the amount/s shall be recorded on the body of the pay bill below the name of the employee.

- f. When the name of an employee appears for the first time in a monthly pay bill, a copy of the Last Pay Certificate or the Appointment letter, as the case may be, and the joining order shall be attached with the bill. A short explanation like "Joined on transfer or new appointment" shall be recorded on the body of the bill below the name of the employee.
- g. A pay slip giving the details of the amounts drawn and deductions made shall be given to each of the employees for whom the pay is drawn and disbursed.

5.14.2.2 Pay bills for dues in arrears or part of a month:

- a. As far as possible, arrears of pay or leave salary fallen due under any circumstances, shall be drawn in the monthly pay bill.
- b. The reason of drawing the bill, like "Arrears due to pay fixation on promotion/sanction of increment or sanction of Earned leave" etc., as the case may be, shall be recorded below the name of the employee. The order under which such arrears have fallen due or sanctioned shall also be quoted in the note and a copy of the same shall be attached with it.
- c. The amounts of entitlement and those drawn for each month for which the arrears is drawn shall be entered in separate lines, the first line being the due and deductible amounts and the second



line quoting the drawn and deducted amounts. A reference to the voucher number of the pay bill in which the amount was omitted, drawn for the lesser amount or was drawn but subsequently refunded shall be mentioned against the amount drawn.

- d. The drawing officer shall record the following certificates under his dated signature on the body of the arrears payroll:
 - i. No part of the amount claimed in this bill has been drawn and paid to the incumbent in any shape previously.
 - ii. A note of the claim prepared in this pay bill has been kept in the paid payrolls for the period to which this claim pertains.

5.14.2.3 In respect of arrears pertaining to a post previously held in another office (Viz. After the transfer of an employee to a new office), the arrears payroll shall be prepared by the present employer and sent to the previous employer for verification and noting in the relevant earlier payrolls and recording the certificate of noting mentioned at rule 5.14.2.2 (d). The present employer shall pay the amount drawn in such bills. If a settlement in cash or reimbursement is required for making the payment, the previous employer shall promptly accept the debit and pay the gross amount of the bill to the present employer.

Exception – 1. In the case of employees coming back to the civil service or joining it on reversion/transfer from secondment services in Government undertakings or organisations outside the scope of budgetary operations of the Government, the application of rule 5.14.2.3 shall be waived. Under such circumstances, the organisations to which the person was seconded shall draw the arrears by themselves on receipt of orders from appropriate authorities and remit the payment to the concerned employee.



- 5.14.2.4 Deductions on account of Taxes, Health contribution, House rent, Provident Fund, GIS etc. shall be made from the pay bills at rates prescribed under rules and orders issued from time to time. These deductions shall be shown under separate columns.
- 5.14.2.5 Pay shall be disbursed fully on the last working day except for the last month of the RGoB and Agent Bank's fiscal year. In the last month of the fiscal year, the Head of Office and the DDO shall decide on a day not more than ten (10) days in advance of the close of the month for disbursement of salaries.
- 5.14.2.6 The amount of payment for payrolls and remittance of recoveries shall be drawn and disbursed through the process of authorisation of disbursement vouchers.
- a. Employees shall normally be paid by direct credit into their bank accounts.
 - b. No self cheques shall be drawn to draw cash from the Bank for disbursements of salaries and wages.
- 5.14.2.7 Recoveries made in the payrolls on behalf of other agencies shall be remitted within the same month.
- a. Schedules or such other details as may be prescribed under the relevant rules or orders of recoveries shall be sent with the remittances.
- 5.14.2.8 Government contributions to the employees' provident funds shall be remitted along with the P.F. recoveries.
- 5.14.2.9 When an employee in Government service gets relieved from an office on transfer, secondment, superannuation or retirement, the Head of Office shall issue a Last Pay Certificate (LPC) in form FAM – 4.9.

The following treatment shall be given to the advances lying outstanding



against an employee relieved on transfer or secondment:

- a. The nature, amount of the advance and the mode of its recovery/adjustment shall be mentioned in the LPC.
- b. The office receiving the employee shall make the recoveries from pay in applicable cases and remit the same to the office issuing the LPC.

5.14.3 Medical Benefits

5.14.3.1 Claims for medical expenses from the employees in civil service shall be processed in accordance with the rules of entitlements issued from time to time.

5.14.4 Expenditure on Travel

5.14.4.1 The Head of Budgetary Bodies may generally delegate his power for approving Travel Authorisations and Travel claims to the designated controlling officers.

5.14.4.2 As prescribed under the Bhutan Civil Service Rules and Regulations, an employee shall obtain an approved Travel Authorisation in form FAM – 4.10, in duplicate from his Controlling Officer by submitting a travel plan before the commencement of the tour.

- a. An advance of travelling allowance shall not exceed ninety percent (90%) of the total estimated travel cost. Sanction/payment of advance shall be withheld in case an earlier advance so sanctioned remains unsettled. Sanction of advance of Travelling Allowance shall be accorded in the Travel Authorisation itself.
- b. Original copy of the approved Travel Authorisation shall be submitted to the Accounting unit for payment of advance.



- c. The duplicate copy shall be submitted with the Travelling Allowance bill on completion of the travel.

5.14.4.3 A claim for payment of Travelling Allowance shall be processed by an employee in a Travelling Allowance Bill in form FAM – 4.11. The bill shall be submitted with the necessary supporting documents; especially the following:

- a. The travel authorisation approved by a competent authority;
- b. Original boarding pass for reimbursement/adjustment of airfares, DSA etc. for travel outside the country. In case the boarding passes are lost, a copy of relevant pages of the Passport showing entry and exit from the various airports may be submitted as the proof of travel.
- c. A civil servant shall be eligible to claim mileage as per position level without having to produce vehicle registration documents
- d. Receipted bills and/or cash memoranda in support of actual expenses, if such items are included in the claim;
- e. A tour report when desired by the controlling officer.

Note – 1. Bills and Cash memoranda in support of expenses incurred on official purchases or other official purposes during the course of the travel shall not form a part of the Travelling Allowance claim.

5.14.4.4 T.A. bills shall generally be submitted to the Controlling Officer immediately but not later than by 30 days on completion of the tour.

Exception – 1. When the travels are undertaken in routine discharge of normal duties and are frequent, the T.A. bills shall be submitted at the



end of a month.

5.14.4.5 A controlling officer shall examine the tour report in applicable cases and on acceptance of the same, forward the T.A bills to the accounting unit duly certified and recommended for payment.

5.14.4.6 The accounting units shall examine each item of a travelling allowance bill with reference to the relevant rules or orders governing the entitlement of such items and admit, restrict or disallow them accordingly.

Exception –1. The application of the above rule may be waived when a competent authority has accorded a special sanction in respect of a T.A. claim or any item thereof.

5.14.4.7 No supplementary claims shall be admitted in respect of Travelling Allowance bills except for the following cases:

Exception – 1. Transportation of personal effects in journeys undertaken on transfers, or, in applicable cases for fares etc., where the journeys on transfer are undertaken at separate points of time by the Government servant and the members of his/her family.

Exception – 2. Increases in the rates of entitlements with retrospective effect, caused by orders of the Government.

5.14.4.8 When both husband and wife are civil servants and both are transferred together to the same place of posting at the same time, the transport charge shall be admissible only for one person.

5.14.4.9 Transfer grant as admissible shall be paid by the relieving agency and Transport charge of personal effects and other allowances at the rates prescribed from time to time shall be paid by agency where the civil servant is transferred to.



- 5.14.4.10 Payment/settlement of a T.A. bill shall be made through the process of authorisation of a disbursement/journal voucher.
- 5.14.4.11 A Travel register in form FAM – 4.12 shall be automatically maintained by the computerized accounting system.
- a. Relevant details of Travel bills settled in respect of employees shall be recorded in this register.
 - b. The accounting unit shall use this register to ensure that travel bill for the same period has not been paid earlier to the employee.

5.14.5 Expenditure against Work Charge

Agencies involved in the execution of a particular project are required to propose separate budget for meeting the personnel emoluments, travels, utilities and other overhead costs for all the manpower involved in the execution of that particular activity/project/constructions. All such expenditures shall be charged to that particular activity and not under the direction services. Further, the agencies should also charge the overhead costs such as travels, hiring of vehicles etc of the monitoring staff involved in the monitoring and supervision of specific activities against such activities or works. This is called Expenditure against work charge. Agencies shall be required to follow the guidelines issued by the Department of National Budget while preparing the budget so that expenditures against work charges could be streamlined and monitored.

5.15 Other Objects of Expenditure

5.15.1 General

The Approving officers shall ensure that all required formalities and procedures prescribed under various rules and orders have been followed and adequate documents have been attached to the claim before approving a claim. Adequate records in respect of all



disbursements and adjustments shall be maintained at the accounting unit.

An illustrative list of records to be maintained and internal checks to be followed are given below; a more exhaustive list giving the minimum requirements for accepting expenditure under different objects of expenditure is given in Appendix – I.

5.15.2 Particular Objects of Expenditure

i) Utilities.

Subsidiary registers shall be maintained in each office to enable recording of services obtained for office like, telephone trunk calls, Fax, electricity, water & sewerage charges, postal expenses, etc. Claims shall be verified from these records.

ii) Supplies and Material.

A stock register for all consumables received in an office and issued there from shall be maintained in each office. All bills for supplies made to an office shall be verified from and recorded in this register. Rules under PRR shall be followed in all procurements. Rules under Chapter IX of this manual for Stock accounts shall be followed where procurement and distribution are undertaken through a central stores facility of the Budgetary Body.

iii) Rental of Property.

Government orders issued from time to time for rental of properties shall be followed for hiring of any property. Generally, lease agreements, duly approved by the Department of National Properties or Dzongkhag Administrations shall be executed for hiring of any building or land for official purposes. The provisions under such lease agreements shall form the authority for payment of rental charges of buildings or land. In respect of claims for hiring of vehicles, specific



approvals of a competent authority together with a log sheet showing the utilisation duly verified by a designated officer shall form the authorities for the expenses on hiring of vehicles.

iii) Maintenance of Property – Vehicles, Equipment.

Expenses on running, minor and routine maintenance expenses on the following items only shall be booked under these objects of expenditure:

- i. Vehicles attached to Direction offices;
- ii. Equipment in offices, laboratories;
- iii. Small farming equipment.
 - a. Officers in charge of vehicles shall log the use, POL purchases and repair/maintenance works for such vehicles in Vehicle Logbooks (PMM – 6)/History sheets (PMM – 5) maintained for each of the items. The Heads of Departments/Offices shall prescribe suitable Logbooks for other fuel run equipment/machinery. Officers in charge of the equipment machinery shall log the use, POL purchases in the Logbooks and repair maintenance works in the History sheets.
 - b. Bills for supply of POL or repair/maintenance works shall be verified from these Logbooks/History sheets and recorded therein.

Note – 1. The vehicle or equipment In-charge shall append a performance summary of the vehicle or equipment at the end of each month in the Logbook. Any substantial deviation from the rated fuel consumption rate shall be brought to the notice of the Head of Office.

- c. When there are no budget provisions for running and maintenance of heavy vehicles or equipment, the expenses thereon shall be booked under temporary Running &



Maintenance account heads of the particular vehicles or equipment. For this, an Object head styled as “Others: RMO – Heavy Vehicles and Equipment” under Miscellaneous Receipts & Payments account shall be used. The costs such incurred shall be recouped from time to time by transferring them to the works concerned through journal entries on the basis of the entries in the Logbooks. The year ending result of these temporary accounts shall be turned to zero.

- d. In case, budget provisions are provided for running and maintenance of the heavy vehicles and equipment, the running costs or transportation charges in the estimates shall be recovered from the works on which those are utilised. Under these circumstances, the expenses on the running and maintenance shall be charged against the budget lines. The recoveries shall be effected through journal entries by debiting the works concerned on the basis of Logbook entries and crediting “Others: RMO – Heavy Vehicles and Equipment” under the head Miscellaneous Receipts & Payments. These amounts shall be remitted to the DPA by debit to the same account head.

iv) Maintenance of Property – Buildings, Roads, Plantations.

Except for minor and routine works on maintenance which are possible to be efficiently and economically executed under the supervision of a non-technical person, all works of maintenance of buildings, roads, plantations or other installations shall be entrusted to the appropriate engineering departments or sections.

- a. In respect of such minor or routine maintenance works, the officer in charge of the property or supervising the works shall record the details of works undertaken in the asset register (PMM-2) against the item. He shall verify the bills for the maintenance works on the basis of the entries in this register



and enter the bill verification therein.

- b. The engineering departments or sections shall follow the rules under Chapter VII, for works procedure and accounts in respect of all maintenance works undertaken by them.

- v) **Maintenance of Property – Furniture, Computer, Others.**

The officer in charge of the property shall record the details of works undertaken in the Inventory register against the item. He shall verify the bills for the maintenance works on the basis of the entries in this register and enter the bill verification therein.

vi) Operating Expenses – Advertising.

Expenses on advertisement of matters of public education or interest, policy notifications, suspension or introduction of particular service facilities etc. shall be booked under this object. Records of such advertisements shall be maintained in the office. These will be consulted for monitoring of performances or other purposes.

- a. A copy of the publication in which the advertisement was inserted shall be attached with every bill on advertising expenses. These copies, the rate chart and the order for insertion of such advertisement shall be the basis for verification of the bills on advertising expenses.

- b. Expenses on advertisement of tender notices for procurement of materials or works shall be charged on the works or materials cost.

vii) Write off – Stock, Loss of Cash/Goods.

Amounts shall be written off only after receipt of a sanction order issued by a competent authority. Generally, write-off sanctions are issued after completion of investigations etc. It thus becomes necessary



to hold the amount of estimated loss under a suspense head of account like PW Advances until the investigations are complete and a proper order is issued.

The initial entry for holding the amount under suspense will be:

Suspense – PW Advances A/C. Dr.
To Cash or Stock A/C. etc. Cr.

Note – 1. In case of loss of cash, the above entry shall be made through a disbursement voucher as the Cashbook balance has to be brought down by the lost amount. Entries for loss of Stock etc. shall be carried out through a journal voucher.

The amount held under suspense shall be cleared on receipt of a “Write off” sanction order. The journal entry for clearing the suspense account shall be:

Exp.Current/Activity/Write Off A/C. Dr.
Suspense/PW Advances A/C. Cr.

a. A sanction for writing off an item of fixed asset or equipment like building, vehicle, installation etc., shall not require any accounting entries in the cash based budgetary accounts of the Government.

The following actions shall be taken in these cases:

- i. Entries quoting the sanction order and the disposal/handing over of the written off items shall be made in the relevant Asset or Inventory register by the Property Officer.
- ii. Unutilised balance of appropriations for maintenance of the written off item shall be withdrawn on issue of a write off sanction.



- iii. If the sanction order prescribes recovery of cost or part thereof, the amount involved shall be booked as suspense PW item against the party through a journal voucher crediting the original expenditure head and the recovery of it shall be watched through a memorandum record. The actual recovery shall clear the suspense item against the party by debit to cash and credit to the suspense item. The remittance of the recovered amount to the revenue or other designated authorities shall also be brought into account.

- b. If the write off sanction pertains to an item of irrecoverable advance, the entries shall be made through a journal voucher debiting the Expenditure Current, Activity, write off A/C. and crediting the relevant Advances A/C. Such budget lines should be sought from Department of National Budget by submitting all the relevant documents.

viii) Acquisition of land, buildings.

Procedure to be observed for acquisition, assessment of value and payment of compensation against such properties shall be regulated by special orders issued by the Government from time to time.

- a. The Officer in-charge/Property Officer shall make a preliminary entry in the asset register and prepare or verify a bill in a suitable form, giving the area, dimension and other pertinent details of the property. Copies of assessment details/order and sale deed shall be attached with the bill.

- b. The Officer in-charge shall be responsible to obtain a title deed of the property and enter the same in the asset register.

- c. Registration or court fee, stamp duty etc. if required, shall form a part of the cost of the property.



ix) Capital Expenditure on Structure, Plants & Equipment.

Procedure shall be governed by the rules under the PRR and Chapter VII on Works Accounts.

x) Current and Capital Grants.

These are unrequited transfers for specific purposes, in cash or kind to other levels of the Government, corporations, NGOs, communities etc. outside the budgetary operations of the central Government. Payments shall be made on the basis of a sanction order issued by a competent authority and booked against the budget lines directly.

xi) Loan servicing by the Government – Repayment of loans

The Department of Macroeconomic Affairs (DMEA) under Ministry of Finance shall maintain memorandum accounts of the loans availed by the Government and arrange timely repayment. Apart from the schedule and terms of repayment, the Memorandum account shall keep track of the committed amount of the loan, amounts drawn, interest and service charges accrued, principals and interests etc. paid and the balance outstanding through Commonwealth Secretariat. Debt Recording and Management System (CS-DRMS). The following actions shall be taken to record the transactions under this category:

- a. The principals and the interests shall be paid through the normal budgetary and accounting process of preparation of disbursement vouchers.
- b. The interest portion shall be debited against the relevant current expenditure item.
- c. The capital repayment portion shall be debited against the relevant Repayment expenditure item.



- d. Sometimes, an amount of interest or service charges is directly debited to the loan account of the Government and is treated as disbursement made to the Government by the lending agency.

On receipt of such intimation:

- (i). In the memorandum account an equivalent amount shall be accounted for as Interest or Service charges accrued, Principals drawn from the loan account and Repayment of Interest or Service charges;
- (ii). A journal entry shall be made for recording the in-kind transactions of “Borrowings in kind” received and “Interest/Service charges” paid. The intimation from the lending agency shall be the basis for this transaction. Copy of this intimation shall be attached with the journal voucher.

xii) Lending by the Government – Recovery of Loans

1. Extending loans out of Government funds shall be governed by the rules prescribed and the disbursement of loans shall be made upon signing of an agreement between the Government and the borrower. The loan agreement shall, among other things, include suitable clauses covering the following aspects:
 - a. The name and address of the borrower;
 - b. The purpose and amount of the loan;
 - c. The chargeable rate of interest;
 - d. Mode and timing of repayment (both principal and interest);
 - e. The equivalent currency and the rate of exchange to be applied in repayments;
 - f. Period of moratorium, if any on repayment of principal;
 - g. Consequences of default in payment of interest or repayment of principal.



2. Apart from the Sub-ledger account for the payment item, the accounting section of the lending unit shall maintain a memorandum account of the loan in a Loan Accounts Register from which it shall keep watch over the recovery of loans and interest.
3. A reference of the loan agreement and the MoF approval shall be quoted in the disbursement voucher.
4. The borrower shall remit the repayments of principals and interests in separate cheques as these shall be remitted to different agencies.

Note – 1. Since the payment of loan is an expenditure item against approved budget lines, the recoveries of principals and interests shall not be credited to the expenditure item in the accounts. Instead, such recoveries shall be credited under “Miscellaneous Receipts/Payments – DPA: Loan principals A/C.” and “Revenue Recoveries/Remittances – Loan interests A/C” respectively.

5. The repayments received as Principals shall be remitted to the DPA after endorsing the cheque in favour of the DPA. “MRP– DPA: Loan principals A/C.” shall be debited while remitting the repayment.
6. The receipts of interest on loans shall be remitted to the respective RGR A/C. or RRCO after endorsing the cheque in favour of the RGR A/C. or RRCO as the case may be. “Revenue Recoveries/Remittances – Loan interests A/C” shall be debited while remitting the receipt.



7. The entries in the Cashbook shall be as follows:
- i. On receipt of the repayments:
Cash A/C. Dr.
MRP – DPA: Loan principal A/C. Cr.
Rev.Rec./Remit – Loan interest A/C. Cr.
(Being receipt of repayment of loan principal and interest from..... vide cheque Nos.....DPA)

 - ii. On remittance of the recoveries:
MRP – DPA: Loan principal A/C. Dr.
Rev.Rec./Remit – Loan interest A/C. Dr.
Cash A/C. Cr.
(Being remittance of the loan principal and interest to DPA and DRC, vide)
8. The central accounting units at the DPA and the DRC shall accord credits for such receipts under the heads “Recoveries of Principals” and “Interest on Loan” respectively.



CHAPTER – VI

6 ACCOUNTING OF EXPENDITURE

6.1 Recognition of Expenditure

6.1.1 An expenditure shall be recognised immediately upon making payment in cash or signing a cheque in case of a Disbursement Voucher and on authorisation of a Journal Voucher subject to the following:

- a. In the case of payments made from Permanent or Temporary Advances, the expenditure shall be recognised when an account together with the relevant supporting documents are approved and authorised for adjustment.
- b. Direct disbursements from a loan account shall be recognised on the dates of such disbursements irrespective of the actual date of receipt of the goods or services in the project.
- c. Direct disbursements from grant accounts shall be recognised only after the receipt of goods or services in the project.

6.1.2 Fiscal Year of a payment shall be determined by the issue date of the cheque or the date of payment in cash.

6.2 Books of Accounts - Maintenance

6.2.1 Every unit incurring expenditure shall maintain proper books of accounts as follows:

- a. Apart from other supporting books, one set of books of accounts shall include those registers and other records, which are primarily required for recording of receipts, payments and adjustment



transactions, compilation of accounts statements and check or verification of correctness of those statements. These books of accounts shall be maintained in the accounting units which are all generated from the accounting system. Such a set shall include:

- i. Cashbook (Form FAM – 5.1)
- ii. Journal Book (Form FAM – 5.2)
- iii. Ledger (Form FAM – 5.3)
- iv. Sub Ledger (Form FAM – 5.4)
- v. Other Memorandum records as follows:
 - (1) Non-Revenue Deposits and Releases Register;
 - (2) Refundable Deposits and Releases Register;
 - (3) Employees’ Personal Advances Register;
 - (4) Employees’ Loans Register;
 - (5) Stock Ledger (Form 8.1), where applicable;
 - (6) PW Advances Register;
 - (7) Government Loan Account Register.

- b. The other set of books of accounts shall generally comprise of records maintained for the purposes of monitoring, controlling and keeping details of relevant background information like measurement, stock, movement of vehicles, use of equipment etc. pertaining to expenditure transactions. These books of accounts shall be maintained generally outside the accounting units; i.e, in the field units, stores etc. and according to the rules in which such requirements are prescribed. These shall be called for in the accounting units from time to time in connection with settlement of claims, distribution of costs or other verifications.

6.2.2 All books of accounts which are maintained manually shall be bound in convenient volumes and shall have pre-numbered pages.

6.2.3 Entries in books of accounts shall be made neatly and legibly in indelible ink.



- 6.2.4 Pasting of pages or pieces of papers, use of erasures, correcting fluids or other materials for correction of entries shall not be made.
- 6.2.5 Corrections in the books of accounts shall be made through journal or reversal entries giving cross-references in each affected entry.
- 6.2.6 The officer-in-charge shall attest all corrections by putting his dated full signature.

6.3 Recording of Expenditure

- 6.3.1 All financial transactions including the value of items of In-Kind assistance shall be incorporated in the accounts through entries in the prescribed books of accounts.
- 6.3.2 Incorporation of expenditure in the accounts of the Government shall be undertaken by the accounting units by keeping of books under the principles of double entry accounting. The essential books to be maintained by the accounting units and the process of recording transactions in those shall be guided by the following procedures:

1. Cashbook (Form FAM – 5.1)

Except for the officers holding permanent or temporary advances, all Government officers, who are authorised to receive and/or draw and disburse Government moneys, (referred to as Drawing & Disbursing Officers in these rules) shall maintain Cashbooks in form FAM–5.1..

1a. Maintenance of Cashbook:

Under the present computerized accounting system, Cashbooks are automatically updated by the system without any manual interventions.

- a. All monetary transactions get entered in the Cashbook as soon



as they are punched in the computerized accounting system and transactions approved.

When the monthly closing is done for the transactions in the system, the system cashbook gets closed for the month and the cash and bank balances get carried forward to the next month. However, when the transactions are closed for the year, all books of accounts will get closed and the system will bring forward only the cash balances as the opening balance in the cashbook of the new fiscal year. Thus the accounting units will ensure the compliance of the following:

- i. The closing bank balance at the end of a fiscal year shall not be brought forward in the next fiscal year.
 - ii. For externally funded projects, any fund release balance at the end of the fiscal year need not be surrendered to the DPA and the same should be allowed to lapse. However the Agencies are advised not to seek releases more than the required amount so as to avoid release lapses.
- b. The Cash balance at the end of a fiscal year (as on 30th June or Last working day of the Fiscal Year) shall be brought forward in the next fiscal year and the same shall be remitted to the DPA within July (1st month of the next fiscal year) itself in the form of cash warrant/demand draft and bank transfer in cases of missions, embassies and consulate offices abroad. While surrendering the closing cash balance, the budgetary bodies should provide LC/PLC account number and FIC (FIC-wise breakdown, if more than one FIC is involved) in the forwarding letter.

Note-1: Bank charges for preparing Cash Warrant/Demand Draft of the closing cash balance shall be met from the closing



cash balance amount and charged to relevant Object Code in the month of June itself.

Exception – 1. The closing cash balances of the Embassies, Missions and Consulates abroad at the end of a fiscal year shall be brought forward in the next year. Budgetary releases for the next fiscal year to such agencies shall be made in full without adjusting the closing cash balances but the Missions, Embassies and Consulates abroad shall surrender the closing cash balances to DPA through a Direct Transaction (DT) from their LC accounts held in BoBL, Thimphu within July upon receipt of first quarter fund release as follows:

- i. To treat the surrender of prior year closing cash balance in July

MRP: Payments to DPA (OBC 89.13) Dr.

Cash Cr.

- ii. Upon authorizing BoBL to transfer from LC to BFA (*to reinstate cash balance in PEMS*)

Cash A/c Dr.

Bank Cr.

- d. The total of the Cashbook which shall be automatically calculated by the system shall be confirmed on a daily basis.

- e. At the end of each month, the cash balance in the Cashbook shall be physically verified and a signed and dated certificate to that effect shall be recorded as:

“Certified that the cash and cheques available in chest has been actually physically verified by me and the total amount of cash and cheques in the chest was found to be Nu.xxxx.xx (amount in words), which agrees with the balance shown in the Cashbook.”



- f. In the verification of cash in chest, if any discrepancy is noticed between the balance arrived at in the Cashbook and the actual cash found in the chest, the instructions contained under Section 1.7 under Chapter I shall be followed.
- g. Correction of entries in the Cashbook, if required, shall be made by reversing the entry and making a fresh correct entry giving cross-references in the original entry, the reverse entry and the new entry. The DDO shall attest every such correction and invariably date his initials in the vouchers. The accounting unit shall not be able to use erasures, correcting fluids or overwriting an existing entry in the Cashbook as it is system generated.
- h. Unless otherwise sanctioned specially by the Head of Office, a Government officer who handles Government money shall not handle in his official capacity, money which does not belong to the Government.

Note – 1. Where, under any special sanction, a Government officer is allowed to handle, both Government and non-Government moneys, separate cash boxes and sets of accounts records shall be maintained for each. The Government money and the accounts records thereof shall be kept entirely separated from the non-Government money and the accounts records thereof.

- i. The system will maintain separate Cashbooks and sets of accounts records in respect of each of the bank accounts.
- j. The Cashbook shall be treated as a book of prime entry for recording of all transactions in cash and through bank. The Cash and Bank columns of the Cashbook shall be treated as



equivalent to Cash A/C and Bank A/C respectively.

- k. The entries in this register will be made as and when transactions occur, strictly by date and order in which the transactions are carried out.

- l. A suitable narration shall be recorded under each entry. The entries shall appear as follows:

Transaction: Receipt of a Budgetary Release order:

Entry in the Debit (Receipt) side of the Cashbook:

“To Budgetary Releases A/C. (Bank Column)

Rct.code.../.../.../.

(To record the receipt of release order No..... dated.....)”

Underlying principle of double accounting:

Bank A/C. Dr.

Budgetary Releases A/C. Cr.

Transaction: Payment of a bill for supply of office stationary:

Entry in the Credit (Payment) side of the Cashbook:

“By Current Exp. A/C.

Exp.code/.../.../14.01

(To record payment to M/s..... against bill No..... dated.....)”

Underlying principle of double accounting:

Current Exp. A/C. Dr.

Cash or Bank A/C. Cr.

- m. Other than the situation described in paragraph (n – i) below and except for Releases received from the DPA, all receipts of cash and cheques shall get recorded in the Cash column on the



Debit side of the Cashbook against the proper Head of account. Deposits of such cheques or cash in the Non-Revenue Receipts & Deposits Account or Refundable Deposits Account shall get recorded in the Cash column on the Credit side of the Cashbook.

n. An authorised and recorded expenditure can be cancelled only before the actual disbursement of the amount or on receiving back the disbursed cash, the original non-cashed cheque or a cheque equivalent to the payment made.

i. In such circumstances, the original entry of the transaction shall be reversed by making a new entry in the Cashbook. The amount shall be entered in the Bank column only if the original non-cashed cheque is received back. The original non-cashed cheque shall be the basis for making this reverse entry.

If the amount is received back in cash, or a cheque of equivalent amount, the entry shall be made in the Cash column by issuing a non-revenue receipt.

ii. A note of the cancellation shall be recorded in the disbursement voucher giving a reference to the new entry.

iii. The original non-cashed cheque shall be cancelled and defaced. An entry of the cancellation of this cheque shall get updated in the Cheques Issued Register.

2. Journal book (Form FAM – 5.2)

Journal books shall be automatically maintained by the system to record the transactions undertaken through the journal vouchers.

a Separate Journal books shall be maintained in respect of



each of the bank accounts operated by an office.

- b. Entries in the Journal book shall get updated simultaneously with the passing of Journal vouchers.
- c. Each entry in the Journal book shall be followed by a proper narration explaining the reason and background of the entry.
- d. Each entry in the Journal book shall be attested by the Approving officer if maintained manually also.

3. Ledger (Form FAM – 5.3)

The accounting system will automate the Ledger as per FAM-5.3. The Ledger shall be maintained for segregating or grouping of receipts and/or expenses transactions under broad heads of accounts.

The accounting system will pick up the ledger balances for the preparation of monthly Receipts & Payments Statements.

- a. Separate Ledgers shall be maintained in the system for each of the bank accounts operated by an office.
- b. Each of the approved cash, bank and journal transactions recorded in the cashbook or the journal book shall be entered in the Ledger under the respective broad head of account mentioned in the cashbook and journal book respectively.
- c. The posting of transactions in the Ledger shall be automatic by the system and the balance under each account head shall be arrived at simultaneously with each entry.
- d. The year ending closing balances under Advances, Recovery – Remittances and all Suspense broad heads shall be carried forward to the next year in the Balance



column to maintain continuity of the unsettled accounts.

The balances shown in the column “Cumulative balances” against these heads in the Receipts & Payments Statements shall thus agree with the Ledger balances.

4. Sub-ledger (Form FAM – 5.4.)

Depending on the number of transactions under a bank account, separate Sub-ledgers or separate sections of Sub-ledgers shall be assigned to each of the broad heads of accounts except for opening of sub-ledger accounts by object codes under individual broad heads of accounts, budget activities or suspense items in accordance with the rules under Chapter VIII and IX. The Sub-ledgers shall be the basis for the monthly Expenditure Statements and other schedules. These shall be automatically maintained by the computerized accounting system as follows:

- a. Separate sets of Sub-ledgers shall be maintained in respect of each of the bank accounts operated by an office.
- b. Each of the approved disbursement and journal vouchers shall be entered in the appropriate Sub-ledger account wherever maintenance of Sub-ledger accounts has been prescribed in the rules.
- c. The Sub-ledger accounts shall be opened for each applicable object (separately for cash and kind) that may be defined under each broad head.
- d. No control balance shall appear in the Sub-ledger in respect of Bank or other Loans obtained by individual employees from the Financial Institutions or other offices. Only recoveries and remittance of such



recoveries shall be recorded in the Sub-ledgers.

- e. Entries in the Sub-ledgers shall be automatic and the balances arrived at simultaneously with every entry.
- f. The totals of balances of each Sub-ledger or section of the Sub-ledger shall be reconciled monthly with the balances under the corresponding broad head in the Ledger.
- g. The year ending balances in the Sub-ledger accounts falling under the broad heads mentioned under paragraph 3(e) of these rules shall be carried forward to the next fiscal year.

6.4 Supporting Books at the Accounting Units

6.4.1 Apart from the memorandum records mentioned in relevant sections, the accounting units shall maintain the supporting books of accounts as mentioned below. However if such supporting books are not automatically maintained by the system, the agencies will have to maintain them manually.

1. Bills Inward Register (Form FAM – 4.2)

Maintenance of this register shall be conducted in accordance with the provisions under rules 5.6.1 and 5.6.2.

2. Chequebook Register (Form FAM – 1.2)

Every time a new Chequebook is brought into use in respect of a particular bank account, the beginning and ending serial numbers of the cheque forms contained in the book shall be entered in the system.



3. Cheques Issued Register (Form FAM – 1.3)

Every time a cheque is issued, the details of the cheque shall be reflected in this register in the system. Details like its subsequent cancellation, stop payment orders, substitution etc. shall also be reflected in system.

4. Receipt Book Register (Form FAM – 3.2)

Separate registers shall be maintained for keeping record of receipt and issue of Revenue Receipt books and the serial number of receipt forms contained in the books. Issue of receipt books to the using unit shall be acknowledged by the user.

5. Bills Outward Register (Form FAM – 5.5)

Record of bills, Debit notes, invoices or claims raised by an office for supplies made, products sold or services rendered shall be maintained in this register. Each of such bills raised shall be identified with the serial number and date of the entry in this register.

Particulars of the office/party against whom the bill is raised and details of settlement of the bills shall also be noted against each entry. The Head of Office shall review this register at least once a month and take proper actions against the defaulters for realisation of the dues.

6. Other Memorandum Records.

Memorandum records as prescribed under different sections shall be maintained in appropriate forms and registers.



CHAPTER – VII

7 WORKS PROCEDURES AND ACCOUNTING

7.1 General Principles

7.1.1 All works shall be primarily divided in two categories, “original works and “maintenance works”.

- a. Original works shall comprise of:
 - i. All new constructions;
 - ii. Additions, alterations, renovations, remodelling of an existing property forming a part of a new project/work or resulting in an increase in the value of the existing properties;
 - iii. Experimental application of new, alternative or improved construction materials or techniques on existing properties;
 - iv. Initial repairs to newly acquired properties;
 - v. Restoration of previously abandoned or destroyed properties for bringing them into use;
 - vi. Repairs and maintenance of properties during their construction.

- b. Maintenance works shall comprise of:
 - i. Routine repairs and maintenance works;
 - ii. Remodelling, improvements, replacements or re-constructions which do not result in an increase in the value of existing properties, provided that the particular work is not a component of an original project or work and the work does not involve any acquisition of land.



- 7.1.2 Original and maintenance works shall be classified as Capital and Current Appropriations respectively.
- 7.1.3 All works, whether original or maintenance shall be initiated only against an approved budget appropriation.
- 7.1.4 Unless otherwise specifically mentioned, all works shall be initiated in accordance with the PRR, only after obtaining Administrative Approval & Financial Sanctions and proper Technical Sanctions.
- 7.1.5 All Budgetary Bodies shall ensure that the works are executed and completed within the stipulated time and within the approved appropriations in accordance with the PRR and other prevailing laws, rules and procedures.
- 7.1.6 For works to be financed from external grants or borrowing, the rules and procedures prescribed by the RGoB shall be followed, unless otherwise agreed.
- 7.1.7 Qualified Engineers working in the respective organisations may issue Technical Sanctions for works within the power delegated to them.
- 7.1.8 Preparation of estimates and execution of a work shall be carried out by a Budgetary Bodies having necessary technical competence or with the assistance of another Budgetary Body by entrusting it as a Deposit work.

7.2 Responsibilities

- 7.2.1 The Head of Office shall, among others, be responsible for ensuring that:
- a. All works are executed in accordance with the prescribed rules and procedures;



- b. The works are carried out in the best possible interest of the Government;
- c. The progress of the works are commensurate with the time and expenditure incurred;
- d. As an Entrusted Agency, the Deposit works are executed in accordance with the prescribed rules and procedures, and according to the requirements of the Client Agency and that the statement of accounts are submitted in time to the Client Agency.
- e. The prescribed books of accounts are maintained;

7.2.2 The Head of Office shall be responsible to take all such reasonable actions, to which he is competent to, for timely completion of the work as well as to avoid cost overruns.

7.3 Execution of Works – Pre-requisites

7.3.1 Approvals and Sanctions

7.3.1.1 An appropriate competent authority of the administrative Ministry/Department requisitioning a work shall issue an Administrative Approval and Financial Sanction (AA&FS). Such an approval shall be based on detailed estimate along with architectural and engineering drawings, where applicable.

7.3.1.2 A competent technical authority shall issue Technical Sanctions (TS) for all works.



- 7.3.1.3 The TS shall be based on the following conditions:
- a. Drawings, designs and specifications including detailed estimates.
 - b. The drawings, designs and detailed estimates shall be site specific and based on site conditions.
 - c. Estimates of all works shall be in accordance with the current Bhutan Schedule of Rates (BSR). In the absence of any specific item of work in the BSR, a fresh analysis of rates shall be prepared based on the prevailing market rates and submitted for the approval of the competent authority.
 - d. Before according TS, the sanctioning authority shall be satisfied that no material deviations from the whole project as prepared for the purposes of the AA&FS are anticipated.
 - e. TSs may be accorded to components of a whole work provided that a specific amount corresponding to the component is mentioned clearly in the AA&FS.
 - f. The amount of TS shall be within the amount specified in the AA&FS.
 - g. Provided that the conditions at (i) under this rule are fulfilled, a fresh estimate shall be prepared and a Revised Technical Sanction issued when, during the course of executing a work, it transpires that the actual expenditure on a work is likely to be in excess of 10% over the amount in the previous TS. The Revised TS shall exhibit the quantities of items or work and amounts sanctioned in the original estimate and those estimated to be required.



- h. While executing a sanctioned work, if some extra or additional work beyond the scope of the sanctioned work is considered necessary, and if the technical quality of the sanctioned work is not contingent upon undertaking such additional work, a Supplementary Technical Sanction shall be issued provided that the conditions at (i) are fulfilled.
- i. The issue of a Revised or Supplementary TS shall be subject to the availability of Budget appropriation and issue of a Revised AA&FS.

7.3.1.4 In all cases, the Head of Office shall issue an order for commencement of work on receipt of which, a contractor, Supervising and Site Engineers shall start actual execution of a work.

7.3.1.5 Unless otherwise specified, the AA&FS for a work shall be deemed to have lapsed in case the work is not commenced within twelve (12) months from its issue.

7.3.2 Mode of Execution

7.3.2.1 All public works shall be carried out through an open and fair competitive bidding based on the PRR and the categorisation and classification of the contractors by the Construction Development Board (CDB) or such other authorities as may be established by the Government.

7.3.2.2 The concerned Budgetary Body shall take up the execution of a work departmentally or entrust it to another specialised Budgetary Body as deposit work where:

- a. The work to be executed is of specialized nature and the required level of skills and/or technical know-how is not



available with the contractors, or;

- b. The works are to be carried out through community participation.

7.3.2.3 The selection of contractors/suppliers and award of supply or work contracts shall be undertaken in accordance with the procedures prescribed in the PRR.

7.3.3 Terms of Payment on Award of Contract

7.3.3.1 In the case of a work estimated to cost up to Nu. 0.10 (point one) million, the contract shall specify that no amounts shall be payable to the contractor till the whole work has been completed and a certificate of completion is issued to the contractor.

7.3.3.2 In case of works costing more than Nu.0.10 (point one) million, the contracts shall generally specify that amounts shall be payable at such times as agreed between the parties or at prescribed intervals coinciding with the physical progress of the work.

7.3.3.3 Generally, all materials required for the construction shall be supplied by the contractor and the cost included in the respective item rates. When some of the materials for construction are supplied by the Budgetary Body for the sake of ensuring quality, the following procedures shall be followed:

- a. When the work is tendered out, the tender document shall specify the items that will be supplied by the Government and the bidders should be instructed to exclude the cost of those materials from the rates to be quoted.
- b. The value of materials issued by the Government shall be booked to the work, and the contractor shall not include the cost of such materials in his bills.



- 7.3.3.4 The price adjustment resulting from rise and fall in the cost of labour and/or materials shall be as per clause 6.3.2 of PRR.
- 7.3.3.5 Should price variations occur during the period of time extension, it shall be applicable only under force majeure conditions or where such time extension has been granted in the interest of the Government.
- 7.3.3.6 Except for cases of advances, contractors/suppliers shall be advised to show quantities and amounts distinctly against each item of work/supply in the bills in a cumulative form.

7.4 Execution of Works – Record Keeping

7.4.1 Maintenance of Records

- 7.4.1.1 In addition to the financial and accounting records to be maintained for recording the financial and accounting transactions prescribed under various chapters/sections, the following records/books on work accounts shall be maintained, depending on the mode of execution.
- a. If the work is executed departmentally, the following books/records shall be maintained:
- i. Muster Roll Register (FAM – 6.1)
 - ii. Muster Roll (FAM – 6.2)
 - iii. Measurement Book (FAM – 6.3)
 - iv. Measurement Book Register (FAM – 6.4)
 - v. Material at Site Account Register (FAM – 8.1)
 - vi. Tools and Plants Account Register (FAM – 8.1)
 - vii. Empty Container Account Register (FAM – 8.1)
 - viii. Site Order Book (FAM – 6.5)
 - ix. Hindrance Register (FAM – 6.6)
 - x. Dismantled/Extracted Materials Account Register (FAM – 8.1)



xi. Works Cost Sheet (FAM – 6.7)

- b. If the work is executed through contract, maintenance of the Muster Roll Register and the Muster Roll shall not be required. Instead, a system generated memorandum Ledger in FAM – 6.8 shall be maintained. The Materials at Site Account Register shall be maintained for the materials supplied by the Government, if any. A Materials Control Register shall be maintained for the items supplied by the contractor.

7.4.2 Muster Roll (MR).

- a. MR in Form FAM – 6.2 shall be maintained to record daily attendance of work-persons engaged for works executed departmentally.
- b. The following shall be guidelines on the preparation and maintenance of MR:
 - i. On receipt of an order for the commencement of a work, the Site Engineer shall submit to the Head of office through the Supervising Engineer, a requisition for issue of MR specifying therein the number of each category of work-persons (like mason Gr., carpenter, labour etc.) required and the period for which they are required.
 - ii. On examination of the budget provision, existence of AA&FS, TS etc., the Head of Office shall issue the required MR to the Supervising Engineer approving therein the strength of each category of work-persons, period of their engagement and the rates for each category. The MR shall be registered in the Muster Roll Register (Form FAM – 6.1) and assigned a number and date before issue. The issue of the MR shall take place before the commencement of the work or beginning of the



working period whichever is earlier.

- iii. The rates of payment to different categories of work-persons shall be fixed in accordance with the wage rates prescribed by the Government from time to time.
- iv. The Supervising Engineer shall further re-issue the MR to the Site Engineer.
- v. Separate MRs shall be issued for each work. The Head of Office and the Supervising Engineer may however allow the use of a single MR for several small works of short duration.
- vi. All columns of the MR, including those for the Citizenship Identity/Immigration Card No. shall be filled in by the Site Engineer.
- vii. Attendance of the work-persons engaged in a work shall be marked daily in the MR before the start of work by the Site Engineer and signed by him.
- viii. MRs shall not be prepared in duplicate.
- ix. No over writing shall be permitted in the MR.
- x. Surprise checks on the attendance of the MR shall be conducted by the Supervising Engineer/the Head of Office or his nominated officer. The checking officer shall initial the day column in the MR in token of the attendance having been checked.
- xi. MR shall be closed on the last day of the period for which it was sanctioned or on completion of the work, whichever is earlier.
- xii. Generally, all the three parts of the MR shall be filled in before submission to the Supervising Engineer.



- xiii. Agencies executing works through community participation shall maintain an attendance register instead of the MR to record such contributions.

7.4.3 Measurement Book (MB).

- a. MB in Form FAM – 6.3 shall be maintained by the Site Engineer to record detailed actual measurement of quantities of works done as well as supplies received. MBs shall be the basis of all accounts of quantities of works done by contractors or work-persons engaged departmentally or supplies received.
- b. MBs shall be considered as very important accounts records and maintained very carefully and accurately, as these may have to be produced as evidence in a court of law, if and when required.
- c. MB shall be printed, securely bound and page numbered.
- d. All MBs belonging to a disbursing unit shall be serially numbered with a prefix to identify these with the office.
- e. The Head of Office shall maintain a MB Register in Form FAM – 6.4 in which the details of MBs issued to a sub-unit or Supervising Engineer, their return, review and maintaining on record shall be entered. A similar register shall be maintained in the office of the Supervising Engineer in which the details of their issue to specific Site Engineers and their ultimate return to the Head of Office shall be recorded.
- f. MBs no longer in use by Supervising Engineers or Site Engineers shall be withdrawn promptly even though they are not completely written up. These may be re-issued later.



- g. A Site or Supervising Officer getting transferred or relieved on any account shall hand over all the MBs issued to him to his successor. The transfer shall be recorded in the respective MBs after the last entries under the dated signatures of both the relieved and relieving officials. Such MBs shall be recorded in the MB Register as received back and re-issued to the new official.
- h. Any corrections in MBs made by the accounting units in the offices of the Supervising Engineer or the Head of Office shall be entered in red ink, and shall be initialled and dated.
- i. In case of lump sum contract, MB need not be maintained since the payment of running bills shall be based on the activity schedule.
- j. The following shall be the guidelines on the maintenance of MB:
 - i. MBs shall generally be written by the Site Engineer.
 - ii. Recording of Measurements shall be done neatly and directly in the MB in indelible ink at the work site only. The MB shall be so written that the transactions pertaining to a work are traceable easily;
 - iii. No entry in a MB shall be erased. Corrections shall be made by crossing out the incorrect entries neatly and inserting the correct details. Each such correction shall be initialled and dated by the official making the corrections. Cancellations of measurements shall be supported by dated initials of the officer ordering the cancellation, stating the reasons for cancellation or by the number, date and name of the issuing authority of the order for



cancellation.

- iv. Each set of measurements shall commence with the following entries as may be applicable in each case:

In the case of works:

- (a) Full name of the work,
- (b) Location of the work,
- (c) Name of the contractor,
- (d) Number and date of contract agreement,
- (e) Number and Date of written order to commence the work,
- (f) Intended date of completion,
- (g) Date of measurement
- (h) Page and MB No. Reference of previous measurement.

In the case of Supplies:

- (a) Name of supplier,
- (b) Number and date of supply order,
- (c) Name of work,
- (d) Date of measurement,
- (e) Page and MB No. Reference of previous measurement, if any.

- v. Entries in the MB shall be continuous from one page to another. Pages in a MB shall never be left blank, pasted or torn out. Blank page left inadvertently, if any, shall be cancelled under attestation;

- vi. In the cases of works or supplies awarded on contract, the measurements shall be taken jointly with the contractors/suppliers or their authorised representatives. The measurements recorded shall be signed with date at the end by the official taking the measurement and the



other party in token of the latter's acceptance of the measurements. If the contractor/supplier or their authorised representatives do not present themselves during the measurements despite being notified, the measurements taken by the Government officials shall be considered as final and binding on the contractor/supplier.

- vii. In the cases of works executed departmentally, if the works are susceptible to measurement, detailed measurement of the works under execution shall be taken and recorded in the MB on the closure of each MR.
- viii. An abstract of measurements giving the totals of measurements by individual items of work as indicated in the sanctioned detailed estimate shall be appended below the detailed measurements.
- ix. In the case of departmentally executed works that are susceptible to measurement; an additional record entry on cost efficiency of the work shall be appended below the abstract in the MB in the following format:

Estimated value of works done up to this MR.
Less Estimated value of works done up to the previous MR
Estimated value of works done in this MR = (A)
Cost of materials used during this MR period
Add amount of this MR
Actual cost of work done in this MR = (B)
Cost efficiency on work done in this MR =
 $(A - B)/A * 100$.

- k. The Supervising Engineer shall be responsible for



conducting 100% check of the measurements of all such works, which cannot be subsequently measured, such as works relating to foundations. For other items, the Supervising Engineer shall test check a minimum of 40% of the total value of the works. The Supervising Engineer shall record the results of test checks in the MB under his signature and shall also sign below the abstract of measurements.

1. The Head of Engineering Cell of the Agency/disbursing unit shall be responsible to test check a minimum of 20% of the total value of the works.

7.4.4 Materials at site Account Register (MAS A/C)

- a. Material at Site Account Register in Form FAM – 8.1 (Stock Ledger) shall be maintained for all works for the materials issued to the works/contractors by the agencies. The MAS A/C shall cover day to day receipt and consumption of materials, and hence shall be maintained according to the following rules:
 - i. The Site engineer shall maintain a separate MAS A/C for each work under his charge;
 - ii. The account shall be cleared as and when the work is completed. Surplus materials, if any, shall be transferred to other works through Property Transfer Note, (Form PMM – 4) with the approval of the next higher authority. The value of such transferred materials shall be booked against the new work and equivalent amount shall be deducted from the cost of the completed work.
- b. The materials for issue to the contractor shall be held in the MAS A/C under the custody of the Department and shall be issued to



the contractor from time to time strictly in accordance with the requirements. Care shall be taken to prevent diversion of materials issued to the contractor.

- c. All materials at site shall be physically verified from time to time and positively at the end of each fiscal year in respect of all works in progress and/or on completion of work. Shortages, if any, shall be investigated and responsibility fixed. If the loss is due to natural calamity or it is not possible to fix responsibility, the value thereof shall be considered for accounting as a charge to the same work.

Note – 1. Where the work contract includes supply of materials by the contractor, the Site Engineer shall maintain a suitably designed Materials Control Register and record therein the details of important materials like cement, steel, CGI sheets etc. that are brought by the contractor. Such details shall include name of the item, date brought in, quantities, purchased from, Cash Memo/Bill No. and rates. These items of information shall be utilised for exercising quality control and paying secured advances.

Note – 2. Diversion of materials brought by the contractor in the work-sites shall not be permitted if secured advances have been paid against such materials.

7.4.5 Tools and Plants Account Register

Tools and Plant Account Register shall be maintained in Form FAM – 8.1 (Stock Ledger) for all general and special tools and plants of consumable nature. The cost of small Tools and Plants shall generally be charged directly to the work concerned as and when acquired.

When tools and plants are loaned for a specific work or purpose, the record of the loan shall be entered in the register for ensuring the return



thereof. Losses of tools and plants shall be reported to the Supervising engineer/Head of Office for investigation. Tools and plant shall be physically verified annually and the annual report thereof prepared indicating the opening balance, receipt, transfers and losses during the years as well as the balance at the end of the year. Unserviceable tools and plant shall be dealt with in accordance with the provisions in PMM. On completion of the work, the balance stock of tools and plant shall be kept in the Stores.

7.4.6 Empty Container Register

Empty Container Register in Form FAM – 8.1 (Stock Ledger) shall be maintained by the Site engineer for empty bitumen drums etc. Disposal of empty containers shall be conducted in accordance with the provisions in PMM, when sufficient quantity is available. Utilisation of such items shall be noted in this register under attestation of the officer concerned.

7.4.7 Site Order Book

Site Order Book shall be maintained by the Site Engineer for all works in Form FAM – 6.5 for the purpose of recording instructions issued at site pertaining to work. The site order book shall be maintained as follows:

- a. The Supervising/Senior most Engineer or Authorised Representative of the Head of Office shall record in the Site Order Book any defects/instructions for the compliance of the Contractor and Site Engineer;

Note – 1. In case the Site Engineer feels the necessity of any modification or correction in the design, specification or scope of work during the construction, he shall immediately bring the issue to the notice of the Supervising Engineer for obtaining written



authorisation.

Note – 2. Instructions involving additional or extra works shall be processed in accordance with the scope of work, budget appropriation, and terms of contract in applicable cases and ordered in writing separately. Before making any extra financial commitment, Agencies shall take into consideration the provisions under rule 7.1.5, which require them to remain within the approved appropriations for the works.

- b. The signature of the official giving the instruction and the signatures of the Contractor’s representative and the Site Engineer shall be recorded in the Site Order Book;
- c. The Site Order Book shall be reviewed regularly and compliance with the instruction recorded therein by the Contractor and Site Engineer shall be ensured;
- d. The Site Order Book shall invariably be referred to at the time of preparation and submission of statements for deviation items, substitution items, extra items, additional items, time extension and making final payments;

7.4.8 Hindrance Register

Hindrance Register in Form FAM – 6.6 for each work shall be maintained by the Site Engineer for all works. Whenever any hindrance affects the progress of work, the Site and/or Supervising Engineer shall make a note of such hindrance in the Hindrance Register. Signatures of the Site Engineer, Supervising Engineer and the contractor’s representative at site shall be recorded clearly in the Hindrance Register. Any request for extension of time for the completion of the work shall be based, among others, on the facts recorded in the Hindrance Register.



7.4.9 Dismantled/Extracted Materials Account Register

Materials obtained through dismantling or which are retrieved or extracted during the course of execution of the works, such as trees felled or stones, rocks extracted shall be considered as properties of the Government. Such materials shall be accounted for in the Dismantled/Extracted Materials Account Register in Form FAM – 8.1 (Stock Ledger), which shall be maintained by the Site Engineer for all works. The modalities of the usage, stacking and the disposal of dismantled materials shall be conducted in accordance with the provisions of Standard Bidding Documents (SBD).

7.4.10 Contractor’s Ledger

Every Budget Agency executing works through contract shall maintain a Contractor’s ledger in Form FAM – 6.8 for individual contractors reflecting the transactions undertaken in connection with execution of works or materials supplied.

7.4.11 Works Cost Sheet

- a. All Agencies executing works shall maintain a ledger of Works Cost Sheets in Form FAM – 6.7 to:
 - i. Record transactions pertaining to each work;
 - ii. Have accurate up to date data on status of any work in progress or completed.
 - iii. Enable the Head of Office or other senior officers of the Budget Agency to review, appraise, and to exercise control over the works.



- b. The Works Cost Sheet shall be prepared and maintained for all original works costing more than Ngultrums one million. The information in the ledger of Works Cost Sheets shall be based on financial transactions and maintained by the accounting unit of the Head of Office. Upon completion of a work, the expenditure recorded in the Work Cost Sheet shall be totalled and balance of appropriation, if any, shall be indicated under the total column of the expenditure section.

7.5 Payment and Accounting of Works Expenditure

7.5.1 General

7.5.1.1 Expenditure on works shall generally be made through the following three channels:

- a. Payments to Work-persons;
- b. Payments to Suppliers and Contractors;
- c. Advances to Officials, Agencies, Suppliers and Contractors and their adjustments.

7.5.1.2 The procedures for processing payments as mentioned under Chapter V shall be followed in general for processing of payments in connection with execution of works also. Since most of the payments against works are made through the MRs and MBs and Abstract of bills, some additional and specific procedures are involved. Such additional procedures are laid down in the following sections.

7.5.2 Payments to Works-Persons and Accounting thereof

7.5.2.1 Wages for all work-persons engaged for the execution of works on a daily rate basis shall be drawn on MR, Form FAM– 6.2.



- 7.5.2.2 The Site Engineer shall total all the columns of daily attendance, fill in the rates against each work-persons, work out the total number of payable days, indicate the fines and deductions if any, put the net payable amounts in respect of each and total payable amount. The amount of unpaid wages up to the previous MR shall be brought forward in Part II.
- 7.5.2.3 The progress of works done by the work-persons shall be recorded in part III of the MR as per the abstract of measurements. If the work is not susceptible to measurements, a remark shall accordingly be given in part III.
- 7.5.2.4 An entry of the closed MR shall be made in the MB indicating the name of the work, MR number, period covered in the MR and the total amount of the payment. The closed MR along with the MB shall be submitted to the Supervising Engineer. In the case of variations in the cost efficiency exceeding 5% as recorded in the MB, a proper justification of the cause and the proposed measures to be adopted to bring down the variation shall be explained in a separate paper.
- 7.5.2.5 On receipt of a completed MR, all the calculations, entries and totals shall be thoroughly checked in the office of the Supervising Engineer. The Supervising Engineer shall also conduct appropriate amount of check of the measurements, ensure correctness of the entries in the MR and MB, the amount of unpaid wages in Part II, and countersign it. He shall verify the stated causes of variation in the cost efficiency factor, examine the merit of the proposed remedial measures, recommend or give his own suggestions and submit the MR and MB to the Head of Office for advice and payment.
- 7.5.2.6 The following checks shall be conducted by the accounting unit in the Head of Office to ensure that:



- a. The MR has been filled in correctly in all respects;
- b. The wage rates of different categories of work-persons are correctly applied;
- c. Daily totals of different categories of work-persons have not exceeded the sanctioned strength on any day;
- d. Paid holidays have been marked in accordance with the Labour Act and rules in force;
- e. Total payable days of each work-person, amount payable to each and the total amount of payment have been calculated correctly;
- f. Unpaid wages of previous MRs have been claimed correctly;
- g. The Supervising Engineer or other designated officers have checked the MR attendance from time to time or for the prescribed minimum number of days, in case there is a departmental order to the effect;
- h. The calculations in the MB, both in the detailed measurements and the abstract are correct.
- i. In the case of a last MR of a work, the prescribed amounts of test checks on works have been carried out.

Note – I. Deficiencies if any noticed under steps (g), (h) and (i) shall not cause withholding the payment. Those shall be brought to the notice of the Head of Office for adoption of corrective measures.

7.5.2.7 While passing the MR for payment, the Head of Office shall issue suitable instructions to the Supervising Engineer and the Site Engineer to adopt specific measures for correction of deficiencies mentioned under rules 7.5.2.6 (g), (h) and (i) as well as to control variations in the cost efficiency mentioned under rules 7.5.2.4 and 7.5.2.5.

7.5.2.8 Calculation checks and required corrections in a closed MR shall be completed within one week of its receipt by the Head of Office.



- 7.5.2.9 The payable amount of the closed MR shall be paid to the Supervising Engineer as Temporary Advance or charged against the work against the officer for making disbursements. When the payments are charged to the work, it should be ensured by the site engineers/ accounting units that the paid muster rolls are attached with the voucher for future reference and records.
- 7.5.2.10 A pass order indicating the MR Number, disbursement voucher number and the amount of MR shall be recorded in the MB in red ink and signed by the Disbursing Officer. A red ink line shall be drawn diagonally across the pages of the MB where the related measurements have been recorded to indicate that the measurements have been accounted for.
- 7.5.2.11 On receipt of the Temporary Advance, the Supervising Engineer shall arrange disbursement of wages, preferably on the same day immediately after the working hours of the work-persons if the work is carried out in the same station. In the cases of works at outstations, disbursements shall be made at the earliest taking the reasonable journey time into consideration.
- 7.5.2.12 While making disbursements, stamped acknowledgement of the payment shall be obtained from each payee on the MR. The disbursements shall be witnessed by another official who shall record a certificate of having witnessed the payments at the foot of the MR. The details of unpaid items shall be recorded in Part II of the MR. Similarly, if any of the unpaid items of previous MRs are paid out of the advance against the present MR, entries of the same shall also be made in Part II of the MR.
- 7.5.2.13 The completed MR and the unpaid wages, if any, shall be submitted back, without delay to the Head of Office for adjustment of the advance and booking of expenditure against the work.



- 7.5.2.14 The total amount of Part I of the MR shall be charged to the work against the budget line. The unpaid wages relating to Part I shall be credited in “Suspense – Other Deposits - Others” under the work. The disbursement of previously unpaid wages recorded in part II of the MR shall be debited against “Suspense – Other Deposits - Others” under the work.
- 7.5.2.15 A Register of Unpaid Wages in Form FAM – 6.9 shall be maintained in the office of the Supervising Engineer to keep a record of the unpaid items of the MRs and their subsequent payments. This register shall be produced to the accounting unit on every occasion of MR transactions.
- 7.5.2.16 Subsequent payment of unpaid wages shall be made through a payment voucher on the strength of a note of request from the Site Engineer recommended by the Supervising Engineer. A note of such payment shall be kept in the Register of Unpaid Wages and in the relevant MR. These payments shall be charged to “Suspense – Other Deposits - Others” under the work
- 7.5.2.17 Wages remaining unpaid for three (3) months or more shall be reported to the Head of Office who will decide whether the amounts should continue to be held in office or should be remitted to the Refundable Deposits Account.
- 7.5.2.18 On the closing of the works accounts or by the end of the fiscal year, whichever is earlier, the unpaid wages lying at the credit of “Suspense: Other Deposits – Others” shall be remitted to the Refundable Deposits Account by debit to the head “Misc. Rct/Pmt: Deposits – Refundable Deposit” keeping a note on the Registers of Unpaid Wages and Refundable Deposits.
- 7.5.2.19 Wages remaining unpaid for more than three (3) years shall be cleared through a journal entry debiting the suspense head and crediting the



work concerned by obtaining a budget line for the work from DNB. While approving the budget line, the DPA shall transfer the equivalent amount from the RD Account to Govt. Budget Fund Account under intimation to the Budgetary Body. A note of the clearance shall be kept in the Register of Unpaid Wages against the relevant items. The note of deposit in the Refundable Deposit Register shall be cleared by putting a remark “Cleared by transfer to Budget Fund vide DPA No.”.

7.5.3 Payments to Suppliers/Contractors and Accounting thereof

7.5.3.1 Payments for works or supplies required for specific works shall be based on the quantities recorded in the MB.

7.5.3.2 Subject to the terms of agreements, the payments against works shall generally be made against running account bills and the payments against supplies shall be made in proportion with the actual supplies within 30 days from the date of receipt of claims.

Note – 1. Successive claims against a work or supply contract for payments against progress of work or supply are referred to as “Running Account Bills”.

7.5.3.3 Payments against running account bills shall be subject to adjustment in the subsequent bills.

7.5.3.4 The following documents shall be required to make payments for the bills submitted by the contractor:

- a. Joint measurement sheet, measurement book, bills duly verified by Site Engineer and signed by the Contractor and Engineers or Head of Department/Division for the payment of running bills,



- b. Joint measurement sheet, measurement book, bills duly verified by Site Engineer and signed by the Contractor and Engineers or Head of Department/Division, work completion certificate, approval for deviations, extra works, time extensions, price escalations and substitute items for the payment of final bills.

7.5.3.5 The Site Engineer shall verify all bills of contractors and suppliers with reference to the entries in the MB and, in applicable cases with entries in the MAS A/C or the T&P register. The following shall be ensured while verifying the claim:

- a. If the contractor is required to obtain certain construction materials from the Government, it shall be ensured that:
 - i. The cost of such items are not included in the claim;
 - ii. Recoveries of the cost of materials so supplied are effected in case the item rates of contract are inclusive of the cost of materials.
- b. If any secured and/or Mobilisation Advance was paid to the contractor for the materials brought in by him, recoveries of the advance in accordance with the terms of agreement are effected.
- c. Security deposits are deducted in accordance with the terms of agreement.

7.5.3.6 The verified and certified bills shall then be submitted to the Supervising Engineer with the relevant MB/s.

7.5.3.7 Besides examining the bills verified by the Site Engineer, the Supervising Engineer shall conduct such checks as deemed necessary in order to ensure the admissibility of the claim.



- 7.5.3.8 Among such checks, the Supervising Engineer shall carry out checks on theoretical consumption of important items like, cement, steel, road metal etc. in accordance with technical norms. Such checks are intended to ensure that the issue or consumption of materials is in accordance with the progress achieved. Calculation sheets for such checks shall be attached with the bill. Any notable under or over consumption of materials shall be investigated and explained in those notes for approval or suitable instructions from the Head of Office.
- 7.5.3.9 The bills and the MBs, duly endorsed by the Supervising Engineer shall be submitted to the Head of Office.
- 7.5.3.10 In the accounting unit of the Head of Office, the following specific checks shall be carried out in cases of bills for works or supplies to works.
- a. The MB entries shall be verified to ensure that:
 - i. Measurements have been test checked to the extent required;
 - ii. Calculations on quantities, volumes etc. are arithmetically correct;
 - iii. Rates have been recorded correctly and are in accordance with the contract;
 - b. If the bill is the first of a running account, it shall be verified whether the performance guarantee, if specified in the contract, has been provided by the contractor/supplier.
 - c. If the bill is on a running account, it shall be compared with the previous running account bill and a cross-reference of the two successive bills shall be noted in both the bills.
 - d. In the cases of bills for supplies, the relevant MAS A/C. or the T&P Register shall be checked to see whether the receipt of



items have been correctly noted therein and the verification of the current bill has been marked there.

- e. Cases of notable under or over consumption as brought out by the Supervising Engineer shall be brought to the notice of the Head of Office for his approval or suitable instructions.
- f. Deductions in rates of items of works, effected if any, shall be verified in accordance with the terms of agreement and got approved by the Head of Office.
- g. Statutory deductions and recoveries of cost of materials issued by the Government, secured and/or Mobilisation Advances, if any, shall be effected and noted in the relevant registers.
- h. Deduction of security deposit, as per terms of agreement, shall be made and noted in the relevant register.
- i. In the MB, an entry of pass and payment of the bill shall be made in red ink below the abstract of measurement giving reference to the voucher number and date. The relevant pages in the MB containing the measurements shall be crossed diagonally in red ink. The entry shall be attested by the DDO over his full dated signature and seal.
- j. The number and page of the MB in which the detailed measurements and abstracts are recorded shall be noted in the payment voucher.

7.5.3.11 The gross amount of the passed bill shall be charged against the work. The recoveries of secured and Mobilisation Advances shall be credited in “Suspense – PW Advances – Secured Advances and “Suspense – PW Advances – Mobilisation Advances” under the work and noted in the relevant register against the particular contractor.



- 7.5.3.12 The recovery of security deposit shall be credited in “Suspense – Other Deposits - Security & Earnest Money” under the work and noted in the relevant register against the contractor. The amount of security deposit recovered from the bill shall be remitted to the Refundable Deposits Account by debiting “Misc. Rct/Pmt – Deposits: Refundable Deposits”.

7.5.4 Payment and Accounting of Advances

- 7.5.4.1 Advances for works shall mainly be of the following types:

- a) Mobilisation advance;
- b) Secured advance;
- c) Temporary advance;
- d) Deposit works advance.

The payment of these advances shall be processed and made in accordance with the general procedures of payments under Chapter – V. The special aspects of these advances and their recoveries are outlined in the following paragraphs:

7.5.4.2 Payment and Accounting of Mobilisation Advance

- a. Interest free Mobilisation Advances may be provided, as provided in the contract document, in respect of a works contract on submission of an unconditional bank guarantee issued by a reputed Financial Institution and acceptable to the Procuring Agency for an amount equal to the required advance payment.
- b. Unless otherwise mentioned in the contract agreement, the amount of mobilisation advance shall be limited to ten percent (10%) of the initial Contract Price.



- c. When sanctioned, the claims of Mobilisation Advance shall be routed through the Site and Supervising Engineers to the Head of Office with the relevant entries in the MB.
- d. The grant of Mobilisation Advance shall be covered by a bank guarantee to be furnished by the contractor. It shall be seen that the guarantee remains valid till the recoveries are complete.
- e. An order sanctioning the Advance, verified and approved claim for grant of Mobilisation Advance and existence of the unconditional bank guarantee, work order, tender documents and measurement book shall be the supporting documents for making payment of the Mobilisation Advance.
- f. A red ink entry of the payment of Mobilisation Advance giving reference to the disbursement voucher shall be made in the MB under the full name and dated signature of the Disbursing Officer. A note of the page and number of the MB shall be recorded in the disbursement voucher.
- g. The payment shall be charged under “Suspense: PWA: Suppliers – Mobilisation Advance” under the work and noted in the relevant register against the particular contractor as well as in the contractor’s ledger.
- h. The recovery shall be made in specified instalments starting from the first running account bill. Instalments shall be fixed in a way so that the entire amount is recovered latest by the time 80% of the works are completed. A contractor’s offer to effect the recovery earlier or at a faster rate shall be acceptable.



7.5.4.3 Payment and Accounting of Secured Advance

- a. Secured Advance shall be provided to the contractor as per the terms of contract against the construction materials brought in the site by the contractor for incorporating in the works. In case of fabrication works off site, secured advance may be paid to the contractor after the site inspection is carried out by the client at the cost of the contractor, submission of proof of payment (work material) and submission of supply order.
- b. Claims of secured advance shall be routed through the Site and Supervising Engineers to the Head of Office with an entry in the MB.
- c. Advance against construction materials shall be limited to seventy-five percent (75%) of the value of the required items brought to site as verified and assessed by the Supervising Engineer, which shall be supported by the original invoices/bills from the suppliers. All materials imported from other countries shall be supported by Bhutan Sales Tax Receipts or customs clearance.
- d. While verifying and giving an assessment of the value, the Supervising Engineer shall be responsible for certifying on the claim that:
 - i. The materials against which advance has been sought have been brought to site;
 - ii. The contractor has not been previously paid any advance on the security of these materials;
 - iii. The materials are as per the tendered specifications and are not in excess of the quantity required for use in construction of the work under contract.



- e. The Government/Department shall secure a lien on the materials against which secured advance has been sought through a declaration from the contractor and safeguard those against losses due to misuse or diversion by the contractor.
- f. Verified and approved claim of the contractor together with the declaration on lien including measurement books, original invoices/bills certified by the Site and Supervising Engineer and work order shall be the supporting documents for payment of secured advance.
- g. A red ink entry of the payment of secured advance giving reference to the disbursement voucher shall be made in the MB under the full name and dated signature of the Disbursing Officer. A note of the page and MB number shall be recorded in the disbursement voucher.
- h. Payment of secured advance shall be charged against “Suspense – PWA: Suppliers – Secured Advances” under the work and noted in the relevant register against the contractor as well as in the contractor’s ledger.
- i. Recoveries of secured advance against construction materials shall be effected from the running account bills as and when the materials are used in the work as evidenced from the MAS account. A contractor’s offer to effect the recovery at a faster rate shall be acceptable.

7.5.4.4 Payment and Accounting of Temporary Advance

- a. Advances paid to Site or Supervising Engineers for specific purposes in connection with execution of works like Muster Roll payment, petty miscellaneous expenses, release of



consignments from railway/transport authorities, loading and unloading away from work sites etc. fall under this category.

- b. Payment and accounting of these advances shall be governed by the rules under sections 5.1.4 and 5.1.5 in Chapter V read with Part 9.3 under Chapter IX.

7.5.4.5 Payment and Accounting of Intra-Agency Advance

- a. Advances paid to a central procurement unit or a specialised unit of the same Budgetary Body for procurement and delivery of construction materials, T&P items or execution of the works shall be classified under this category.
- b. An approval of the Head of Office based on the Technical Sanctions shall be the authority for payment of these advances.
- c. The payment and accounting of these advances shall be governed by the rules under Sections 9.4.3 and 9.4.4 in Chapter IX.

7.5.4.6 Payment and Accounting of Deposit Works Advance

- a. Advances for execution of works paid to another Budgetary Body outside the administrative control of the client Budgetary Body shall be classified under this category.
- b. An approval of the Head of Office based on the AA&FS and the TS submitted by the entrusted Budgetary Body shall be the authority for payment of these advances.
- c. The payment and accounting of these advances shall be governed by the rules under Sections 9.5.3 and 9.5.4 in Chapter IX.



7.6 Completion of Works

7.6.1 Closing of Works Account

7.6.1.1 The accounts of a work shall be closed on its completion by attending to the following requirements:

- a. All liabilities in the form of outstanding bills, unpaid wages etc. shall be settled.

Note – 1. In case some of the liabilities to contractors/suppliers are required to be kept unsettled due to disputes or other reasons beyond the reasonable control of the Budgetary Body, the amounts considered to be admissible shall be charged to the work as follows:

Budget line of the work Dr.

To Suspense: Other Deposits – Closed Works Cr.

Note – 2. The accounts of the work under Note – 1 shall be closed keeping the suspense heads open for later adjustment. The above transaction shall be allowed only for those works, which have been completed in all respects before the closure of the fiscal year and all formalities like handing/taking over has been done. It cannot be applied to those works which have not been completed or which would spill over to the next fiscal years.

Note – 3. The amounts such charged to the works shall be remitted to the Refundable Deposit Account by debiting the Head “Misc.Rct/ Pmt: Deposits – Refundable Deposits”

Note – 4. The budgetary body shall adjust the closed works account within one month after the close of the fiscal year except for cases under legal disputes.



- b. Subject to the conditions mentioned in Notes 1 – 3 under 7.6.1.1(a), all advances and balances under suspense heads under the work shall be liquidated.
- c. Amounts due or recoverable from other Agencies, Organisations, local bodies etc., in connection with the works shall be recovered.
- d. In applicable cases, the expenditure recorded in the Works Cost Sheet shall be totalled and the balance of appropriation, if any shall be indicated under the total column.

7.6.1.2 The Supervising Engineer or in his absence, the Site Engineer shall be responsible for the following on completion of a work:

- a. Surplus materials, if any in the MAS A/C. shall be transferred to another work or to stock by credit to the work. The cleared MAS A/C Register shall be surrendered to the Head of Office.
- b. Tools & plant, issued to the work, Empty containers, Dismantled/Extracted materials shall be transferred to respective numerical accounts by keeping a note of such transfers in the relevant registers, which shall thereafter be surrendered to the Head of Office.
- c. The Site Order Book and the Hindrance Register shall be surrendered to the Head of Office.
- d. Proper handing/taking over note of all works executed and completed shall be carried out between the construction unit/contractor and the user unit/Client Agency on the basis of an order from the Head of Office. In case of works executed on contract, the handing/taking over shall be subject to the



warranty conditions as specified in the contract.

7.6.2 Reports on completion of Works

7.6.2.1 Works Completion report in Form FAM – 6.10 shall be submitted by the Site Engineer to the Head of Office through the Supervising Engineer, indicating the final expenditure, and the date of handing over of the work.

7.6.2.2 In the case of an original work, an “As Built Plan and Drawing” shall form a part of the completion report.

7.6.2.3 In case of a deposit work, a copy of the completion report shall be submitted by the Head of Office/Department to the Client Agency on whose behalf the work is executed.

7.6.2.4 Copies of completion reports in respect of original works shall be sent to the DNP and the Property Officer who shall record the total cost of the asset in their Fixed Assets Registers.



CHAPTER – VIII

8 TRANSACTIONS UNDER OTHER BROAD HEADS

8.1 Other Broad Heads – Receipts and Expenditure

8.1.1 Releases (Group Head Code – 2).

Releases of funds as well as withdrawals of releases made by the DPA shall get booked under any of the four broad heads under this item.

- a. All releases will get recorded on the receipt (Debit) side of the Cashbook in the Bank column. Withdrawal of releases will get entered on the payment side of the Cashbook in the Bank column.

The underlying principle of double entry for recording of releases and withdrawal of releases in the Cashbook shall be as follows:

Releases:

Bank A/C.	Dr.	
	To Releases (Budgetary etc.) A/C.	Cr.

Withdrawal of releases:

Releases (Budgetary etc) A/C.	Dr.	
	To Bank A/C.	Cr.

- b. Depending on the nature, the releases shall be of four types. (four broad heads under this item). A Ledger account for each of the four types of releases shall be opened automatically. Opening of Sub-ledger accounts for the releases shall not be required except for the cases mentioned against each type. The four broad heads and their codes shall be:



- i. Budgetary (2a)
- ii. Non-Revenue (2b)
- iii. Refundable Deposits (2c)
- iv. Uncashed Cheques (2d)

c. Releases: Budgetary (2a).

All releases against the current year's budget appropriations, whether those are out of borrowed funds or external grant funds or internal receipts of the Government, shall be classified under this head.

Note – 1. If a disbursing unit is required to operate a single bank account for projects funded by different financing items or donors, it will be necessary to maintain separate Sub-ledger accounts to keep track of releases received against each of the different financing items.

d. Releases: Non-Revenue (2b).

These are non-budgetary releases generally against prior deposits made into the Government Non-Revenue Receipts and Deposits Account. It is not mandatory for the Agencies to seek Non-Revenue release for the full amount if the same cannot be utilized within the same financial year. Non Revenue releases can be sought as and when they can be utilized but within a reasonable period of time.

- i. Accounting units shall maintain a memorandum record of the individual deposits made in the Non-Revenue Account and the releases received against such deposits in a register. (Receipt amount & ref., Deposit amount & ref., Release amount & ref., Assignment ref.)

- b. Separate Ledger accounts shall be maintained for individual donors.
- c. Separate Sub-ledger accounts in respect of individual projects financed by the same donor shall be maintained.
- d. The journal voucher shall be prepared on the basis of either of the following records:
 - i. A statement of expenses on a project sent by the donor or information received from the GNHC or DMEA/DPA, duly verified by the project manager;
 - ii. A copy of a paid invoice received from the donor, duly verified by the project manager;
 - iii. Assessed value of the goods or services received.
- e. The project manager shall take the initiative to obtain a statement of expenses or copies of invoices from the donor in time.
- f. If no statement of expenses or copies of invoices are received from the donor despite efforts to this effect, the project manager shall assess the value of the goods or services on market value and provide the information to the accounting unit for necessary incorporation in the expenditure account.
- g. The procedure for verification and approval as per rules under sections 5.8 and 5.10 of Chapter V shall be followed for authorisation of the journal voucher.

8.1.3 Borrowings in Kind (Broad Head Code – 4)

The disbursements made directly by a lender to a supplier, contractor,



service provider or to itself from a loan account of the Government shall be accounted for under this broad head.

- a. A Journal voucher debiting the expenditure line item and crediting the “Borrowing in kind – Donor Acronym” account shall be authorised immediately on receipt of information on a direct disbursement from a loan account.
 - i. If the arrival of the paid for goods or services are likely to be received after sometime, “Suspense – PW advances - Others” of the relevant activity shall be debited instead of the expenditure line item.
- b. Separate Ledger accounts shall be maintained in respect of each lender.
- c. Separate Sub-ledger accounts in respect of different projects financed by the same lender shall be maintained.

8.1.4 Revenue Receipts/Remittances (Broad Head Code – 5)

Receipts or recoveries pertaining to different revenue items and the remittance of such receipts to the relevant RRCOs or RGR accounts shall be recorded under this broad head of account.

- a. Recoveries shall be made in accordance with the Government rules or orders issued from time to time.
- b. Subject to other provisions in the RM, the recoveries effected or receipts made during the course of a month shall be remitted in full within the same month.
- c. A Ledger account for the broad head “5 – Revenue Receipts/Remittances” shall be maintained.
- d. Separate Sub-ledger accounts for individual items of revenue as may be defined from time to time at the object level shall be



maintained.

- e. Instructions in the RM shall be followed for the recoveries, remittances and maintenance of records and for the submission of accounts to the DRC.

8.1.5 Other Recoveries/Remittances (Group Head Code – 6)

The recoveries made from Government employees for GPF, GIS etc. based on Government orders, and other deductions based on arrangements made by the employees with the financial institutions and the remittance of such amounts shall be recorded against the relevant broad heads under this item.

- a. The broad heads and their codes under this item shall be as follows:
 - i. GPF: Employees Contribution (6a)
 - ii. GIS (6b)
 - iii. Other Insurance Premia (6c)
 - iv. Loans from Financial Institutions. (6d)
 - v. Others (6e)
- b. A Ledger account for each of the broad heads shall be maintained.
- c. Separate Sub-ledger accounts for individual object heads as may be prescribed by the DPA from time to time under these broad heads shall be maintained. No separate Sub-ledger accounts need be maintained where a broad head does not have more than one object head under it.
- d. The recoveries effected or the amounts received during the course of a month shall be remitted in full within the same month.



- e. Memorandum control registers shall be maintained in respect of loans and advances obtained by Government employees from Financial Institutions or other organisations outside the budgetary operations of the Government. These registers shall be used to keep watch over the progress of liquidation of the loans etc. by the recoveries and remittances. Records shall be maintained in respect of each individual for each kind of loan or advance obtained from these sources.

8.1.6 Personal Advances (Broad Head Code – 7)

Advances to Government employees on personal accounts like advances of TA, Leave Salary etc., which are paid in accordance with service rules or other orders shall only be booked under this head.

Note – 1. Temporary and Permanent advances, which are issued for Government works shall be treated under appropriate Suspense heads. These transactions shall not be booked under this broad head.

- a. A personal advance of any kind shall not be sanctioned or paid in case a previous personal advance remains unsettled.
- b. Payment of any personal advance to a Government employee shall be processed on the basis of a sanction order issued by the competent authority. The sanction order shall specify the purpose of the advance, the time for and manner of recovery or adjustment of the advance. A copy of the sanction order shall be attached with the disbursement voucher.
- c. A Ledger account shall get maintained for this broad head of account.
- d. Sub-ledger accounts shall get opened for this object head under



the activities in which the personal emoluments of the employees concerned are provided.

- e. The balance of advances at the end of a fiscal year shall get carried forward to the next year, both in the Ledger and relevant Sub-ledger accounts.
- f. Individual accounts shall get maintained in a memorandum register of Personal Advances to watch over the payments and progress of adjustment/recovery of personal advances from individual employees.
- g. Recoveries in respect of advances pertaining to a prior fiscal year which are not reflected in the audit report shall be remitted to the DPA after making necessary adjustments in the books of account. However, recoveries which are reflected in the audit reports, other than donor funded, shall be remitted to the Audit Recoveries account after making necessary adjustments in the books of account. While the recovery of these advances shall be credited to “Personal Advances Account”, their remittances shall be booked under the Head “Misc. Receipts/Payments – DPA: Prior Year Advances” or “Other Recov/Remitt – Others: Audit recoveries for RAA.
- h. A penalty of 24% per annum shall be imposed on all financial dues to the Government relating to outstanding advances, excess payments, inadmissible payments, embezzlements, misuse of funds and such other irregularities after three (3) months from the date of issue of audit reports. The agencies concerned shall take legal action in case of non-recovery within twelve (12) months from the date of issue of audit report.



8.1.7 Miscellaneous Receipts/Payments (Group Head Code – 8)

The following broad heads shall be operated under this group:

a. Deposits: Non-Revenue (8a):

Deposits in the Government Non-Revenue Account shall be booked under this broad head. One Ledger account shall be maintained for this account. No Sub-ledger account shall be required. A memorandum record of the individual deposits and releases obtained shall be maintained as mentioned under rule 8.1.1(d)

b. Deposits: Refundable Deposits (8b):

Deposits in the Refundable Deposit Account shall be booked under this broad head. One Ledger account shall be maintained for this account. No Sub-ledger account shall be required. A memorandum record of these deposits and releases obtained shall be maintained as mentioned under rule 8.1.1(e)

c. Payments to DPA (8c):

Closing cash balances, recoveries pertaining to previous fiscal years expenses/advances, refundable external grants and recoveries of loan principals and original uncashed cheques shall be remitted to the DPA. Such remittances to the DPA shall be booked under this broad head, suitably classified as per object heads prescribed under this head. One Ledger account for the broad head and separate Sub-ledger accounts for each of the objects under it shall be maintained. This object code shall not be allowed to use for journal and reversal transactions.

Note – 1. The remittance letter to DPA should clearly mention the FICs for surrender of closing cash balances.

d. Others (8d):

Transactions pertaining to expenses on Store handling, Running & Maintenance of heavy vehicles and equipment in absence of budget



provisions and recovery or adjustment of these charges (whether or not budget provisions exist) shall be booked under this broad head.

Some differences between the receipts and payments amounts may result in the process of conversion of the accounts statements submitted in foreign currency by the agencies abroad. These differences occur due to fluctuations in the exchange rates. Such differences shall be accounted for under this broad head. One Ledger account for this broad head and separate Sub-ledger accounts for each of the objects prescribed under this head shall be maintained.

Transactions pertaining to the receipts and expenditures of funds received from other organizations or agencies which are not deposit works in nature should also be booked against this head of account. Usually for such receipts, the budgetary bodies shall not have to submit the statement of accounts as these receipts shall not be in the form of advances unlike deposit works receipts although it is mandatory that such receipts and expenditures should be accounted for in the books of accounts of the agencies.

The following types of transactions shall have to be charged to this head of account:

- i. Payment against uncashed Cheques Transactions;
- ii. Refund of PF, GIS, SSS or any other receipts received on behalf of the employees;
- iii. Refund of BST and custom duties to the suppliers or contractors received from Department of Revenue and Customs;
- iv. Any other receipts for which accounts need not be submitted to the agencies from where such funds have been received although it shall be mandatory to acknowledge such receipts through Non-Revenue Receipts.
- e. **The broad head (8d) – Misc.Receipts/Payments – Others**” shall also be used for recording any other transactions, which cannot be logically classified under any of the other Broad



8.1.8 Suspense items (Group Head Code – 9)

See rules under Chapter IX.

8.1.9 Budgetary Expenditure (Group Head Code – 10)

As the name implies, all budgetary expenditure and reductions there from shall be classified under the appropriate broad heads of this item.

This item shall comprise of the following broad heads:

- a. Current (10a).
- b. Capital (10b).
- c. Lending (10c).
- d. Repayments (10d).

The provisions under Chapter V shall be applicable in total for transactions under these broad heads. One Ledger account for each of the four broad heads and separate Sub-ledger accounts for individual budget lines (separately for cash and kind) and pertinent suspense or advance items at the object level shall be maintained.



CHAPTER – IX

9 SUSPENSE ACCOUNTS

9.1 General

9.1.1 The suspense accounts shall be used for temporarily accommodating some expenditure of or amounts payable by the Government until those can be transferred to the rightful activities or paid to the creditors.

9.1.2 Charging any expenditure under the suspense heads shall automatically create a responsibility upon the Head of Office, accounting unit and other concerned authorities to clear the suspense item at the earliest by transferring the charges to their rightful places.

9.1.3 Accounting units, Heads of Offices, Departments and Organisations shall frequently review the balances and items placed under suspense to ensure that timely actions take place to clear them.

9.2 Suspense – Stock and Purchases Account

9.2.1 Operation of Stock and Purchases Accounts

9.2.1.1 Stock Account shall be maintained wherever procurement/receipt and issue of materials pertaining to several works or activities are handled from a Central Procurement unit of a department or organisation. Another suspense head styled as “Purchases Account” shall be maintained.

9.2.1.2 The basic principle of maintaining Stock Account shall be to distribute the cost of items procured or received to the relevant works or



activities to which those were issued. Depending upon the policy in place, the cost shall include the cost of acquiring, handling and delivery of the procured items to the place of work or activity.

- 9.2.1.3 The procurement unit shall maintain a Stock Ledger in Form FAM – 8.1. Maintenance of several stock ledgers may be necessary if the stock is sub-divided in several groups of stock items. Different pages or sets of pages shall be allocated for each item of stock. A few pages shall be reserved at the end of the ledger for preparation of monthly abstracts of stock transactions.
- 9.2.1.4 Normally, a Ledger account for the Stock A/C. and one for the Purchases A/C. shall serve the purposes of accounting. If however, the Head of Office considers it necessary to maintain the stock accounts separately for several groups of stock items, opening of Sub-ledger accounts for each such group shall be necessary.
- 9.2.1.5 The Head of Office operating the Stock Account shall authorise a Store-keeper or a Stores Officer (both of them referred as Property Officer in these rules) as a custodian of stock and responsible for maintenance of the quantity account of stock.
- 9.2.1.6 The Property Officer shall be provided with a set of Bin Cards (Form FAM – 8.2), Goods Received Notes (Form FAM – 8.3) and Goods Issue Notes (Form FAM – 8.4).
- a. The Bin Cards (FAM – 8.2)
- i. The Bin Cards shall be serially numbered and a register of them shall be maintained in Form FAM – 8.5.
 - ii. Posting in the Bin Cards shall be made from the Goods Received Notes (GRN) and Goods Issue Notes (GIN).
 - iii. When completed, a Bin Card shall be replaced by a new card after bringing forward the balance in the new card. The completed Bin Card shall be returned to the Head of Office where the entries will be checked with the Stock Ledger.



Any discrepancy between the two shall be further investigated and corrective actions taken by the Head of Office. Receipt of the used Bin Cards shall be kept on record by the Head of Office.

b. Goods Received Notes (FAM – 8.3):

- i. GRN shall be bound in convenient booklets containing two copies of each sheet. The sheets shall be machine-numbered. The first copy shall be perforated and the second copy shall be bound in the book. Filling of information in both the copies shall be done simultaneously by carbon process in indelible ink.
- ii. A register of GRN books shall be maintained by the Head of Office in Form FAM – 3.2 (Stock Register for Receipt books etc).

c. Goods Issue Notes (FAM – 8.4):

- i. Goods Issue Notes shall be in five copies marked as “Original”, “Duplicate” etc. printed on them.
- ii. The GINs shall be machine numbered and bound in convenient volumes. A register of GIN books shall be maintained by the Head of Office in Form FAM – 3.2
- iii. Used GIN books shall be returned to the Head of Office for checking with the entries in Stock Ledger and for retaining in his office.

9.2.2 Receipts of stock

- 9.2.2.1 The Property Officer shall count, weigh and measure as the case may be, all materials received in the stores. He shall examine all materials received to ensure that they conform to the quality and specifications prescribed. Any item not conforming to the prescribed quality and specifications shall be rejected forthwith and the supplier shall take those out of the stock yard immediately.



- a. If the inspection on quality and specification is undertaken subsequent to the delivery or at a separate place, and the items or part of the supply are found to be deficient in quality and specification, the Property Officer shall issue a Rejection Memorandum in form FAM – 8.6 endorsing copies to the supplier and the Head of Office.

9.2.2.2 The details of the count or measurement or weight of materials shall be recorded in the Goods Received Note (GRN), prepared in two copies through the carbon process. Separate GRN shall be prepared for individual suppliers and consignments. Remarks shall be given prominently on the GRN in case any deduction is effected on the rates or value due to quality or other reasons in accordance with the terms of the supply contract. Transport inwards, insurance or taxes etc., if payable extra in accordance with the supply contract shall be taken into account in the preparation of the GRN.

Note – 1. In the cases of stores of an Engineering Department, the details of measurements, weight, count and verification etc. shall first be recorded in the Measurement Book in accordance with the provisions under the chapter on Works Account.

9.2.2.3 The number or quantity of the accepted materials shall be entered in the respective Bin Card/s.

9.2.2.4 The original GRNs prepared during the day, the verified bills and other documents supporting the claim shall be sent to the accounting unit with a Daily Summary of GRNs (Form FAM – 8.7). The duplicate copy of the GRN shall remain bound in the GRN book under the custody of the Property Officer till the book is under use.



9.2.3.4 In addition to posting of the financial transactions in the respective Ledger and Sub-ledger accounts, the accounting units shall enter the receipt details directly from the GRNs against respective items of stock in the “Stock Ledger” (Form FAM – 8.1).

9.2.4 Issue of Stock

9.2.4.1 Materials shall be issued from stock on receipt of an approved requisition and allowed to be taken out of the stockyard only through the use of a GIN or a Rejection Memorandum.

- a. Materials procured for other offices shall be issued from stock to the requesting offices only on receipt of an approval recorded on the Material Requisition (PMM – 1) by the Head of Office or an officer authorised by him. A letter issued by the other Heads of Offices requesting for procurement/supply of items of stock shall be considered as a requisition for this purpose.
- b. On issue of the materials requested for, the Property Officer shall make out a GIN in 5 copies. (Form FAM – 8.4).
- c. The issue of the materials shall at once be posted in the Bin Cards.
- d. The signature of the consignee or the carrier shall be obtained on the GIN as acknowledgement of receipt of the materials.
- e. The original and the duplicate copy of the GINs shall be sent to the consignee and the carrier respectively. The triplicate copy of the acknowledged GINs shall be sent to the Head of Office at the end of the day through a Daily Summary of GINs in Form FAM – 8.7. The fourth copy shall be retained by the Property Officer together with the requisition as a voucher



against the entries of issue in the Bin Cards. The fifth copy shall remain bound in the book to be returned to the Head of Office after completion of its use.

- f. The issue of stock items as per the GINs shall be posted in the Stock Ledger for the quantity and value at Weighted Average Rate by the accounting unit and simultaneously a bill shall be raised for the materials issued.

9.2.5 Pricing of stock issued and billing

9.2.5.1 The issue of stock shall be priced at the Weighted Average Rate. A bill shall be raised in form FAM – 8.9 for the supplies made. The bill shall be registered in the Bills Outward Register and assigned with the registration number before sending it to the debtor.

Note – 1. The total recorded value of an item of stock divided by its quantity shall give the Weighted Average Rate per unit of the item. It may change with the receipt of fresh supply of the item and hence shall be worked out on every such occasion.

9.2.5.2 In addition to this Weighted Average Rate for the items supplied, the following items shall be added in the bills:

- a. Where a separate establishment, including casual labour and material handling facility is maintained for physical handling, safe-keeping, collection etc. of stock, a Storage charges percentage rate shall be fixed annually on the basis of the total estimates of expenditure and issue of stock. This Storage charges shall be added in the bill on the total basic value of the stock supplied as a distinct item of cost.
- b. If heavy vehicles are maintained for delivery of indented materials to work sites or other offices, a mileage rate for usage



of such vehicle shall be worked out on the basis of estimates for expenditure on running and maintenance and the usage of such vehicles. A Transportation charge at this rate shall be added in the bill as a distinct item of cost, if the indented materials are delivered to the consignee by use of such vehicles.

- c. Delivery of goods by hired vehicles shall be charged extra on actual.

9.2.6 Accounting of stock issued

9.2.6.1 Accounting of the value of stock issued shall start with the raising of bills as per provisions under section 9.2.5

- a. In respect of the stock issued to works or activities under the financial control of the Head of Office, the bill shall be adjusted through the normal procedure of works or activities accounts. Total value including the storage charges of such stock shall be charged to the works or to the activities concerned. The journal entry shall be:

Budget line Expenditure A/C.	Dr.	
To Stock A/C.		Cr.
To Misc. Rcts. - Storage charges A/C.		Cr.

- b. In respect of the bills raised for stock supplied to other offices of the same department or organisation but beyond the financial control of the Head of Office who maintains the stock account, the journal entry for raising the bill by the Stores shall be:

Suspense – Intra-Agency A/C.	Dr.	
To Stock A/C.		Cr.
To Misc.Rcts.- Storage charges A/C.		Cr.
To Misc.Rcts.– RMO Vehicle A/C.		Cr.

(if applicable)



- c. Cashbook entry for recording receipt of payments by the Stores against bills raised for supply of stock:

Cash A/C. Dr.

To Suspense – IA Assignment A/C. Cr.

- d. If budget appropriations are available for covering the direct expenses on maintenance and physical handling of stores or heavy vehicles, the expenditure incurred on these heads shall be booked against the specific budget lines. The credit balances under Storage charges and RMO Vehicles accounts recorded at the time of raising of bills shall be set off by remitting to the DPA, the equivalent amounts in respect of the settled bills by debit to the account head “Misc.Rct/Pmts – Storage Charges or RMO - Vehicles”.
- e. If budget appropriations are not available for covering the direct expenses on maintenance and physical handling of stores or heavy vehicles, the expenditure incurred on these shall be debited to the Misc.Rct./Pmts.- Storage charges or RMO Vehicles A/C. These debit balances shall be set off by credits in these accounts at the time of raising of bills.

9.2.7 Other internal and accounting checks

9.2.7.1 The following monthly exercises shall be undertaken to ensure correctness of both the value and quantity accounts of stock:

- a. At the end of a month, the Property Officer shall submit a monthly abstract of quantity account of stock items in Form FAM – 8.10 from the individual Bin Cards. The abstract shall indicate the total quantities received, issued and month ending balance in respect of each item of stock by Bin Cards.



- b. The accounting unit shall prepare two abstracts of GRN and GINs (FAM – 8.11 and FAM – 8.12) respectively. Posting in these abstracts may be done daily or at the end of a month by individual GRNs or GINs. The abstracts shall indicate the total value of goods received and issued during the month by GRN or GIN. These totals should match with the respective totals in the Stock A/C as well as the abstract of Stock Ledger.
- c. The accounting unit shall close the Stock Ledger at the end of each month. The monthly totals of quantities and values of receipts and issues as well as the month ending balances in respect of each item of stock shall be worked out and posted in the monthly abstract of stock transactions at the end of the ledger. The totals of value obtained in this process should agree with the monthly totals in the Stock A/C. in the main ledger and the monthly abstracts of GRNs and GINs. The totals of quantities in respect of each item should agree with the totals per Bin Cards submitted by the Property Officer.
- d. The GRNs and GINs issued by the Property Officer but not accounted for during the month shall be taken into account for these exercises on reconciliation.

9.2.7.2 Review of Storage and Transportation charges:

The percentage rates prescribed for the storage charges and the mileage adopted for the transportation charges shall be reviewed at the end of each year on the basis of total of debits (payments made) and credits under these heads. Adjustments shall be made in the rates for the next year to operate these on no loss – no profit basis.



9.2.8 Physical stock taking

9.2.8.1 The Head of the Department shall arrange a physical stock taking of the Stores at regular intervals as prescribed under PMM.

9.2.8.2 Discrepancies if any noticed in the physical verification of stock shall be investigated fully. Pending the result of the investigation, the discrepancies shall at once be taken into both quantity and value accounts of stock. This shall be done by correcting the respective Bin Card quantities with a receipt or issue entry and the remarks “Stock found surplus/short in physical verification”. Simultaneously, journal entries as follows shall be passed to correct the value accounts as well:

a. Stock item found surplus:

No adjustment in value accounts. Only the quantity accounts in the Bin Cards and Stock ledger shall be modified with a suitable remark on receipt of a “Take back” order. The Weighted Average Rate shall get modified also.

b. Stock item found short:

Direction activity – PW Advances – Others	Dr.
To Stock A/C.	Cr.

The Physical verification report shall be the basis for this journal entry. Entries of correction shall be made in all relevant documents like Bin Cards, Stock Ledger etc. The final entry for writing off the loss on stock shall be made only on receipt of a write-off sanction issued by an appropriate authority. Since this will involve investigation and reporting etc., it may be necessary to hold the amount under PW advances pending recovery or writing off as the case may be. If there is a recovery, Cash A/C. shall be debited instead of Write off A/C.



Note- 2.For advances to be paid from deposit works money corresponding LC/PLC account shall be selected.

b. PWA: Suppliers - Others

Transactions pertaining to the payment and adjustment of advances payable to suppliers, contractors, service providers etc., on the basis of specific clauses in the contracts or orders from appropriate authorities shall be booked under this category.

i. Payment entry (Cashbook):

PWA – Suppliers	Dr.	
(of relevant activity or Dep.Work)		
To Cash or Bank A/C.		Cr.

ii. Adjustment entry (Journal):

Bud. Activity or Purchases A/C	Dr.	
To PWA – Supplier		Cr.
(of relevant activity or Dep.Work)		

c. PWA: Sales on Credit

When items of stock are sold on credit, the recoverable value of such items including handling, supervision or any other incidental charges shall be booked under this category. A sale on credit shall be undertaken only on the basis of an order issued by an appropriate authority.

i. Sale (Journal):

PWA-Sales on Credit	Dr.	
(of stock)		
To Stock A/C.		Cr.



ii. Receipt of payment (Cashbook):

Cash A/C.	Dr.	
	To PWA – Sales on Credit	Cr.
	(of stock)	

Note – 1. Credit sale of properties or assets shall not be recorded in the above manner. Recovery of sale proceeds in respect of assets or properties charged off on acquirement shall be watched through memorandum records.

d. PWA: Losses under investigation

Fixation of responsibility for losses or deficiencies in cash, stock or other properties may take some time. The value of such losses or deficiencies may be held under this category until the investigations are completed and the amount gets recouped or written off under proper orders. Errors in accounts in justified cases can be placed under this category until the investigation is completed and rectified by an adjustment entry.

- i. An amount can be booked under this head only on the basis of an order issued by an appropriate authority.
- ii. The amounts involved under this category shall preferably be held against a party who is prima-facie accountable for the loss or deficiency. In cases of losses due to natural calamities or other circumstances beyond the reasonable control of a Government official, an appropriate authority may order the amount to be held against the office itself. The journal entry shall be as follows:



9.3.2 Accounting of PW Advances

- 9.3.2.1 Separate Ledger accounts for each of the categories under the PW Advances shall be opened.
- 9.3.2.2 Separate Sub-ledger accounts shall be opened for each of the individual recoverable or adjustable items under relevant budget activities or suspense items.
- 9.3.2.3 Memorandum records of PW Advances paid to individual employees, suppliers etc. shall be maintained in the PW Advances Register to watch over the outstanding balances against each of the parties concerned and their adjustments or recoveries.
- 9.3.2.4 On payment of advances or for holding of losses, sales on credit etc., the relevant PWA account is debited and the cash, bank, stock or work account etc. is credited.
- 9.3.2.5 The Public Works advances shall be cleared either by transfer of charges to the relevant heads (adjustment entries) or by recovery of cash.
- 9.3.2.6 The closing balances under Public Works Advances (except PWA: Employees) account at the end of a fiscal year shall be brought forward in the Ledger and Sub-ledger accounts of the next fiscal year.

9.5 Suspense – Deposit Works

9.5.1 Transactions on Suspense – Deposit Works

- 9.5.1.1 Any assignments undertaken by a Head of Office for any other Budgetary Body outside the administrative control of his own Head of Agency, in consideration of funds received from such agencies shall be



termed as Deposit Works. The financial transactions pertaining to such assignments shall be classified under the broad head “Suspense – Deposit works”.

9.5.1.2 The agency entrusting the deposit work shall be termed as “Client Agency” and the agency undertaking the deposit works shall be termed as “Entrusted Agency”.

9.5.1.3 No interest shall be payable to the Client Agency on the advances received against deposit works.

9.5.2 Responsibilities of each party

9.5.2.1 The Client Agency shall indicate the necessary details of the assignment desired to be entrusted to the Entrusted Agency.

9.5.2.2 The Entrusted Agency shall send to the Client Agency, an estimate of cost of the deposit work desired to be entrusted to it. The estimate shall include a reasonable supervision charge over and above the cost of execution. If the assignment is for only rendering professional services like providing drawing, design or estimates only and not the execution or procurement, a service charge not exceeding 5% of the estimated value of the work shall form the cost of the assignment. Such charges shall be deposited to RGR account unless otherwise specified in the operation guidelines of their CD account.

Note -1. No supervision and professional service fees shall be charged in the case of Government to Government assignments.

9.5.2.3 The Client Agency shall accept the estimate at the indicated cost and remit the full amount of the estimated cost to the Entrusted Agency in advance.



9.5.2.4 The Entrusted Agency shall remit the full amount of supervision or service charges to the Government Revenue account in proportion with the progress of expenditure.

9.5.2.5 Save for the exceptions listed below, the Head of Office in the Entrusted Agency shall realize the entire amount of the estimated cost of the assignment before incurring any expenditure or liability for the assignment.

Exception – 1. A Head of Department/Agency may authorise a Head of Office under him to start the execution on receipt of an advance amounting to not less than 40% of the estimated cost if he is satisfied that the Client Agency has not defaulted earlier and the funds for the deposit work will be coming in time. The Head of Department/Agency, in such cases may authorise receipt of the balance of the estimated cost in suitable instalments on fixed dates.

Exception – 2. When the deposit work from another Budgetary Body is of such nature that it cannot be fulfilled within the same fiscal year, the Head of Department/Agency may authorise the Head of Office under him to accept the advances in accordance with the budget provisions of the Client Agency for the work.

Exception – 3. When the deposit work from another Budgetary Body is financed by a loan or grant agreement executed by the Government, specifying the release pattern, the Head of Department/Agency may authorise the Head of Office to accept the advances in suitable instalments in accordance with the terms of the loan or grant agreement. In all such cases of exceptions, the instalments shall be received in advance of the expenses being incurred.



*Note – 1.*No exceptions on receipt of the full amount of the estimated cost including the supervision charges shall be applicable if the deposit work involves mainly procurement and supply of equipment.

- 9.5.2.6 The Entrusted Agency shall not incur any expenditure on a deposit work out of the budgetary releases made to it, nor shall it incur any expenditure on budget or other purposes out of the funds received for a deposit work.
- 9.5.2.7 If escalation of costs is perceived during any stage of execution of a deposit work, the Entrusted Agency shall submit revised estimates of the deposit work at appropriate stages to the Client Agency to enable the latter to provide the additional funds.
- 9.5.2.8 The Client Agency shall specify the volume, quality, standard etc. of the goods, works, or services required by it.
- 9.5.2.9 The Entrusted Agency shall be responsible for the efficiency, economy, effectiveness, waste and deficiency in meeting the requirements of the Client Agency.
- 9.5.2.10 The Entrusted Agency shall be accountable for the expenditure incurred on the deposit works executed by it and hence shall maintain the relevant accounting records.
- 9.5.2.11 The Entrusted Agency shall send monthly financial reports in respect of the individual deposit works to the Client Agency and retain all original vouchers and financial records and facilitate the same for audit and other purposes.



9.5.3 Transfer of funds and accounting

9.5.3.1 The clients outside the Government shall follow their own accounting rules and practices for accounting of the payments for works entrusted to a Government Budgetary Body.

9.5.3.2 The procedures for transfer and accounting of funds in the Client and Entrusted Agencies in the Government shall be with the following qualification:

a. The broad head code and name in the case of a Deposit work shall be “9e, Suspense – Deposit Works”

9.5.3.3 Accounting of receipts of funds by the entrusted agencies from Non-budgetary agencies or agencies outside the Government for deposit works shall be the same as in the case of receipts of funds from Budgetary Agencies.

9.5.4 Accounting of Deposit Works

9.5.4.1 Depending on the nature of the assignment, expenditure on the Deposit works shall be governed by the provisions under the PRR, Chapter V – Expenditure – Payments, Chapter VII – Works Accounting and Part 9.2 – Stock Account of this Chapter simultaneously and/or individually as the case may be.

9.5.4.2 A Ledger account for the “Suspense – Deposit works” shall be opened by the Entrusted Agency.



9.5.4.6 Advances paid by the Entrusted Agency out of receipts against deposit works shall be debited under the relevant PW advances account in the Ledger and under the PWA object code of the particular deposit work item in the Sub-ledger. The Cashbook entry for the advance payment shall be:

PW Advances A/C. Dr.
Cash or Bank A/C. Cr.

9.5.4.7 At the end of each month, the supervision charge at the stated rate shall be charged on the total of the expenditure booked against each of the deposit work item during that month. The journal entry shall be:

Dep. Works A/C. Dr.
Rev.Rct./Remit. Others – Dept Cr.

9.5.4.8 In case, the portion of supervision charges was not remitted to the Government Revenue Account earlier on receipt of the advance from the Client Agency, the amount charged on the Deposit Works account as supervision charges shall be remitted promptly to the Government Revenue Account by debit to the same head as follows (Cashbook):

Rev.Rct./Remit –Others Deptl. A/C. Dr.
Cash or Bank A/C. Cr.

9.5.4.9 For the deposit works which would be completed within the fiscal year, the balances should be surrendered to the client along with the statement of accounts for liquidation of advances. On receipt of the final statement of accounts and the balance fund if any from the Entrusted Agency, The Client Agency will book the expenditures by debiting the budgetary head and crediting the PWA advances. The balance fund received in the form of cash or cheque shall be taken into the account by debiting cash and crediting PWA advances.



9.5.4.10 If the deposit works cannot be completed within the fiscal year, the Entrusted Agency shall deposit the balance of funds against deposit works into the Non-Revenue Account. The balances shall be calculated based on the funds received from the client against such deposit works minus the expenditures incurred for those particular deposit works and the outstanding advances against such deposit works. The balances under the Deposit works Account at the end of the fiscal year shall get brought forward in the Ledger and Sub-ledger accounts of the next fiscal year.

9.6 Suspense – Other Deposits

9.6.1 Transactions under Suspense – Other Deposits

9.6.1.1 Amounts received or recovered as Security deposits, Earnest moneys etc., which are required to be held for some time and are likely to be refunded or confiscated at a later date shall be classified under Suspense – Other Deposits:

Note – 1. Security Deposits can be received either in the form of cash, bank drafts, cash warrants, bank guarantee, or in such other forms as may be provided for in the agreement or rules requiring such deposits.

Note – 2. Securities obtained in forms other than cash, bank draft or cash warrants shall not form a part of the accounts. These shall be entered in a Register of securities and held under the custody of the Head of Office or the officer authorised by him. Care shall be taken to ensure that the securities received in these forms remain valid until the end of the required period. The custodian of such instruments shall be held responsible and accountable for safe keeping and validity of such instruments.



- 9.6.1.2 The deposits received in form of cash, bank drafts or cash warrants (referred to as cash deposits) shall be passed through the accounting records and shall be deposited in the relevant accounts of the Government.
- 9.6.1.3 No interest shall be payable on the cash deposits received by the Government.
- 9.6.1.4 No deposit shall be repaid or re-transferred to the depositor except in accordance with the terms of agreement governing the deposit.
- 9.6.1.5 Cash deposits shall comprise of the following categories, each of which is classified as an object class as follows:
- a. Cash deposits from Government employees, contractors, suppliers etc. as security or earnest money – “Susp. – Other Dep. – Security and Earnest Money”.
 - b. Cash deposits or amounts payable later for miscellaneous purposes – “Susp. – Other Dep. – Others”.
- 9.6.1.6 The amounts received and/or classified under the head “Suspense – Other Deposits” represent liabilities of the Government and hence, shall not be utilised for any purposes other than for making refund, confiscation or payment to the party concerned.
- 9.6.1.7 The receipts under Suspense – Other Deposits shall be deposited in the Refundable Deposits Account of the Government immediately. On no account shall these receipts be allowed to get lapsed along with the closing bank balances of the LC account; nor shall such amounts form a part of the closing cash balance at the end of a fiscal year.



9.6.2 Accounting of “Suspense – Other Deposits”

- 9.6.2.1 A Ledger account shall be opened for this broad head.
- 9.6.2.2 Separate Sub-ledger accounts shall be opened for each of the three object classes under Suspense – Other Deposits.
- 9.6.2.3 A Memorandum record of the individual items of other deposits received and deposited in the Refundable Deposits Account shall be maintained as specified under rule 8.1.1(e)
- 9.6.2.4 Amounts of security deposits recovered from bills shall be credited under “Suspense – Other Deposits A/C” as follows:

a. Payment of the bill:

Expenditure line A/C.	Dr. (Gross Amount)	
	Other Dep. – object class A/c	Cr.
	Bank A/C.	Cr. (Cheque Amt)

The amounts so recovered shall be deposited in the Refundable Deposits Account and the Cashbook entries shall be:

b. Deposit in Refundable Deposits Account:

Misc.Rct/Pmt – Dep.in RD Account	Dr.	
	Cash or Bank A/C.	Cr.

- 9.6.2.5 Refund of deposits remitted to the Refundable Deposits Accounts shall be made upon receipt of a RD Account release to be obtained from DPA on submission of a request along with the acknowledged copy of the RD invoice from the bank. The Cashbook entries shall be:



the Refundable Deposits Account, a RD release shall be obtained first for remitting the amount to the Revenue account.

- a. Clearing the credit balance under Other Deposits by a Journal entry (after making necessary entries for the RD release and before making remittance to Revenue account):

Susp.Other Dep. – Object Class A/C.	Dr.	
Rev.Rct/Remit – Others – Other Rev.		Cr.

- b. Remitting the amount to the Revenue account:

Rev.Rct./Remit – Others – Other Rev.	Dr.	
Cash or Bank A/C.		Cr.

Note – 1.A direct transfer of the amount from the RD Account to the Government Revenue Account by the DPA or MoF shall not be undertaken. The reason being that the previous credit under the deposit account has to be cleared by a debit entry as illustrated above and the debit under the Government Revenue Account shall have to be supported by a deposit invoice.

- 9.6.2.8 The yearend closing balances under this account shall be brought forward in the Ledger and Sub-ledger accounts of the next fiscal year.



CHAPTER – X

10 MONTHLY ACCOUNTS

10.1 General

10.1.1 Although the monthly accounts for all the budgetary bodies will be system generated, the Heads of offices/Accounting units shall ensure correctness of monthly accounts on receipt, utilisation and disposition of funds separately in respect of each of the bank accounts allotted to them.

10.1.2 In the case of Dzongkhags/Gewogs, a copy of the expenditure statements pertaining to individual sectors shall be sent to the corresponding Sectors as and when requested.

10.1.3 The DDO/AFD/AFS shall thoroughly examine the monthly accounts for correctness, authenticity, completeness of presentation, adherence to the rules on classification of charges and budgetary appropriations.

10.1.4 Any correction of irregularities or alterations to be incorporated in the monthly accounts and other financial records shall be done jointly by the concerned DDO/AFD/AFS of the Agency and the DPA.

10.1.5 The month end processes in respect of each of the LC or PLC accounts shall be completed within ten (10) days from the close of a month.

10.1.6 The monthly accounts in respect of each of the LC or PLC accounts shall comprise of the following statements and schedules:

- a. Receipts and Payments Statement (Form FAM – 9.1);
- b. Schedule of Fund Releases (Form FAM – 9.2);
- c. Schedule of Grants & Borrowings in Kind (Form FAM – 9.3);



- d. Schedule of Revenue Receipts and Remittances (Form FAM–9.4);
- e. Schedule of Other Recoveries and Remittances (Form FAM–9.5);
- f. Schedule of Personal Advances Account (Form FAM – 9.6);
- g. Schedule of Miscellaneous Receipts and Payments (Form FAM–9.7);
- h. Schedule of Suspense – PW Advances (Form FAM – 9.8);
- i. Schedule of Suspense – Deposit Works (Form FAM – 9.10);
- j. Schedule of Suspense – Other Deposits (Form FAM – 9.11).
- k. Expenditure Statement (Form FAM – 9.12);
- l. Bank Reconciliation Statement (Form FAM – 9.13);

10.2 Preparation of Monthly Accounts

10.2.1 The monthly accounts shall be generated through the system. However, the Agencies concerned may cross check on the modalities mentioned below:

- a. The Cashbook shall be balanced on every transactions.
- b. A check shall be conducted to ensure that all the cash and journal vouchers have been posted correctly in the Ledger and the Sub-ledger accounts.
- c. The amounts entered on the Debit and Credit columns of each of the Ledger and Sub-ledger accounts during the month shall be totalled.
- d. It shall be checked to see that the difference between the totals of Debits and Credits in each account plus the balance as on the last day of the previous month agree with the balance as on the last day of the current month minus the balance brought forward from the previous year.
- e. Each of the Ledger accounts totals shall be cross-checked with the respective Sub-ledger accounts totals.



10.2.2 Although the Receipts and Payments Statement shall be generated by the system, the agencies should make sure that the following procedures have been followed in this context. The Receipts and Payments Statement (FAM – 9.1) shall be filled in from the following sources:

- a. The Opening balances of cash and bank shall be obtained from the amount brought forward on the first day of the month in the Cashbook. This amount shall be shown in the ‘Receipts for the month’ column of the statement. In the column for annual progressive amount, the opening balances of cash as on 1st July every year shall remain static throughout the year.
- b. Except for the broad heads listed under items (2) Releases and (10) Budgetary Expenditure, the totals of Debits and Credits (not Net results) for the month under each of the Ledger accounts shall be posted in the ‘Receipts’ and ‘Payments’ for the month columns respectively against the proper items in the Receipts and Payments Statement.
- c. The net of the total Debits and Credits for the month in respect of broad heads listed under items (2) Releases and (10) Budgetary Expenditure shall be posted in the ‘Receipts or Payments for the month’ columns of the statement respectively. Similar netting of the annual totals shall be done for the Annual Progressive columns in respect of these two broad heads.
- d. The annual totals of Debits and Credits shall be obtained by adding the monthly totals in the Ledger accounts and shown under the Annual Progressive amount column.
- e. The Ledger account balances as on the last day of the month shall be shown in column titled as “Cumulative”. The balances in respect of those Ledger accounts, which are not carried forward from one fiscal year to another, need not be posted in



the statement.

- f. The Closing balances of cash and bank shall be obtained from the Cashbook and posted in both the 'Payments for the month' and Annual Progressive columns of the statement.
- g. The totals of numbers posted in both the Receipts and Payments columns shall agree with each other.

10.2.3 Schedule of Fund Releases (Form FAM – 9.2):

This schedule shall be prepared from the details of individual entries made during the month in the respective Ledger accounts.

10.2.4 Schedule of Grants/Borrowings in Kind (Form FAM – 9.3):

The required details shall be obtained from the Ledger accounts and the relevant Journal vouchers.

10.2.5 Forms FAM – 9.4 to FAM – 9.11.

The required details shall be filled in from the individual Ledger or Sub-ledger accounts, the monthly and progressive totals of those accounts.

10.2.6 Expenditure Statement (Form FAM – 9.12):

The Expenditure Statement shall be prepared from the information available in the Sub-ledger accounts for the budgetary expenses including suspense and personal advance items and the monthly and progressive totals of the accounts.

10.2.7 Bank Reconciliation Statement (Form FAM – 9.13):

All information in this statement shall be provided on the progressive values. The Cashbook, Cheques Issued Register and the Bank statement shall provide the information required for the preparation of this statement.



CHAPTER – XI

11 PRESERVATION OF FINANCIAL RECORDS

11.1 Maintenance of Records

11.1.1 All Agencies shall ensure that adequate measures are undertaken for the proper maintenance, and safe custody of all manual financial records against loss, misplacement, mishandling, defacing, mutilation etc.

11.1.2 Financial records shall include all forms and records prescribed in the Financial Manual along with any corrigenda and addenda issued there to by the Government from time to time.

11.1.3 The Ministry of Finance shall ensure proper maintenance, security and safe custody of the system and data back-up.

11.2 Preservation period of Financial Records

11.2.1 The minimum preservation period shall be reckoned from the date of completion of audit by the Royal Audit Authority and settlement of audit observations pertaining to the contents of the records, if any.

11.2.2 The minimum period for preservation of the specific financial records shall be as given hereunder:



Sl.	Nature of records	Minimum period
1.	Forms and documents on preparation, proposal, discussion and approval of annual budget	24 months.
2.	Records on release of funds	24 months.
3.	Bank statements and bank reconciliation statements	24 months.
4.	Revenue receipt books and other revenue records for collection purposes excepting Revenue Cashbook	36 months (provided revenue inspection is completed or waived in writing)
5.	Dishonoured cheques	After settlement of audit.
6.	Disbursement/Journal vouchers	36 months.
7.	Ownership and other records on fixed assets, vehicles and equipment.	Till disposal and settlement of subsequent audit thereon.
8.	Records pertaining to Supplies and Materials	- Do -
9.	Borrowing Agreements and related documents	12 months after liquidation of the borrowing.
10	Grant Agreements and related documents	12 months after completion of the project.
11	Cashbooks, used Chequebooks	60 months
12	Other books of accounts, monthly accounts	36 months
13	Books on works accounts	36 months after completion of works or settlement of audit whichever is later.
14	Records pertaining to award of contract	36 months after expiry of contract or audit settlement, whichever is later.
15	Annual accounts statements	After completion of two five year plan periods.



11.3 Destruction of Records

11.3.1 The following procedures shall be followed with regard to the destruction of financial records:

- a. Upon completion of the specified preservation period as per clause 11.2.2, the Head of Office shall prepare and submit a list of records requiring destruction to the Head of Ministry who shall forward the same to the Royal Audit Authority for clearance. The Head of Ministry shall obtain a clearance from the Royal Audit Authority before according approval to the destruction.
- b. In the case of the destruction of revenue receipt books, registers or other revenue records for collection purposes, the concurrence of the DRC shall also be sought after obtaining the clearance of Royal Audit Authority.
- c. The financial records shall be destroyed by burning those in the presence of the members of a committee constituted for this purpose consisting of the Head of Office or his authorised representative, the head of accounting unit and one representative from the administrative Ministry. In case of destruction of financial records pertaining to the administrative Ministry, the third member may not be required. In case of destruction of revenue receipt books and registers, a member from the DRC shall be present. The committee shall:
 - i. Carry out a physical verification of the financial records against the list cleared by the Royal Audit Authority and approved by the administrative Ministry/DRC and certify the correctness of the list vis-à-vis the financial records.



- ii. Witness the actual destruction of the said records and certify on the list cleared by Royal Audit Authority and approved by the administrative Ministry/DRC indicating the date, time and place.

11.3.2 Upon destruction of the financial records, a certificate signed by all the members of the committee shall be submitted to the Head of Office, Head of Ministry, and Royal Audit Authority. A copy of the same shall be submitted to the DRC in case of revenue receipt books, registers or other revenue records for collection purposes.

10.3.3 The Head of Office shall maintain a Register of destructed records.



CHAPTER – XII

12 ANNUAL FINANCIAL STATEMENTS

12.1 General

12.1.1 The DPA shall prepare the Annual Financial Statements (AFS) of the budgetary operations for each fiscal year within six (6) months after the close of the fiscal year.

12.1.2 The Minister of Finance shall forward the Annual Financial Statements to the Auditor General not later than six (6) months after the end of the fiscal year to which they relate.

12.1.3 The Auditor General shall express an audit opinion within three (3) months of the receipt of the Annual Financial Statements of the Government.

12.1.4 The total receipts and expenditures of the Government during a fiscal year shall be the basis for preparation of the Annual Financial Statements.

12.1.5 Most of the annual financial reports shall be generated through the system. The Annual Financial Statements shall include the following statements and schedules:

- a. Consolidated receipts & payments statement (FAM – 11.1);
- b. Summary of original and revised budget estimates and variations with actual outcome (FAM – 11.2);
- c. Statement of outstanding loans (FAM – 11.3);
- d. Statement of equity portfolio of the Government (FAM – 11.4);
- e. Statement of operations on Refundable Deposit Account, Revolving and Trust Funds (FAM – 11.5);



- f. Government Consolidated Fund Reconciliation Statement;
- g. Schedules giving details of Internal Revenue, Grant assistance, Borrowings, Loan recoveries and Other Receipts;
- h. Schedules of Budgetary Expenditure by object, by administrative agencies at programme level compared with budget provisions and by function;
- i. Schedules of loan principals repaid and payment of interest;
- j. Statement of on-lending made;
- k. Statement of Government guarantees;
- l. Statement of arrears of government revenue;
- m. Any other information/report as may be decided by the MoF.

12.2 Sources of Information and Methods

12.2.1 The closing bank balance as on 30th June of the previous fiscal year in the Government Consolidated Fund Account shall be the opening bank balance of the Government as on 1st July of the current fiscal year.

12.2.2 The total closing cash balances of all the budgetary bodies as on 30th June of the previous fiscal year as reported in the monthly accounts shall be the opening cash balance of the Government as on 1st July of the current fiscal year.

12.2.3 All receipts in the Government Consolidated Fund Account through the Government Revenue Account shall form the Internal Revenue of the Government.

- a. The DRC shall reconcile the receipts and refunds transacted through the Government Revenue Account, classify the net receipts according to the specified classes of taxes and other revenues and submit the same to the DPA by end of August each year.



Note – 1. The DRC shall make arrangements with the Agent Bank/s so that all bank charges involved in the collection of revenue and making refunds are charged in their LC account for budgetary operations and not in the Government Revenue Account.

Note – 2. The banks shall be instructed not to debit any collection or bank charges in the Subsidiary or Principal accounts of the Government. All such charges shall be levied on a pertinent LC or PLC account.

12.2.4 The GNHC shall submit statements of Grant Assistance and External Borrowings received in Cash and Kind, to the DPA by end of August.

12.2.5 Any other Budgetary Body that has extended loans and/or made recoveries shall send a statement of Recovery/Remittance of Loan Principals and Interests to the DPA by end of August.

12.2.6 At the DPA, the remittance of Interests shall be reconciled with the receipts in the Government Revenue Account as reflected in the annual revenue statement submitted by the DRC.

12.2.7 Receipts in the Government Consolidated Fund through the Government Budget Fund Account shall be classified under Grant Assistance or Borrowings in cash, Miscellaneous Receipts, or Recovery of Loan Principal.

a. The DPA shall reconcile the receipts and refunds transacted through the Government Budget Fund Account and classify the net receipts according to the nature of receipts by end of July each year.

b. The Grant Assistance and External borrowings in cash, shall be reconciled with the information provided by the GNHC.



- c. The Recovery of Loan Principal shall be reconciled with the information provided in the Schedule of Miscellaneous Receipts/Payments by DMD in their monthly accounts and the Receipts in the BFA.

12.2.8 Receipts in the Government Consolidated Fund through the Government Non-Revenue Receipts and Deposits Account shall be classified as Other Receipts after ensuring that the receipts reported by the bank match with the deposits exhibited in the monthly accounts of the Agencies.

12.2.9 Grant assistance and Borrowings in Kind shall be obtained from the monthly accounts of the Agencies and reconciled with the information provided by the GNHC and the records of DMD. It shall be ensured that equivalent amounts have been booked as expenditure also in the monthly accounts submitted by the Agencies.

12.2.10 Net of the receipts and payments under the following heads as reflected in the monthly accounts of the Agencies shall be classified as “Other Receipts or Other Payments” as the case may be:

- a. Revenue Receipts/Remittances
- b. Other Recoveries/Remittances
- c. Miscellaneous Receipts/Payments

Note – 1. On receipt of the monthly accounts from Agencies, the DPA shall conduct the following checks:

- i. The amounts shown under the head “Payments to DPA” shall be reconciled with the corresponding receipts in the Government Budget Fund Account.



- ii. The amounts shown under the head “Deposits: Refundable Deposits.” shall be reconciled with the bank statements for the Refundable Deposit Account and Deposit Invoices received from the Agent Banks.
- iii. The amounts shown under the head “Deposits: Non-Revenue” shall be reconciled with the bank statements and Deposit Invoices received from the Agent Banks.

Note – 2. It is important to ensure that any Releases of any type, Refundable Deposits and Non-Revenue deposits are not classified or clubbed with any other items of receipts and payments in the accounts of the Agencies.

- 12.2.11 The total amount of cheques remaining un-cashed from the different LC and PLC accounts at the yearend as shown in individual bank reconciliation statements shall be adjusted by making a receipt entry for the equivalent amount under “Other Receipts”.
- 12.2.12 Net of the receipts and payments under the heads “Personal Advance Account” and “Suspense” shall be classified as Increase or Decrease in Advance & Suspense as the case may be.
- 12.2.13 Current, Capital, Repayment of Loan principals and Lending expenditure shall be obtained from the monthly accounts of the Agencies duly reconciled with their expenditure statements.
- 12.2.14 The total of Closing Cash balances as on the 30th June as reported in the monthly accounts of the Agencies shall form the Closing Cash balance of the Government.
- 12.2.15 The Closing bank balance in the Government Consolidated Fund Account as on 30th June of a fiscal year shall be the Closing Bank



balance of the Government.

12.3 Statement of Outstanding Loans

12.3.1 The DPA shall prepare an annual statement of loans outstanding as on 30th June in respect of borrowings from external agencies by end of August.

12.3.2 Information on internal borrowings and servicing of such loans shall be incorporated therein by the DPA from its own records and the monthly accounts of the Common Public Expenditure and information received from Public Enterprise Division (PED), MoF.

12.3.3 The statement of outstanding loans as stated in 12.3.1 and 12.3.2 shall form the basis of the Outstanding Loans Statement appended in the Annual Financial Statements.

12.4 Statement of Equity Portfolio

12.4.1 The Public Enterprise Division, MoF shall prepare and send an annual statement on the position of Equity portfolio of the Government as on 30th June, indicating there in the quantum of transactions undertaken during the fiscal year by end of August

12.4.2 Adequate remarks shall be appended in case any disinvestments were undertaken outside the Government Consolidated Fund Accounts.

12.4.3 Other disinvestments shall be authenticated from the Revenue statement of the DRC.

12.4.4 Remarks shall be given by the PED, MoF on new investments caused by conversion of status of a Budgetary Body or a completed project.



- 12.4.5 Other new investments shall be authenticated from the expenditure data of the concerned Budgetary Body.
- 12.4.6 The verified statement on Equity portfolio of the Government shall be appended in the annual financial statements.

12.5 Statement on other Bank Accounts

- 12.5.1 The Budgetary Bodies operating the Current Deposit Accounts shall submit their annual financial reports to the DPA by end of August for its incorporation into the Annual Financial Statement.
- 12.5.2 All Government Trust Funds shall prepare their annual report including financial statements in accordance with the provisions of the Trust Fund's constitution, and submit to the Minister of Finance and the portfolio Minister by end of August.
- 12.5.3 A consolidated statement of the Refundable Deposits Account, all the Revolving Fund Accounts and Trust Fund Accounts shall be appended in the Annual Financial Statements.
- 12.5.4 The bank balance in the Refundable Deposits Account shall be reconciled with the information in the monthly accounts of the agencies on the deposits made into it and information in the Budget Fund Account on the withdrawals made from it. The opening balance, receipts into this account, withdrawals made from it and the closing balance shall be incorporated in the statement.
- 12.5.5 In respect of the Revolving and Trust Fund Accounts, the opening balances, total receipt transactions, total payment transactions and the closing balances shall be incorporated individually in the statement.



12.6 Reconciliation of Govt. Consolidated Account

12.6.1 The reconciliation of the Government Consolidated Fund Account shall involve reconciliation of the following two sub-principal accounts operated by the DPA and DRC.

- a. The Government Budget Fund Account shall be reconciled with the bank statements by the DPA.
- b. The Government Revenue Account shall be reconciled with the bank statements by the DRC. The DPA shall cross-check the revenue statements received from DRC with the one received from the Bank.

12.6.2 The decentralised Government Non-Revenue Receipts & Deposits Account shall be reconciled by the DPA in the following manner:

- a. Each Bank branch shall send bank statements to the DPA in respect of deposits made in the Government Non-Revenue Receipts and Deposits Account by various agencies. The bank statements shall be supported by one copy of the individual deposit invoices.
- b. The deposit invoices shall be sorted by Budgetary Body/LC account number and the total deposit made by each Budgetary Body shall be compared with the information provided in the monthly accounts submitted by that Agency. Any discrepancy between the two shall be reconciled and corrected in co-ordination with the respective accounting unit in the Agency.
- c. The total of receipts in this account by individual bank



branches shall be reconciled with the total bank statement for this account provided by the Agent Bank (HQ).

12.6.3 The LC withdrawals from the Government Consolidated Fund Account through the decentralized lines of credits shall be verified in the following manner:

- a. The bank statements in respect of individual LC accounts sent by the bank branches shall be cross checked and reconciled with the bank reconciliation statements sent by the account holders. Discrepancies between the two shall be reconciled and corrected in co-ordination with the respective agencies.
- b. The withdrawals from the individual LC accounts as sent by the bank branches shall be cross-checked with the total LC withdrawals indicated by the Agent Bank HQ.
- c. The total of the reconciled withdrawals from all the LC accounts shall be verified with the total LC withdrawal indicated by the Agent Bank HQ.

12.7 Other Schedules

12.7.1 Information in these schedules shall be obtained from the Ledger, Sub-ledgers of Budget Fund Operation and monthly accounts of the Agencies.



APPENDIX – I

MINIMUM REQUIREMENTS TO SUPPORT EXPENDITURE

1. Personnel emoluments (OBC group 01.00)

- (a) First Salary:-
 - i. Appointment order issued by a competent authority.
 - ii. Last pay certificate in the case of a transferred employee.
- (b) Change in Pay:-
 - i. Periodical increment order.
 - ii. Promotion/Pay fixation order.
 - iii. Demotion/Pay fixation order.
- (c) Leave/Leave encashment:-
 - i. Sanction order from a competent authority.

2. Other Personnel emoluments (OBC group 02.00)

- (a) First Salary:-
 - i. Appointment order issued by a competent authority.
 - ii. LPC in case of transferred employees

3. Medical benefits (OBC group 03.00)

- (a) In-country:-
 - i. Admissible as per rules framed from time to time by the government.
- (b) Outside Bhutan:-
 - i. Authority/Letter of reference issued by a competent authority for obtaining treatment outside the country.
 - ii. Acceptance, by the competent authority, of claims certified by the concerned medical officer/institution.



4. Special Allowances (OBC group 04.00)

- i. Relevant orders of the Government in general cases.
- ii. Specific sanction issued by a competent authority in special cases.

5. Stipends (OBC group 05.00)

- i. Sanctioned strength of enrolment in the institutions.

6. Travel (OBC group 11.00)

- i. Travel authorisation from a competent authority.
- ii. Travel allowance claims, endorsed by the controlling officers, receipts for entitled actual expenses, air tickets etc.,
- iii. Certificate on submission of tour report in applicable cases.
- iv. Original boarding passes along with claims for reimbursement/adjustment of air fares for travel outside the country.

Note – 1. In case the boarding passes are lost, a copy of the relevant pages of the Passport showing entry and exit from the airports.

7. Utilities - Telephone, Telex, FAX, E-mail, Internet (OBC 12.01)

- (a) New installation:-
 - i. Sanction from competent authority.
- (b) Monthly bills:-
 - i. For office utilities: Certificate of verification countersigned by Head of Office.
 - ii. For residential instruments: Reimbursement claims with certificates that calls were made for official purposes countersigned by the Head of Office, copy of the bill and receipt.

8. Utilities - Telegram, WT, Postage (OBC 12.02)

- (a) Office:-
 - i. Statement of postage accounts and receipts in relevant cases.



ii. Verification of despatch register.

(b) Reimbursements:-

- i. Copy of messages transmitted.
- ii. Receipts for actual expenses.

9. Utilities - Electricity/Water, sewerage charges (OBC 12.03)

(a) Office, Public facilities:-

- i. Verification from the concerned Office.

(b) Residential:-

- i. Verification by the entitled consumer.

10. Utilities – Others

- i. Sanction order from a competent authority.
- ii. Verification from the officer in-charge.

11. Rental charges (OBC group 13.00)

(a) Buildings – First time:-

- i. Sanction order, lease agreement as per the rates approved by the DNP/Dzongkhag authorities.

(b) Vehicles:-

- i. Sanction from competent authority based on fulfilment of PRR.
- ii. Certified log sheet from the user/officer in-charge

(c) Others:-

- i. Sanction from competent authority

12. Supplies & Materials (OBC group 14.00)

- i. Purchase order/Contract agreement/Sanction order.
- ii. Original Invoices/bills duly verified and stock entry.

13. Maintenance of Properties (OBC group 15.00)

(a) Other than vehicles:-

- i. Sanction order, Work order or Contract agreement.



- ii. Technical Sanction in applicable cases.
 - iii. Completed Muster roll for labour payments.
 - iv. Measurement book and MAS account in applicable cases.
 - v. For materials, as specified under Supplies & Materials.
- (b) Fuel & Lubricants for Vehicles:-
- i. Supply or Cash memos with entries in Logbooks.
 - ii. Monthly performance analysis in Logbooks.
- (c) Repairs of Vehicles:-
- i. Sanction order, Work order or Supply order.
 - ii. Invoices duly verified and entered in the History sheet/Asset Register.
 - iii. For major spares, certificate of receipt of unserviceable parts by the office in-charge.

14. Operating Expenses (OBC group 17.00)

- i. Supply order/ sanction in relevant cases.
- ii. Invoices duly verified in all cases and stock entry in relevant cases.
- iii. Bank Statement for Bank charges.
- iv. If other types of expenditures are booked then the requirement should be as per that object code

15. Hospitality & Entertainment (OBC group 18.00)

- i. Invoices/Cash memos duly verified and countersigned by the Head of Office.
- ii. Sanction/approval of the competent authority.

16. Write off – loss of Cash/Stock (OBC group 19.00)

- i. Sanction order from the competent authority and budget line from DNB in applicable cases.



17. Current grants (OBC group 21.00)

- i. Sanction from the competent authority and budget provision.

18. Subscriptions and Contributions (OBC group 22.00)

- i. Sanction/approval of the competent authority. (No specific sanction is needed for Government contribution to the GPF)

19. Retirement benefits (OBC group 25.00)

- i. Order of retirement.
- ii. Statement of service verification with approved working sheets for gratuity.
- iii. Clearances from RAA/Financial Institutions/DRC/NHDCL
- iv. Sanction order for payment of entitlements.

20. Interest payments (OBC group 31.00)

- i. Sanction/approval of the competent authority.
- ii. Statement from Lender in respect of direct disbursement of interest.

21. Expenses on Loan operations (OBC group 33.00)

- i. Sanction from a competent authority.

22. Acquisition of Land/Buildings (OBC group 41.00)

- i. Approval for acquisition.
- ii. Copy of approved assessment details.
- iii. Copy of Sale Deed.
- iv. Entry in Property/Asset Register.
- v. Sanction order for payment.

23. Training (OBC group 45.00)

- (a) HRD – OBC 45.01:-



- i. Sanction order from HRD/RCSC and competent authority amongst other documents.
- ii. Others – OBC 45.02:-
- iii. Sanction from the competent authority.

24. Expenditure on Structures (OBC group 51.00)

- (a) Departmentally executed (including deposit works):-
 - i. Administrative approval and technical sanction.
 - ii. Completed Muster Roll and Measurement book
 - iii. Verified and certified bills of materials supplied to or procured for the works in accordance with the Procurement Rules.
 - iv. Entries in Measurement books, MAS A/c, T&P account, Dismantled materials register, empty container register, Vehicle/Equipment Logbook as the case may be.
 - v. Approval and revised technical sanction for extra or additional works where applicable.
 - vi. Entry in Works Cost sheet.
- (b) Execution by award of contract:-
 - i. Administrative approval and technical sanction.
 - ii. Contract agreement/Work order.
 - iii. Verified and certified bills.
 - iv. Measurement book with entry of measurements..
 - v. Approvals for extra or additional works, price adjustment, time extension where applicable.
 - vi. Entries in MAS A/C., T&P register, Empty container register, Dismantled materials register, Site order book, Hindrance register where applicable.
 - vii. Handing/taking over notes for final bill.
 - viii. Entry in Works cost sheet, Contractors' Ledger.

25. Plants & Equipment (OBC group 52.00)

- i. All requirements under Supplies and Materials.
- ii. Verified disbursement information from donor where



applicable.

- iii. Entry in Assets register.

26. Purchase of Vehicles (OBC group 53.00)

- i. Verified and certified invoice.
- ii. Import authorization and MoF approval
- iii. Verified disbursement information from donor where applicable.
- iv. Entry in Assets register/History sheet.

27. Furniture & Office equipment (OBC group 54.00)

- i. All requirements under Supplies & Materials.
- ii. Import license in case of articles imported from third countries.
- iii. Verified disbursement information from Donor where applicable.
- iv. Entry in Inventories/Asset register.

28. Professional Services (OBC group 55.00)

- i. Contract agreement & Terms of reference.
- ii. Certified invoices/Disbursement information from Donors.

29. Capital Grants (OBC group 61.00 and 62.00)

- i. Sanction of competent authority and Budget provision.

30. Acquisition of Equity (OBC group 63.00)

- i. MoF approval/Budget provision.

31. Loans (OBC group 65.00)

- i. MoF approval.
- ii. Loan agreements.



32. Repayment of Debt Principals (OBC group 70.00)

- i. Budget provision.

33. Personal Account Advances & adjustments (OBC group 88.00)

- i. Sanction from the competent authority.
- ii. Entry in relevant memorandum register.
- iii. Adjustments: Recoveries/acceptance of claims

34. Advances and adjustments on Public Works and Deposit Works, (OBC groups 93.00, 95.00)

- i. Sanction from the competent authority.
- ii. Entries in relevant memorandum registers.

Adjustments: Expenditure details/Debit notes from recipients, Recoveries or Refunds.



APPENDIX – II
LIST OF ACCOUNTING OBJECTS

Object Code	Name of Object	Broad Head Code	Broad Head Name
1.01	Pay & Allowances	10.a	B.E. - Current
2.01	Other Personnel Emoluments	10.a	B.E. - Current
3.01	Medical Benefits – In-country	10.a	B.E. - Current
3.02	Medical Benefits – Outside Bhutan	10.a	B.E. - Current
4.01	Special Allowance	10.a	B.E. - Current
4.02	Special Allowance – Kidu/Pensioners	10.a	B.E. - Current
5.01	Stipends	10.a	B.E. - Current
11.01	Travel – In-country	10.a	B.E. - Current
11.02	Travel – Outside Bhutan	10.a	B.E. - Current
12.01	Utilities – Telephone, Telex, Fax, E-mail, Internet	10.a	B.E. - Current
12.02	Utilities – Telegram, Wireless Transmission, Postage	10.a	B.E. - Current
12.03	Utilities – Electricity, Water, Sewerage charges	10.a	B.E. - Current
12.05	Utilities – Fuel wood	10.a	B.E. - Current
13.01	Rental – Buildings	10.a	B.E. - Current
13.02	Rental – Vehicles	10.a	B.E. - Current
13.04	Rental – Furniture, Equipment & Land	10.a	B.E. - Current
14.01	S & M – Office Supplies, Printing, Publications	10.a	B.E. - Current
14.02	S & M – Medicines, Laboratory Consumables	10.a	B.E. - Current



Object Code	Name of Object	Broad Head Code	Broad Head Name
14.03	S & M – Fertilisers, Chemicals, Manure, Inoculants	10.a	B.E. - Current
14.04	S & M – Seeds, Seedlings	10.a	B.E. - Current
14.05	S & M – Animal feeds	10.a	B.E. - Current
14.06	S & M – Uniforms, Extension kits, Linens	10.a	B.E. - Current
14.07	S & M – Text books, Stationery (Schools & Institutes)	10.a	B.E. - Current
14.09	S & M – Patient Diet	10.a	B.E. - Current
14.10	S & M - Ration	10.a	B.E. - Current
15.01	Maintenance of Properties – Buildings	10.a	B.E. - Current
15.02	Maintenance of Properties – Vehicles	10.a	B.E. - Current
15.03	Maintenance of Properties – Roads	10.a	B.E. - Current
15.04	Maintenance of Properties – Bridges	10.a	B.E. - Current
15.05	Maintenance of Properties – Equipment	10.a	B.E. - Current
15.06	Maintenance of Properties – Plantations	10.a	B.E. - Current
15.07	Maintenance of Properties – Computers	10.a	B.E. - Current
15.09	Maintenance of Properties – Water supply, Sewerage, Playfield	10.a	B.E. - Current
17.01	Op.Exp. – Advertising	10.a	B.E. - Current
17.02	Op.Exp. – Taxes, Duties, Royalties, Handling/Bank charges	10.a	B.E. - Current
17.03	Op.Exp. – Transportation	10.a	B.E. - Current
17.04	Op.Exp. – Energy/Propulsion charges	10.a	B.E. - Current
17.06	Op.Exp. – Items for processing/manufacturing	10.a	B.E. - Current
17.08	Op.Exp. – In-country Meetings and Celebration	10.a	B.E. – Current



Object Code	Name of Object	Broad Head Code	Broad Head Name
17.09	Op.Exp. – Survey/Census	10.a	B.E. - Current
18.01	Hospitality & Entertainment	10.a	B.E. - Current
19.01	Write Off – Stock, Loss of Cash/Goods	10.a	B.E. - Current
21.01	Current Grants – Individuals/Non-profit Organisations	10.a	B.E. - Current
21.02	Current Grants – Sungchop	10.a	B.E. - Current
21.03	Current Grant – Rural Life Insurance Scheme	10.a	B.E. - Current
22.01	Current Grants – Financial Institutions	10.a	B.E. - Current
22.02	Current Grants – Non-financial Institutions	10.a	B.E. - Current
24.01	Subscriptions to International Organisations	10.a	B.E. - Current
24.02	Contributions – Other Governments	10.a	B.E. - Current
24.03	Contributions – Provident Fund	10.a	B.E. - Current
25.01	Retirement Benefits	10.a	B.E. - Current
26.01	General Provisions	10.a	B.E. - Current
31.01	Interest payments – Internal	10.a	B.E. - Current
31.02	Interest Payments – External	10.a	B.E. - Current
33.01	Expenses on Loan Operations	10.a	B.E. - Current
41.01	Acquisition of Immobile Property – Land	10.b	B.E. - Capital
41.02	Acquisition of Immobile Property - Buildings	10.b	B.E. - Capital
45.01	Training – Human Resource Development	10.b	B.E. - Capital



Object Code	Name of Object	Broad Head Code	Broad Head Name
45.02	Training – Others	10.b	B.E. - Capital
51.01	Exp. On Structure – Buildings	10.b	B.E. - Capital
51.02	Exp. On Structure – Roads (Including Culverts, drains)	10.b	B.E. - Capital
51.03	Exp. On Structure – Bridges	10.b	B.E. - Capital
51.04	Exp. On Structure – Irrigation channels	10.b	B.E. - Capital
51.05	Exp. On Structure – Drainage Systems	10.b	B.E. - Capital
51.06	Exp. On Structure – Water Supply & Sanitation	10.b	B.E. - Capital
51.07	Exp. On Structure – Plantations	10.b	B.E. - Capital
51.08	Exp. On Structure - Others	10.b	B.E. - Capital
52.01	Plant & Equipt. – Roads	10.b	B.E. - Capital
52.02	Plant & Equipt. – Power Generation	10.b	B.E. - Capital
52.03	Plant & Equipt. – Power Trans. & Distbn.	10.b	B.E. - Capital
52.04	Plant & Equipt. – Telecommunications	10.b	B.E. - Capital
52.05	Plant & Equipt. – Agricultural machinery	10.b	B.E. - Capital
52.06	Plant & Equipt. – Livestock	10.b	B.E. - Capital
52.07	Plant & Equipt. – Hospital/Lab.equipment	10.b	B.E. - Capital
52.08	Plant & Equipt. – General Tools, Instruments	10.b	B.E. - Capital
53.01	Purchase of Vehicles	10.b	B.E. - Capital
54.01	Furniture	10.b	B.E. - Capital
54.02	Office Equipment	10.b	B.E. - Capital
54.03	Computers & Peripherals	10.b	B.E. - Capital
55.01	Professional Services	10.b	B.E. - Capital



Object Code	Name of Object	Broad Head Code	Broad Head Name
56.01	General Provisions	10.b	B.E. - Capital
61.01	Capital Grants – Individuals/Non-Profit Organisations	10.b	B.E. - Capital
61.02	Capital Grants – Sungchop	10.b	B.E. - Capital
61.03	Capital Grants – Revolving Funds	10.b	B.E. - Capital
62.01	Capital Grants – Financial Institutions	10.b	B.E. - Capital
62.02	Capital Grants – Non-Financial Institutions	10.b	B.E. - Capital
63.01	Acquisition of Equities/Shares	10.b	B.E. - Capital
65.01	Loans – Individuals	10.c	B.E. - Lending
65.02	Loans – Enterprises	10.c	B.E. - Lending
70.01	Repayment of Debt Principal – Internal	10.d	B.E. - Repayment
70.02	Repayment of Debt Principal – External	10.d	B.E. - Repayment
80.01	Cash Transactions	12.a	Reserved for Cash & Bank accounts in the computerised systems
80.02	Bank Transactions	12.b	
81.01	Releases – Budgetary	2.a	Rel.- Budgetary
81.02	Releases – Non-Revenue	2.b	Rel.– Non-Revenue
81.03	Releases – Refundable Deposits	2.c	Rel.–Refundable Dep.
81.04	Releases – Uncashed cheques	2.d	Rel.- Uncashed Cheques
82.01	Grants in Kind	3	Grants in Kind
83.01	Borrowings in Kind	4	Borr. in Kind
86.01	Tax on Salary	5	Rev.Rects/Remittances
86.02	Tax Deducted at Source	5	Rev.Rects/Remittances
86.11	House Rent	5	Rev.Rects/Remittances
86.12	Health Contribution	5	Rev.Rects/Remittances
86.13	Sale Proceeds	5	Rev.Rects/Remittances
86.14	Interest on Loans	5	Rev.Rects/Remittances



Object Code	Name of Object	Broad Head Code	Broad Head Name
86.15	Departmental/Supervision Charges	5	Rev.Rects/Remittances
86.16	Other Revenues	5	Rev.Rects/Remittances
87.01	GPF : Employees Contribution	6.a	Oth.Rec/Remit-GPF
87.02	Govt. Insurance Scheme	6.b	Oth.Rec/Remit-GIS
87.03	Other Insurance Premia	6.c	Oth.Rec/Remit-OIP
87.11	Vehicle Loan	6.d	Oth.Rec/Remit-Loans from Fin.Instt.
87.12	GE Loans	6.d	Oth.Rec/Remit-Loans from Fin.Instt.
87.21	Audit Recoveries for RAA	6.e	Oth.Rec/Remit-Others
87.22	Other Recoveries	6.e	Oth.Rec/Remit-Others
88.01	Personal Advances	7	Personal Advances
89.01	Deposits – Non-Revenue	8.a	MRP: Non-Rev. Dep.
89.02	Deposits – Refundable Deposits	8.b	MRP: Refundable Dep.
89.11	DPA: Prior Year Expenses	8.c	MRP: Payments to DPA
89.12	DPA: Prior Year Advances	8.c	MRP: Payments to DPA
89.13	DPA : Closing Cash Balances	8.c	MRP: Payments to DPA
89.14	DPA: Refundable External Grants	8.c	MRP: Payments to DPA
89.15	DPA: Loan Principals	8.c	MRP: Payments to DPA
89.16	DPA: Others	8.c	MRP: Payments to DPA
89.17	DPA: Uncashed Cheques	8.c	MRP: Payments to DPA
89.21	Others : Storage Charges	8.d	MRP : Others
89.22	Others: RMO Heavy Vehicles & Equipt.	8.d	MRP : Others
89.23	Others : Loss/Gain in Exchange	8.d	MRP : Others
89.24	Others : Others	8.d	MRP : Others
89.25	Others : WFP Generated Funds	8.d	MRP : Others
89.26	Others: Uncashed Cheques	8.d	MRP : Others
91.01	Stock	9.a	Suspense : Stock



Object Code	Name of Object	Broad Head Code	Broad Head Name
92.01	Purchases	9.b	Suspense : Purchases
93.01	PWA : Employees	9.c	Suspense : PWA
93.02	PWA : Suppliers – Others	9.c	Suspense : PWA
93.03	PWA : Sales on Credit	9.c	Suspense : PWA
93.04	PWA : Losses under Investigation	9.c	Suspense : PWA
93.05	PWA : Others	9.c	Suspense : PWA
93.06	PWA : Suppliers – Mobilisation Advances	9.c	Suspense : PWA
93.07	PWA : Suppliers – Secured Advances	9.c	Suspense : PWA
95.01	Deposit Works	9.e	Suspense : DW
96.01	Security & Earnest Money	9.f	Suspense : Oth.Deposits
96.02	Closed Works	9.f	Suspense : Oth.Deposits
96.03	Other Deposits – Others	9.f	Suspense : Oth.Deposits



APPENDIX – III

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APPENDIX – III (Contd.)

FAM FORMS

FAM – 1.1A.

ROYAL GOVERNMENT OF BHUTAN

MINISTRY OF FINANCE

BUDGET FUND DEPOSIT INVOICE

Original/Duplicate/Book Copy

No.

Date:

The Manager,
Bank of Bhutan, Thimphu.

Please accept a sum of Nu. (Ngultrums
only) as per details given below and credit the proceeds to the Government Budget Fund
Account.

Cheque/Draft No.	Date	Amount	Bank & Branch	Received from	Other Details
Total:					

Designated Officer
Department of Public Accounts

Acknowledgement by Bank:

Received Nu.....

Received Cheque/Draft for Nu.....

(Seal, Date and Signature of Bank)



FAM – 1.1B.

ROYAL GOVERNMENT OF BHUTAN

MINISTRY OF FINANCE

NON-REVENUE DEPOSIT INVOICE

No.

Original/Duplicate/Book Copy

Date:

Disbursing Office:

The Manager,

Bank of Bhutan, (Branch name)

Please accept a sum of Nu. (Ngultrumsonly) as per details given below and credit the proceeds to the Non-Revenue Receipts and Deposits Account.

Details of cash			Details of cheque/draft			
Denomination:	No.	Amount Nu.	Cheque/Draft		Bank & Branch	Amount Nu.
			No.	Date		
Total:					Total:	

Drawing & Disbursing Officer

Name and Designation

Acknowledgement by Bank:

Received Nu.....

Received Cheque/Draft for Nu.....

(Seal, Date and Signature of Bank)



FAM – 1.1C.

**ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE**

DEPOSIT INVOICE FOR REFUNDABLE DEPOSITS ACCOUNT

Original/Duplicate/Book Copy

Disbursing Office:

The Manager,
Bank of Bhutan, (Branch name)

No.
Date:

Please accept a sum of Nu. (Ngultrumsonly) as per details given below and credit the proceeds to the Refundable Deposits Account.

Details of cash			Details of cheque/draft			
Denomination:	No.	Amount Nu.	Cheque/Draft		Bank & Branch	Amount Nu.
			No.	Date		
Total:					Total:	

Drawing & Disbursing Officer
Name and Designation

Acknowledgement by Bank:

Received Nu.....

Received Cheque/Draft for Nu.....

(Seal, Date and Signature of Bank)



INDEMNITY BOND FOR ISSUE OF A FRESH CHEQUE IN LIEU OF A LOST CHEQUE.

This deed of Indemnity made on the day of in the year..... between , son/daughter of, resident of, carrying on business under the name and style of (herein after called “the indemnifier”) of the one part and theof Department, Ministry of, Government of Bhutan (hereinafter called “the Government”) of the other part.

Whereas on the day of in the year..... cheque No..... dated on branch of(Bank name) for Nu. was drawn by the..... in favour of the indemnifier.

And whereas the indemnifier has represented to the Government that the said cheque has been lost by him/ during the transmission by post to him.

And whereas at the request of the indemnifier, the Government has agreed to issue a second cheque for an amount equivalent to the amount of the previous cheque No. dated..... upon the indemnifier giving such indemnity as noted below:

In consideration of the above premises and the Government agreeing to issue a second cheque, the indemnifier hereby agrees and undertakes to refund to the Government on demand the said sum of Nu. in the event the previous cheque No..... dated..... is presented to and paid by the bankers. The indemnifier also agrees to indemnify the Government against all expenses which may be incurred by the Government in connection therewith.

In witness whereof the parties hereto have set and subscribed their respective hands hereunto on the day and year first mentioned.

Signature of the Indemnifier

Signature for the Government

Witness (1)

Witness (1)

(Name, Address)

(Name & Address)

Witness (2)

Witness (2)

(Name & Address)

(Name & Address)



ROYAL GOVERNMENT OF BHUTAN

MINISTRY OF FINANCE

NON-REVENUE RECEIPT

Agency:

No.:

Date:

Received/adjusted a sum of Nu. (Ngultrumsonly)

From..... towards

Details of which are given below:

Details of cash/cheque	Details of adjustment
a) Cash Nu. b) Cheque/Draft No. Date: Amount Nu.	a) Disbursement/Journal Voucher No. Date: Amount Nu.

Drawing & Disbursing Officer

Name and Designation

Note: Validity of the receipt is subject to realisation of cheque/draft/cash warrant proceeds.



Stock Register

FOR NON-REVENUE RECEIPT BOOKS/DEPOSIT INVOICES/GR NOTES

Date	Ref.	Name	Quantity Received			Quantity Issued			Stock		
			No. of Books	Form serial Nos.		No. of Books	Form serial Nos.		No. of Books	Form serial Nos.	
				From	To		From	To		From	To



Cash Account for Permanent/Temporary Advances

Disbursing Office.....

Cash Account of ...(Name & designation of PAH/TAH)

Sl. No	Bill/Cash Memo No.	Payee	Amount of Payment		Total in Progress		Head of account
			Nu.	Ch	Nu.	Ch	

(Signature & Designation)
Special Disbursing Officer.



Bills Inward Register

Date	No.	Received From	Bill No.	Date	Amount	Dated Initial	Verification		Recd. Date	Remarks
							Sent to	Date		



NOTE FOR SANCTION OF EXPENDITURE

No.

Date :

SECTION – I. PROPOSAL:

1. Name of Activity :
2. Budget (Balance) Available : Nu.
3. Estimated cost : Nu.
4. Mode of Execution :
5. Balance in Stock² :
6. Any other justifications :

Head of Unit.

SECTION – II VERIFICATION:

1. Availability of budget appropriation :
2. Ref. to Delegation of Financial Power :
3. Any other remarks :

Head of Finance Section

SECTION – III APPROVAL:

Sanctioning Authority.

Copies to:

² In case of Procurements only.



Disbursement Voucher

Bank Account No.:		Voucher No. :		
Cash Book Page No. :		Date :		
Name of Payee :				
Address :				
GRN/Bill No.:		Cash in hand/at Bank :		
Particulars	Exp./Recovery Broad Head	Detailed Account code	Debit Nu.	Credit Nu.

Passed for Nu. (Ngultrums

Net Payment Nu. (Ngultrums

Prepared by:

(Date, Name & designation)

Head of Finance

(Date, Name & Seal of Designation)

Approving Officer.

(Date, Name & Seal of Designation)

Paid in Cash/by cheque No.:

Received Payment

Nu.

Cashier.

(Date & Name)

Name, Signature & Date.



Journal Voucher

Bank Account No.:		Journal Voucher No. :		
Journal Book Page No. :		Date :		
Particulars/ Explanation	Account Codes		Debit Nu.	Credit Nu.
	Broad Head	Detailed Code		

Passed for Adjustment of Nu. (Ngultrums

Prepared by:

Accountant/A/Cs.Clerk
(Name and Signature).

Date

Head of Finance Section
(Name & Seal of Designation)

Date

Approving Officer
(Name, Date & Seal of Designation)



Instructions for the Attendance Report (FAM – 4.7)

1. Sl. No. : Serial number of the entry in the form.
2. Name : Name of the Employee.
3. Designation : Designation of the employee.
4. Emp. Id. No. : Employee identity number.
5. Dates : Starting from 21st of the previous month to 20th of the current month.
6. Remarks : If any.

- This form shall be filled up and submitted by the Officers-in-charges where separate attendance registers are maintained in different field units and sections located outside the office.
- Instead of filling up every date column with ‘P’, it is permitted to write words like “Present full month” or “E.L from ... to ...” etc. across the columns.
- The attendance report shall be submitted to the accounting unit on 20th of each month for preparation of pay bills.



Instructions for the Pay bill (FAM – 4.8)

- | | | | |
|------------------|--------------------------------------|----------------------|---|
| 1. Activity Code | : Code of the Activity or Project. | 9. Deductions | : Deductions on account of Tax, House Rent etc. |
| 2. Activity Name | : Name of the Activity or Project. | 10. Total Deductions | : Total of the Deductions. |
| 3. Sl. | : Serial number of the entry. | 11. Net Payable | : Total Dues – Total Deductions. |
| 4. Name | : Name of the employee. | 12. Signature | : Signature of the employee on receipt of the payment
if the payment is disbursed in cash. |
| 5. Designation | : Designation of the employee. | 13. Remarks | : If any, like “PIC or LPC attached”. |
| 6 Id. No. | : Employee identity Number. | | |
| 7. Dues | : Basic pay, Contract Allowance etc. | | |
| 8. Total Dues | : Total of the pay and allowances. | | |



(Name of Office)

LAST PAY CERTIFICATE

Ref. No.

Issue Date

- 1. Name of Employee : _____
 - 2. Gender : _____
 - 3. Designation : _____
 - 4. Cadre & Grade : _____
 - 5. Employee ID No. : _____
 - 6. Saving Account No. : _____
 - 7. TPN : _____
 - 8. Relieving Order No. : _____
 - 9. Relieving Date : _____
 - 10. Transferred To : _____
-

1. Certified that the above employee has been paid up to (Date) for the FY at the following rates:

<u>Particulars</u>	<u>Amount</u>
a) Pay:	
b) Allowances:	

2. The following advances are due from him/her for recovery/adjustment:

<u>Particulars</u>	<u>Amount</u>	<u>Mode of Recovery/Adjustment</u>
a) Personal Account Advances :		
b) Audit Recoveries :		



c) Public Works Advances :

3. The following deductions have been made from his pay bill:

<u>Particulars</u>	<u>Amount</u>	<u>Account No./Other details.</u>
a) Tax on Salary	At applicable rates	Deducted up to (mm/yy)
b) Health contribution	At applicable rates	Deducted up to (mm/yy)
c) GPF		A/C.No.
d) GIS		A/C. No.
e) Others (please specify)		

4. The following Floating and Loan deductions have been made from his pay bill:

<u>Particulars</u>	<u>Account No.</u>	<u>Financial Institute</u>	<u>Amount</u>
--------------------	--------------------	----------------------------	---------------

1. Leave Travel Concession has been paid to him/her for the year ending (yyyy-yy).
2. Leave encashment has been paid for the FY 20xx to 20x1
3. Transfer Grant is not applicable.
4. Before getting relieved, he/she has handed over the charges held by him/her.

(Signature)

(Date, Name and Seal of Designation)

Copies to:

1. Employee concerned.
2. Others (please specify).



**(Name of Office)
Travel Authorisation**

Name of employee:

Number:

Designation:

Grade:

Date:

From		To		Mode of Travel	Halt At	Purpose
Station	Date	Station	Date			

Proposed tour approved/

Estimated Travelling Expenses : Nu.

Tr. Advance outstanding : Nu.

Not approved.

Advance Required : Nu.

Since (date)

Advance of Nu.

Sanctioned/Recommended.

(Signature of employee)

(Signature & Seal, Head of Finance)

(Signature & Seal, Controlling Officer)

Date

Date

Date



Instructions for Travel Authorisation (Form FAM – 4.10)

1. From:

a) Station : Place of departure

b) Date : Date of departure

2. To:

a) Station : Place of arrival

b) Date : Date of arrival

3. Mode of Travel : By public transport, own or hired vehicle, air etc.

4. Halt at : Place of night halt/stopover

5. Purpose : Purpose of travel/stopover

- The employee shall get the completed form (in duplicate) endorsed by the Accounting unit for the required advance.
- The authorisation form must be got approved by the Controlling officer before proceeding on tour.
- One copy of the approved/recommended authorisation form shall be submitted to the accounting unit for payment of the advance.
- Duplicate copy shall be submitted with the Travelling allowance bill.



(Name of Office)

Travel Allowance Bill

Name of employee:

Number:

Designation:

Grade:

Date:

No. of fares:

Travel Authorisation No. & Date :

Departure			Arrival			Daily Allowance	Mileage	Bus/Train/ Air fare	Actual Expenses	Total	Purpose of Journey
Date	Time	Station	Date	Time	Station						
Total											
Advance Taken											
Amount claimed for payment/refunded											
Certified that the travel was performed by me for official purposes and the claims are genuine. <div style="text-align: right;">Dated signature of employee</div>											
Certified that the travel was authorised by me for official purposes and the claims appear genuine and reasonable. <div style="text-align: right;">Signature, Date & seal of the Controlling officer.</div>											



Instructions for Travel Allowance bill (Form FAM – 4.11)

- | | | |
|----------------------------|---|--|
| 1. Daily Allowance | : | DSA applicable as per CSR and DSA rules. |
| 2. Mileage | : | Mileage claimed on the basis of distance travelled by own vehicle. |
| 3. Bus/Train/Air fare | : | Self explanatory. |
| 4. Actual Expenses | : | Lodging or any other actual expenses claimed. |
| 5. Total | : | Total claim for each day or period. |
| 6. Purpose of journey | : | Self-explanatory. |
| 7. Advance taken | : | Amount of travelling advance obtained prior to the journey. |
| 8. Amount claimed/refunded | : | Score out the not applicable item. |
-
- When the journey starts from a station outside the Headquarters or the first item starts with a halt at an outstation, the date and time of arrival at the outstation shall be indicated in the bill.



Instructions for Travel Register (FAM – 4.12)

1. Page No. : Page number of the register assigned for the employee.
2. Name & Designation : Name & Designation of the employee.
3. Employee ID No. : Self-explanatory.
4. Sl.No. : Serial number of the entry in the page.
5. Disbursement : Disbursement Vr. No. and date of the Vr. for the bill.
6. Purpose : Brief purpose of the journey.
7. Duration : Starting and ending dates of the journey covered in the bill.
8. Amount admitted : Gross amount of the claim admitted.
9. Advance adjusted : Amount of advance recovered from the bill.
10. Net amount : Net amount paid against the bill.
11. Remarks : If any.

- Separate pages shall be allotted for each employee.
- It is important to fill in the employee ID No. in order to avoid confusion among two employees of the same name.



Page #

FAM - 5.1

Page #

CASH BOOK

Bank Account No.....

Dr. (RECEIPTS)

Cr. (PAYMENTS)

Date	Ref. No.	Particulars	L.	SL.	Amount Nu.	Cash Nu.	Bank Nu.	Remarks	Date	Disb. Vr.No	Particulars	L.F.	SL.	Cheque No.	Amount Nu.	Cash Nu.	Bank Nu.	Remarks
			F.	F.								F.						



Instructions for Cash Book (Form No. FAM – 5.1)

1. Bank Account No. : Number of the bank account to which the cash book pertains.
2. Debit (Receipt side)
 - a) Date : Date of Transaction.
 - b) Ref. No : Serial number of the receipt transaction.
 - c) Particulars : Particulars of the Transaction; Broad head code preceded by the word “To”; the detailed code in the next line; Narration (including receipt number or disbursement voucher number in cases of deductions) in the following lines.
 - d) L.F. : Main Ledger folio number.
 - e) S.L.F. : Sub-ledger folio number.
 - f) Amount : Total amount of receipt.
 - g) Cash : i) Amount received in cash, cheque or draft ii) Deductions from disbursement vouchers iii) Cash withdrawn from Bank.
 - h) Bank : Amount released by the DBA in the bank account
 - i) Remarks : Additional information, if any.
3. Credit (Payment side)
 - a) Date : Date of transaction.
 - b) Disb.Vr.No. : Disbursement voucher number.
 - c) Particulars : Particulars of the Transaction; Broad head code preceded by the word “By”; the detailed code in the next line; Narration in the following lines.
 - d) L.F/SL.F : Main Ledger and Sub-ledger folio.
 - e) Cheque No. : Serial number of the cheque issued.
 - f) Amount, Cash, Bank : Same as in Receipts side, applicable for amounts paid or deductions made
 - g) Remarks : Any other information.



Page #

Journal Book

Bank Account No.:

Date	J.V.No.	Particulars/ Explanation	Accounts Codes		L.F.	S.L.F.	Amount		Attestation
			Broad Head	Detailed Head			Dr. Nu.	Cr. Nu.	



Instructions for Journal Book (Form No. FAM – 5.2)

- Date : Date of Transaction.
- J.V.No. : Serial number of the journal voucher.
- Particulars/Expln. : Narration for the transaction.
- Accounts Codes : Self explanatory.
- L.F. : Ledger folio, Page number of the main ledger in which posting is made.
- S.L.F. : Sub-ledger folio, Page number of the sub-ledger in which posting is made.
- Amount Dr. : Amount by which the account head is debited.
- Amount Cr. : Amount by which the account head is credited.
- Attestation : Dated initial of the Approving officer attesting the entry on signing the pass order on the journal voucher.

- A separate journal book shall be maintained or separate sections of the journal book shall be earmarked for individual bank accounts.
- Journal voucher numbers shall be determined by the serial number of the entry in the journal book.
- Individual series of numbers shall be maintained for individual bank accounts.
- A red-ink line shall be drawn across the columns at the end of each entry.
- Each journal entry shall be attested by the approving officer.
- Narration shall quote reference of the supporting documents.



Instructions for Ledger (Form No. FAM – 5.3)

1. Bank Account No. : Account No. to which the ledger account pertains.
 2. Code & Name : Code No. and Name of the Broad Head appearing in the Receipts & Payments Statement.
 3. Date : Date of Transaction as recorded in the books of original entry.
 4. C.B.F/J.B.F : Cash book or Journal book folio number.
 5. Vr.No./Rct.Ref. : Disbursement/Journal voucher or Receipt number or Reference.
 6. Amount Debit : Amount by which the account head is debited.
 7. Amount Credit : Amount by which the account head is credited.
 8. Amount Balance : Progressive balance of debits and credits.
 9. Dr./Cr. : Whether the balance is a debit or credit balance.
 10. Remarks : Any other information if necessary.
- Posting in the main ledger shall be carried out ideally as and when a transaction is completed but positively at the end of the transaction hours each day.
 - Cash book and journal book shall be the sources for posting in the ledger. Posting in the ledger shall be made for only those entries, which bear the attestation or approval of the DDO/Approving officer.
 - Simultaneous reference of ledger folio shall be entered in the Cash/journal book with each entry.
 - Balance shall be worked out with each entry.
 - Progressive total of Debits and Credits shall be worked out after the last entry of a month and written in red ink between a pair of red lines drawn across the columns.
 - The balance brought forward from the previous fiscal year shall be entered in the “Amount Balance” column only.



Instructions for Sub-Ledger (Form No. FAM – 5.4)

1. Bank Account No. : Account No. to which the Sub-ledger account pertains.
2. Fiscal Year : The fiscal year to which the Sub-ledger account pertains.
3. Appropriations : Budget provisions where applicable.
4. Code & Name : Code No. and Name of the Detailed Head.
5. Date : Date of Transaction as recorded in the books of original entry.
6. C.B.F/J.B.F : Cash book or Journal book folio number.
7. Ledger Folio : Page Number of the main ledger where the transaction has been recorded.
8. Vr.No./Rct.Ref. : Disbursement/Journal voucher or Receipt number or Reference.
9. Amount Debit : Amount by which the account head is debited.
10. Amount Credit : Amount by which the account head is credited.
11. Amount Balance : Progressive balance of debits and credits.
12. Dr./Cr. : Whether the balance is a debit or credit balance.
13. Remarks : Any other information if necessary.

- Posting in the sub-ledger shall be carried out ideally as and when a transaction is completed but positively at the end of the transaction hours each day.
- Cash book and journal book shall be the sources for posting in the sub-ledger. Posting in the sub-ledger shall be made for only those entries, which bear the attestation or approval of the DDO/Approving officer.
- Simultaneous reference of sub-ledger folio shall be entered in the Cash/journal book with each entry.
- Balance shall be worked out with each entry.
- Progressive total of Debits and Credits shall be worked out after the last entry of a month and written in red ink between a pair of red lines drawn across the columns.
- The balance brought forward from the previous fiscal year shall be entered in the “Amount Balance” column only.

**Instructions for Bills Outward Register (FAM – 5.5)**

1. Date : Date of registration of the outwards bill. (This shall be the date recorded in the bill).
2. Bill No. : Serial number of registration of the bill. (This shall be the bill number recorded in the bill).
3. Particulars : Brief particulars like nature of articles supplied or services rendered.
4. Issued to : Identity and address of the person or party against whom the bill is raised.
5. Bill amount : Total amount of the bill raised.
6. Date of receipt : Date on which the payment against the bill is received.
7. Cheque/Draft No.&
Date : Number and date of the instrument (Please write “Cash” if the payment is received in cash).
8. Amount : Amount of the cheque/draft or cash received.
9. C.B.F : Cash book folio (Page number of the cash book in which the receipt is recorded).
10. Balance : The balance amount remaining unsettled if any after receipt of the payment.
11. Settlement ref. : Reference to the cash book entry or other orders through which the outstanding amount is settled.



(Front Cover Page)

(Name of Organisation)

MUSTER ROLL NO.

Name of work:

Budget Reference Code:

LABOUR STRENGTH SANCTION			
Category	Rate	Nos.	Man-Days

Issued tofor the period from.....to.....

This Muster Roll contains Nos. of inner sheets.

(Signature)
Head of office

Grand Total of this muster roll

Deduct. Payment not made, as per details in Part II.B.

Balance paid

Add. Arrears of previous muster roll now paid off as per details in Part II.

A Total amount paid

Nu.	Ch.

Date

(Signature & Name of DDO)
Designation.



(Back Cover)

FAM – 6.2 Contd.

PART - II - DETAILS OF UNPAID WAGES

II.A. Payments against unpaid wages of previous Muster Rolls:

M.R No & period to which the arrears relate	Sl. No. as per previous muster roll	Name of Work-person	ID /Imm. Card No.	<i>Father's Name</i>	Amount due	Amount Paid	Dated signature or thumb impression of the payee	Dated initial & remarks of the paying officer
<i>Unpaid wages of previous muster rolls brought forward Nu.</i>					(x)			
Total Amount Paid Nu.						(y)		
Balance unpaid wages of previous muster rolls carried over to (B). Nu.:					(x-y)			

B. Unpaid Wages in this Muster Roll:

Sl. No. in Part - I.	Name of Work Person	ID/IMM. Card No.	Amount Due (Nu)	Remarks/Reasons
Amount brought forward from (A) Nu.			(x-y)	
Total Unpaid Wages of this muster roll Nu.			(z)	
Total Unpaid Wages Carried forward Nu.			(x-y) + (z)	



Part – III – Measurement of work done during this muster roll period where the work is susceptible to measurement.*

<p style="text-align: center;">Description of work (Each distinct item of work, grouped by sanctioned sub-heads where necessary) (Separate abstract may be attached if the number of items are large)</p>	<p style="text-align: center;">Quantity up to this M.R.</p>	<p style="text-align: center;">Deduct quantity up to the last muster roll</p>	<p style="text-align: center;"><i>Quantity of work during this M.R.**</i></p>

Measurement taken on 20 Measurement Book No. Page

(Date, Name and Signature of Site Engineer)
Designation

(Date, Name and Signature of Supervising Engineer)
Designation

* If the work is not susceptible of measurement, a remark to this effect should be recorded.

** If desired, rates may be shown in red ink below the quantities in this column.



MEASUREMENT BOOK

Particulars	Physical Measurements				Content of Area
	No.	L	B	H	



SITE ORDER BOOK

Name of work:

Date of commencement:

Name of contractor/Site Incharge:

Sl. No	Date	Remarks of inspecting officer	Signature of inspecting officer	Signature of contractor/Site Engineer	Action taken		Remarks
					Details	Dated Signature	



INSTRUCTIONS FOR SITE ORDER BOOK (FAM – 6.5)

1. Serial No. : Serial number of the entries in the site order book
2. Date : Date of entry
3. Remarks of the Inspecting Officer : Instructions/orders of the inspecting officer and contractor's difficulties/problems shall be recorded
4. Signatures : Self-explanatory.
5. Action taken - Details : Action taken to rectify the mistakes/difficulties/errors
6. Dated Signature : Of the official responsible for taking action
7. Remarks : Any other information/details



HINDRANCE REGISTER

Name of work:

Date of Commencement:

Name of Office:

Name of contractor:

Due date of Completion:

Sl. No.	Nature of hindrance	Date of Occurrence	Date on which hindrance is over	Over-lapping hindrance period (Days)	Net hindrance (Days)	Signature of Site/ Supervising Engineer	Signature of Contractor	Intimation to Head of Office		Remarks
								Ref. No.	Date	



Instruction for Hindrance Register (FAM – 6.6)

- | | | | |
|----|------------------------------|---|---|
| 1. | Serial No. | : | Serial Number of the hindrance |
| 2. | Nature of hindrance | : | Brief particulars of hindrance |
| 3. | Date of occurrence | : | Date on which the hindrance occurred |
| 4. | Date on which hindrance over | : | Date on which the hindrance was rectified |
| 5. | Over lapping period | : | Over lapping period for two or more hindrances shall be specified |
| 6. | Net hindrance | : | Net period lost due to the hindrances |
| 7. | Signatures | : | Self-explanatory |
| 8. | Reference to Head of Office | : | Self-explanatory. |
| 9. | Remarks | : | Any other particulars/information |



(Name of Office)

WORKS COST SHEET

(Obverse side)

Name of Project/Work:

AA&FS No., Date: And Amount:

Location:

Contractor (if applicable).....

Agreed/Planned Date of commencement:..... Agreed/Planned Date of completion:

Contract Amount

Actual Date of commencement Actual Date of completion

A. Budget Appropriation:

Year	Budget Code	Activity/Project Title	Funding Source	Amount	Remarks

B. Technical Sanctions:

Year	Original/Revised	Scope of Work/Component Name/Sub-Head	Ref. No.	Date	Amount	Remarks

C. Releases:

Year	Release Order No.	Date	Amount	Up to date Release	Remarks

(Reverse Side/Continuation Sheet)



D. Expenditure

Date	Vr./Bill No.	Particulars (payee, nature of payment, etc.)	Advances (Nu)	Sub- Head - 1 (Nu)	Sub- Head - 2 (Nu)	Sub- Head - 3 (Nu)		Total Prog. Exp. (Nu)	Dated initials



INSTRUCTIONS FOR WORK COST SHEET (FAM – 6.7)

1. Headings : The accounting unit shall fill in all blank spaces provided in headings

A. Budget Appropriations:

- a) Budget Code : Budget and accounts code number of the activity/project.
- b) Activity/Project title : Complete title of the Activity as shown in the corresponding approved budget.
- c) Funding Source : The source of the funds for the project, as indicated by the FI Code.

B. Technical Sanctions: : Details of different Technical Sanctions that might have been issued for all components of the work.

C. Releases: : Details of releases made for the works.

D. Expenditure: : Details of expenditure incurred on the works. Recovery or adjustment of advances shall be entered with Minus sign. Expenditure shall either be classified by specific sub-heads of the Technical Sanctions as shown in the form or by Direct Labour, Materials, Transportation or Machinery hiring charges etc., as may be prescribed by the Head of the Department concerned.



(Name of Office)

CONTRACTORS' LEDGER

Name of Contractor

Name of Work / Ref of Supply Order	Contractor's Bill No. & Date	Payment Ref.		Gross Amount Admitted (Nu)	Classification/Deduction (+) for payments, (-) for deductions				Net Payment (Nu)	Remarks
		Vr. No.	Date		Mobilisa- tion Adv. (Nu)	Secured Adv. (Nu)	Security Deposit (Nu)	Others (Nu)		



Instructions for Contractors' Ledger (FAM – 6.8)

1. Name of Contractor :This ledger contains the personal accounts of all contractors with whom financial transactions have been undertaken. Separate folio or set of folios shall be reserved for individual contractors.
 2. Name of Work/ Ref. to S.O. :Reference to the work or supply order in connection with which the transactions are undertaken.
 3. Contractor's Bill & Payment ref. :Self-explanatory.
 4. Gross amount admitted :Self-explanatory.
 5. Classifications/Deductions :Sub-heads under this column indicate the classification of payment or deduction. Relevant amounts to be recorded under proper columns. Deductions shall be indicated by a minus sign and preferably be entered in red ink.
 6. Net Payment :Self-explanatory.
- Contractors' Ledger shall be maintained by disbursing offices where financial transactions take place with a contractor/supplier.
 - The ledger accounts can be maintained continuously for a number of years provided that totals of transactions are struck between a pair of red lines at regular intervals not less than once in every six months.
 - A contractor requiring a copy of his accounts for any specific purpose may be provided with an attested copy of the same. A signature in token of his having received the copy shall be obtained on the application of the contractor.



Register of Unpaid Wages

Name of Work:

Activity Code:

Sl. No.	Muster Roll		Period of M.R.		Name of Workman	ID/IMM Card No	Amount due (Nu)	Amount paid (Nu)	Vr.No. and Date	Initials		Remarks
	No.	Date	From	To						F.O.	Sup. Engr.	



(Obverse side)

Works Completion Report

Name of Office:

Name of Work and Activity Code:

AA & FS No., Date & amount:

Total amount of TS/Detailed Estimates:

Actual Expenditure:

Amount of Variation and percentage:

Date of Commencement:

Date of completion:

Brief reasons for variation:

(Reverse side and continuation sheet)



Technical Sanction No. & Date:

Sl. No.	Name of item	As per Estimate				As Implemented		Variation		Remarks
		Quantity	Unit	Rate	Amount (Nu)	Quantity	Amount * (Nu)	Quantity	Amount * (Nu)	
	Total Nu				A	-				
	Actual Expenditure Nu.						B	-		
	Difference Nu.						-	-	(A~B)	

- As per estimated rate

Reference to the last entry in Sub-ledger:

Reference to the last entry in MB (Book & Page No.):

Signature, Name & Date
(Site Engineer)

Signature, Name & Date
(Supervising Engineer)

Signature, Name & Date
(Head of Finance Section)

Signature, Name & Date
(Head of Office)



STOCK LEDGER

Page No.:

Name of Article :

Item Code:

Unit:

Date	Name of Party	GRN/GIN	Receipts		Weighted Avg. Rate (Nu.)	Issues		Balance		Disb. Vr./ Journal Vr.		Attestation
			Qty.	Total Value (Nu)		Qty.	Value (Nu.)	Qty	Value (Nu.)	No	Date	



Instructions for Stock Ledger (FAM – 8.1)

- | | | | |
|--------------------|--|--------------------------|--|
| 1. Page No. | : Printed page number of the register. | 9. Wg.Avg.Rate | : Total value divided by the total quantity of an item of stock |
| 2. Name of article | : Name of stock item. | | |
| 3. Item Code | : If there is any. | 10. Issue: | Quantity issued as per GIN and value obtained by multiplying the quantity issued with Weighted Average Rate. |
| 4. Unit | : Unit of measurement, count or weight. | | |
| 5. Date | : Date of receipt or issue of the item. | 11. Disb.Vr./ Journal Vr | : Reference of the documents through which payment or adjustment has been made for the supply/issue. |
| 6. Party | : From whom the supply is received or to whom item is issued. | | |
| 7. GRN/GIN | : Number of the document. | 12. Attestation | : Signatures and dates of the recording clerk and the head of Finance section. |
| 8. Receipt | : Quantity and value of the supply received as recorded in the GRN | | |

- This ledger shall be maintained by the accounting unit of the Head of Office.
- Postings shall be made to record the daily transactions in respect of each item of stock.
- Different pages or sets of pages shall be allotted to each item of stock. An index of item names and page numbers shall be maintained in the first few pages. Some pages shall be left blank at the end of the register to prepare monthly abstracts of stock transactions.
- Receipts and Issues shall be entered from the GRNs/GINs received daily from the Property Officer. Balance of stock and value shall be struck after each entry.
- At the end of a month, an abstract of monthly stock transactions shall be prepared in one of the reserved pages at the end of the register. The abstract shall give the month's total of receipts, issues and balance in respect of each item. A consolidated abstract shall be prepared if several ledgers are maintained for different sub-groups of stock.
- The total of receipts and issues in the abstract shall be reconciled with such totals in the monthly summary of receipts (FAM – 8.12) and issues (FAM – 8.11).
- If surplus or deficit in the quantity is found during physical verification or other checks, entries shall be made in the ledger with appropriate remarks as per rule 9.1.9.2. Similar entries shall be made when items are declared unserviceable and/or disposed off.



BIN CARD

Name of Article:

Bin Card No.:

Unit:

Date issued:

Previous Bin Card No.:

Closing stock in previous card:

(Signature of the issuing officer)

Date	GRN/GIN No.	Quantity			Initials	Remarks
		Received	Issued	Balance		

Subsequent Card No.:

Card Register Page No.



Instructions for the Bin Card (FAM – 8.2)

1. Name of Article : Self explanatory.
 2. Unit : Unit of measurement, weight or count.
 3. Previous Card No. : Machine printed serial number of the old card surrendered by the Property officer.
 4. Closing stock... : Balance of stock of the item as per the last entry in the previous card surrendered.
 5. Bin Card No. : Machine printed serial Number of the card.
 6. Date of Issue : Date of issue of the card.
 7. Date : Date of receipt or issue of the item.
 8. GRN/GIN No. : Serial number of the GRN or GIN number through which supply is received or goods are issued.
 9. Quantity Received/
Issued, Balance : Self-explanatory.
 10. Initials : Initials of the Property officer.
 11. Remarks : If any.
 12. Subsequent Card No. : Serial number of the subsequent card issued. (To be printed only on the reverse side)
 13. Card Register page No. : Page number of the Bin card register where the subsequent card issue is registered. (To be printed only on the reverse side).
- The Bin Cards shall be kept in the stores at a place where the articles are kept wherever possible.
 - The portion below the “Signature of the Issuing Officer” shall be printed on the reverse side of the card as well.
 - Item numbers 12 and 13 shall be printed only on the reverse side. Information against these items shall be entered by the card issuing officer on surrender of the card.
 - On completion of a card, the same shall be surrendered to the Head of Office for issue of a new card. Balance in the old card shall be carried over to the new card.



GOODS RECEIVED NOTE

Name of office:

No.

Name of Supplier:

Purchase Order No.:

Address:

Date:

Consignment Note No., Date:

Sl. No. (1)	Date (2)	Code (3)	Article (4)	Quantity (5)	Unit (6)	Rate Nu. (7)	Amount Nu. (8)	Other Charges Nu. (9)	Total Value Nu. (10)	Bin Card No. (11)	Stock L.F (12)	Voucher (13)		Remarks (15)
								No. (13)				Date (14)		

Inspection/Test check Report:

Documents attached:

Signature

(Name, Date and seal of Inspecting officer)

Signature

(Name, Date and seal of Property Officer)



Instructions for Goods Received Notes (Form FAM – 8.3).

- | | | | |
|---------------------|---|----------------------|---|
| 1. No. | : Machine numbered serial number of the form. | 13. Rate | : Rate per unit of the item. |
| 2. Name of office | : Self-explanatory. | 14. Amount | : Value obtained by (Quantity x Rate) |
| 3. Name of Supplier | : Self-explanatory. | 15. Other charges | : Taxes, transportation etc. payable. |
| 4. Address | : Address of the Supplier. | 16. Total value | : Value obtained by (Amount + Other) |
| 5. Supply order No. | : Reference of the supply order. | | |
| Charges) | | | |
| 6. Date | : Date of Supply order. | 17. Bin card No. | : Number of Bin card in which the |
| 7. Consignment | | | |
| receipt is entered. | | | |
| Note No., Date | : Reference of the supplier's consignment note, bill etc. | 18. Stock L.F | : Folio number of Stock Ledger. |
| 8. Sl.No. | : Self-explanatory. | | |
| 9. Date | : Date of supply. | 19. Vr. No., Date | : Self-explanatory. |
| 10. Code, Articles | : Code & Name of the Goods. | 20. Remarks | : If any. |
| 11. Quantity | : Quantity of the material received. | 21. Inspection/Test: | To be given by the inspecting Officer. |
| 12. Unit | : Unit of measurement, weight or count. | 22. Documents | : Reference to verified documents attached with the GRN |

- Column Nos.12, 13 and 14 shall be filled in by the accounting unit.
- Separate GRN shall be prepared for each supplier and goods received against separate supply orders.



Instructions for Goods Issue Note (FAM – 8.4)

1. No. : Machine printed serial number of the Goods Issue Note.
2. Issued to : Name of the person or authority to whom the goods are issued.
3. Date : Date of issue of the goods.
4. Requisition Ref. : Reference and date of the requisition.
5. Sl.No. : Serial number of the item.
6. Code : Code number of the item, if any.
7. Description : Description (name as per bin card) of the item.
8. Bin Card No. : Number of the Bin Card for the item.
9. Quantity Issued : Self-explanatory.
10. Rate : Weighted Average Rate of the item (To be recorded later in the third copy only by the Accounting unit while posting in the Stock ledger.)
11. Value : Rate multiplied by quantity. (-do-)
12. Remarks : If any.

- Goods Issue Notes shall be prepared in five copies through carbon process. (Rate & Value columns shall be left blank)
- Separate GINs shall be prepared for items falling under separate sub-heads of stock where such sub-heads are maintained.
- Signature of the consignee or his authorised agent or carrier shall be obtained on the GIN as acknowledgement of receipt of materials.
- Original and second copy shall be sent to the consignee and the career respectively.
- Third copy shall be sent to the Head of Office with the daily summary of GINs.
- Fourth copy and approved requisition shall be retained in stores as voucher for the issue entry in the bin cards.
- Fifth copy shall be retained in the book.
- Materials shall be allowed to be taken out of the stockyard only on production of the GIN or a rejection memo.



Instructions for the Bin Card Register (FAM – 8.5)

1. Sl.No. : Serial number of the entry.
2. Old ref. : Serial number of the entry in which the old card was issued.
3. Date : Date of issue of the new card.
4. Card No. : Machine printed serial number of the new card.
5. Article : Name of the item for which the card is maintained.
6. Issued to : Name of the officer to whom the new card is issued.
7. Signature : Signature of the officer receiving the new card.
8. Date returned : Date of receiving back the completed card.
9. New ref. : Serial number of the entry in which the replacement card is issued.

- The Bin Card register and a stock of Bin cards shall be maintained by the Head of office.
- A new card shall be issued to the Property officer only on submission of the previous completed card or on the opening of the stock account of a new item.
- Surrendered Bin cards shall be maintained by the Head of office till the period prescribed for it for future reference.



(Name of Office)

REJECTION MEMORANDUM

No.:

To

Date :

Dear sir/madam,

The following items have been rejected due to reasons stated against each. You are requested to collect the items immediately from our stock-yard /stores by producing this memorandum and arrange their replacement at the earliest but not later than(Date).

Sl No	Description of item	Delivery Reference		Quantity Rejected	Unit	Brief Reasons
		No	Date			

Please note that the above mentioned articles are lying at your risk and cost. The undersigned will not accept any liability for further deterioration of their quality or loss in quantity if these are not collected by (Date).

(Signature)
Property Officer.



Instructions for Rejection Memorandum (FAM – 8.6)

1. No. : Machine numbered serial number of the form.
2. To : Name and address of the supplier/contractor/sender of materials.
3. Date : Date of issue of the Rejection memo.
4. Sl.No. : Serial number of the item.
5. Description : Name of the item
6. Delivery ref. : Consignment note number and date through which the materials were delivered.
7. Quantity rejected : Self-explanatory.
8. Unit : Unit of measurement, weight or count.
9. Brief reasons : Brief reasons for rejection.

- Rejection memos shall be machine numbered. These shall be printed in three copies and bound in books of convenient volumes. Two of them shall be detachable and the third shall remain bound in the book.
- A Rejection memo shall preferably be issued immediately on receipt of the items. If that is not possible, it shall be issued at the earliest after inspection and check.
- The rejection memo shall be prepared in three copies through carbon process. The first copy shall be sent to the supplier, the second copy to the Head of office. The third copy shall remain bound in the book.
- Materials shall be allowed to be taken out of the stock yard only on production of a rejection memo or a Goods Issue Note.



Instructions for the Daily Summary of G.R.Notes (FAM – 8.7)

1. Date: : Date of the GRNs prepared during the day.
2. Sl.No. : Serial number of the entry in the form.
3. G.R.No. : Printed number of the GR Note being sent.
4. Value of... : Total amount of the GR Note.
5. Remarks : If any.

- Daily summary of G.R. Notes shall serve as a docket for the Property Officer in keeping track of the GR Notes prepared and submitted to the Head of Office.
- It shall be prepared in duplicate by carbon process.
- GR Notes prepared during a day shall be entered in this summary in serial order.
- Original copies of the GR Notes, together with the verified bills, consignment notes etc. shall be submitted to the Head of Office with this summary.
- On checking of the contents, correctness of the GR Notes etc., the accounting unit shall return the second copy after acknowledging receipt of the GR Notes and retain the original.
- The GR Notes shall be posted in the Stock Ledger by the accounting unit.



Instructions for the Daily Summary of G.I.Notes (FAM – 8.8)

1. Date: : Date of the GINs prepared during the day.
2. Sl.No. : Serial number of the entry in the form.
3. G.I.No. : Printed number of the GI Note being sent.
4. Value of... : Total amount of the GI Note. To be noted latter by the Accounting unit only.
5. Remarks : If any.

- Daily summary of G.I.Notes shall serve as a docket for the Property Officer in keeping track of the GI Notes prepared and submitted to the Head of Office.
- It shall be prepared in duplicate by carbon process.
- GI Notes issued during a day shall be entered in this summary in serial order.
- The third copy of the GI Notes shall be submitted to the Head of Office with this summary.
- On checking of the contents, the accounting unit shall return the second copy after acknowledging receipt of the GI Notes and retain the original.
- GI Notes shall be posted in the Stock Ledger by the accounting unit. The value of the items and the Stock Ledger page No. shall be recorded against each of the items in the GI Notes.



(Name of Office/Stores)

BILL FOR SUPPLY OF STOCK ITEMS

Bill No.:

Date:

Name of Consignee: _____

Ref. of Requisition:

Date of Requisition:

Sl. No	GIN No.	Item code	Name of Item	Qty.	Rate	Value	Storage charges	Transportation	Deptl. charge	Total Amount	Remarks
Total amount of the bill:											
Less Advances Received											
Net amount Payable/Refundable											

Please return the duplicate indicating your acceptance of these debits for adjustment of Cash Settlement Advance account.

Please remit the payment at the earliest.

Prepared by:

Checked:

(Signature)

(Signature)

(Signature)

Name & Designation.

Name & seal of Head of Finance Section

Name & seal of Head of Office

Date:

Date:

Date:



Instructions for Bill for Supply of Stock Items (FAM – 8.9)

1. Bill No., Date	: Shall include the registration number of the Bills Outward Register and Despatch No. & date.	8. Name of item	: Name of item supplied.
2. Consignee	: Name/Designation and Address of the person against whom the bill is raised.	9. Qty.	: Quantity supplied.
3. Ref. to Req.	: Requisition/Letter No., CS assignment.	10. Rate	: Average Weighted Rate of the item.
4. Req. Date	: Date of the requisition/letter.	11. Value	: Quantity * Rate.
5. Sl. No.	: Serial No. of the entry in the bill.	12. Storage Charge	: Storage charges on value.
6. GIN	: GIN number.	13. Transportation	: Transportation charges, if applicable.
7. Item Code	: Code, if any, of the item supplied.	14. Deptl. Charge	: Departmental charges, if applicable.
		15. Total amount	: Value + Storage + Transportation + Departmental charges as applicable

- Bills for supply of stock items shall be prepared by the accounting unit in three copies.
- The first two copies shall be sent to the consignee. The third copy shall be used as supporting documents for the journal entries.
- The accepted copy of the bills shall be kept separately for future reference.



Instructions for Monthly Abstract of Stock Receipts & Issues (FAM – 8.10)

1. Sl.No. : Serial number of the entry in the form.
2. Bin Card : Number of the Bin Card.
3. Code : Code number of the item of stock, if any.
4. Item : Name of the stock item.
5. Op.Stock : Opening stock quantity of the item in the beginning of the month.
6. Receipts : Total quantity of receipts of the item during the month.
7. Issues : Total quantity of issues of the item during the month.
8. Cl. Stock : Quantity of closing stock of the item at the end of the month.
9. Remarks : If any.

- The abstract of stock items shall be prepared by the Property Officer at the end of the month and submitted to the Head of Office.
- Accounting units shall reconcile the quantities mentioned in this report with those arrived at in the monthly abstract of Stock Ledger.



Instructions for Monthly Abstract of GINs (FAM – 8.11)

1. Sl. No. : Serial number of the entry in the form.
2. GIN : Serial number of individual GINs issued during the month.
3. Date : Date of the GIN.
4. Value : Value indicated in the GIN.
5. Remarks : If any.

- This form shall be posted daily in the accounting unit from the copies of the GI Notes.
- The total value of stock issues during the month shall be reconciled with the monthly abstract total of the Stock Ledger.
- Transactions brought to account as a result of physical verification or through cash or journal entries without passing through the GIN procedure shall be considered while reconciling with the Stock Ledger.



(Name of Office)

MONTHLY ABSTRACT OF GR Notes

Summary for the Month of :

Sl. No.	Supplier	GRN No.	Date	Value		Remarks
				Nu.	Ch.	
Total Debited to Stock A/C.						

Prepared by:

(Signature)
Name & Designation.
Date:

(Signature)
Head of Finance Section.(Name & Designation)
Date:



Instructions for the Monthly Abstract of GRNs (FAM – 8.12)

1. Sl. No. : Serial number of the entry in the form.
2. Supplier : Name of the party from whom the supply was received.
3. GRN : Serial number of individual GRNs received during the month.
4. Date : Date of the GRN.
5. Value : Value indicated in the GRN.
6. Remarks : If any, including “payment not made” etc.

- This form shall be posted daily in the accounting unit from the copies of the GR Notes.
- Total value of receipts during the month shall be reconciled with the monthly abstract total of the Stock Ledger.
- Transactions brought to account as a result of physical verification or through cash or journal entries without passing through GRN procedure shall be considered while reconciling with the Stock Ledger.



(Name of Office)

RECEIPTS AND PAYMENTS STATEMENT

FOR THE MONTH OF FOR A/C NO.....

	GROUP/BROAD HEAD OF ACCOUNT	RECEIPTS		PAYMENTS		Cumulative balance (+) Dr, (-) Cr.
		For the Month Nu	Annual Progressive Nu	For the Month Nu	Annual Progressive Nu	
1	Opening Balance:					
	a. Cash					
	b. Bank					
2.	Releases:					
	a. Budgetary					
	b. Non-Revenue					
	c. Refundable Deposits					
	d. Un-cashed Cheques					
	Grants in-Kind:					
3.	a. Donor A					
	b. Donor B					
	Borrowings in-Kind:					
4.	c. Lender A					
	d. Lender B					
	Revenue Receipts/Remittances.					
5.	Other Recoveries/Remittances:					
	a. GPF: Employees contribution					
	b. Govt. Insurance Scheme					
6.	c. Other Insurance Premia					
	d. Loans from Fin. Instts.					
7	e. Others					
	Personal Advances.					



FAM-9.1 contd.

	GROUP/BROAD HEAD OF ACCOUNT	RECEIPTS		PAYMENTS		Cumulative balance (+) Dr, (-) Cr.
		For the Month Nu	Annual Progressive Nu	For the Month Nu	Annual Progressive Nu	
8.	Miscellaneous Receipts/Payments: a. Non-Revenue A/C. Deposits b. Refundable Deposit A/C. Deposits c. Payments to DPA d. Others					
9	Suspense: a. Stock b. Purchases c. PW Advances d. Intra-Agency Assignments e. Deposit works f. Other Deposits					
10	Budgetary Expenditure: a. Current b. Capital c. Lending d. Repayments					
11	Closing Balances: a. Cash b. bank					
	Total :					

(Signature)

Head of Finance Section

(Signature)

Head of Office



Instructions for the Monthly Receipts & Payments Statement (FAM – 9.1)

1. Opening Balance

a) For the Month : Cash & Bank balances at the beginning of the month.

b) Annual Progressive :Cash & Bank balances as on 1st July of the fiscal year

2. Releases

: Net Releases from the DPA. classified by class of releases.

3. Grants in-Kind

: Value of grants received in-kind, classified by donors.

4. Borrowings in-Kind

: Value of items directly paid for, by the lenders classified by lenders.

5. Revenue Receipts/

Remittances. : Total of transactions under revenue items

6. Other Recoveries/

Remittances : Totals of transactions, classified under prescribed Sub-heads under this group.

11. Closing Balances

: Balance of Cash and Bank on the closing of the month. The same numbers shall be incorporated in both “For the month” and “Annual progressive” columns.

7. Personal Account Advances

:Total of transactions under this head.

Cumulative result of transaction shall

be carried forward from year to year

8. Miscellaneous Receipts/ Payments

: Totals of transactions classified by prescribed account heads under this group.

9. Suspense

:-do-. Cumulative result of transaction shall be carried forward from year to year.

10. Budgetary Expenditure

: Net of transactions under Current, Capital and Repayment heads. Total of payment transactions only under the head Lending (excluding Recovery of Capital or Interest).

- The Receipts & Payments Statement shall be prepared from the balances of Cashbook and monthly totals of Debits and Credits in the Main Ledger Accounts.
- Net of Debits and Credits shall be incorporated only under Releases, Expenditure Current, Capital and Repayment heads. The totals of Debits and Credits shall be incorporated separately under Receipts and Payments columns in respect of all other heads of accounts.
- Except for Opening and Closing Balances, Stock and Purchases accounts all other heads of accounts shall be supported by schedules as prescribed in Rule 9.1.1.6 under Chapter IX.
- Column for “Cumulative Balances” shall be used in respect of Personal Account Advances and all account heads under the Suspense group. These balances shall be carried forward from year to year.



(Name of Office)

SCHEDULE OF FUND RELEASES INCLUDED IN THE MONTHLY ACCOUNT

FOR THE MONTH OF FOR A/C. NO.....

Sl.No.	DPA Release Order No.	Date	Amount	Annual Progressive Amount	Remarks
	<u>2a) Budgetary</u>				
	Progressive up to last month	-	-		
	Total Budgetary Releases				
	<u>2b) Non-Revenue</u>				
	Progressive up to last month	-	-		
	Total Non-Revenue Releases				
	2c) Refundable Deposit				
	Progressive up to last month	-	-		
	Total Refundable A/C. Releases				
	2d) Dishonoured cheques				
	Progressive up to last month	-	-		
	Total Dishonoured cheque Releases				
	Total Releases				

Head of Finance Section



Instructions for the Schedule of Fund Releases (FAM – 9.2)

1. Column Titles : All self-explanatory.

- This schedule shall be prepared and submitted with the monthly Receipts & Payments Statements.
- The schedule shall be almost a copy of the entries made in the four Main Ledger accounts maintained under this group.
- A Debit entry in the Main Ledger account will signify a withdrawal of releases. Such transactions shall be shown as negative transactions in the schedule. The amounts shall either be enclosed within a parenthesis or preceded by a minus sign in the schedule.



FAM – 9.3.

(Name of Office)

SCHEDULE OF IN-KIND GRANTS/BORROWINGS
FOR THE MONTH OF FOR A/C. NO.....

Sl. No	Project title	Project No.	Donor Agency	F.I. Code No.	Document from which inf. Derived	Amount in FC	Amount in Nu	Exp. Booked under	Brief Description of Goods/Services Received
	<u>Part I : Grants in-Kind:</u>								
	Total Grants in-Kind								
	<u>Part II : Borrowings in-Kind:</u>								
	Total Borrowings in-Kind								

Head of Finance Section



Instructions for the Schedule of in-Kind Grants and Borrowings (FAM – 9.3)

1. Sl.No. : Serial number of entry in the schedule.
2. Project Title : Name of the Project against which the articles/services have been received.
3. Project No. : Identification number of the project as indicated in the project agreement.
4. Donor Agency : Name of the Donor Agency in short form (UNICEF, WHO, WB, ADB etc.)
5. F.I.Code No. : Financing item code number of the project as indicated in the budget.
6. Document... : Invoice or statement of account from Donor/Lender, letter from DMD, assessment by Project Manager etc.
7. Amount F.C. : Currency of disbursement made by the Donor/Lendor.
8. Amount in Nu. : Ngultrum equivalent accounted for.
9. Exp.booked... : Account head under which equivalent amount has been booked as expenditure (Current, Capital, PW Advance etc.)
10. Description... : Self-explanatory.

- This schedule shall be prepared and submitted with the monthly accounts whenever a paid for article or service is received and accounted for.
- The Main or Sub-ledger accounts and relevant journal vouchers shall be the source of information for preparation of this schedule.



(Name of office)

**SCHEDULE OF REVENUE RECEIPTS AND REMITTANCES
FOR THE MONTH OF FOR A/C. NO.....**

A/C. Code	Object Code	Object Name	Receipt Amount	Annual Progressive Receipt	Remittance Amount	Annual Progressive Remittance	Remarks
5	86.01	Tax on Salary					
	86.02	Tax deducted at source					
	86.11	House Rent					
	86.12	Health Contribution					
	86.13	Sale Proceeds					
	86.14	Interest on Loans					
	86.15	Supervision/Departmental charges					
	86.16	Other Revenues					
		Total Rev. Receipts & Remittances					

Head of Finance Section



Instructions for the Schedule of Revenue Receipts and Remittances (FAM – 9.4)

1. Account Code : Code of the Broad Head of Account; in this case (5).
2. Object Code : Object code of the individual items of revenue as provided in the list of objects against A/C Code (5).
3. Object Name : Name of the individual item of revenue that has been classified in the list of objects.
4. Receipt Amount : Amount received or recovered during the month.
5. Progressive Receipt: Annual total including receipts during the month.
6. Remittance Amount : Amount remitted to the RGR A/C. or to the RRCO during the month.
7. Progressive Remitt.. : Annual total including remittances during the month.
8. Remarks : If any, including reasons for not remitting the whole amount of receipt or recovery.

- This schedule shall be submitted with the monthly accounts of the office.
- Revenue items, which do not pertain to the expenses through a LC/PLC account and for which separate books of accounts are maintained, need not be incorporated in the monthly accounts of the LC/PLC accounts.
- Sub-Ledger accounts for the individual objects of revenue items shall be the source of information for this schedule.



(Name of office)

**SCHEDULE OF OTHER RECOVERIES AND REMITTANCES
FOR THE MONTH OF FOR A/C. NO.....**

A/C. Code	Object Code	Object Name	Receipt Amount	Annual Progressive Receipt	Remittance Amount	Annual Progressive Remittance	Remarks
6a)	87.01	GPF: Employees Contribution					
6b)	87.02	Govt. Insurance Scheme (GIS)					
6c)	87.03	Other Insurance Premia					
6d)	87.11	Vehicle Loan					
6d)	87.12	GE Loans					
6e)	87.21	Audit Recoveries for RAA					
6e)	87.22	Other Recoveries					
		Total Other Recoveries & Remittances					

Head of Finance Section



Instructions for the Schedule of Other Recoveries & Remittances (FAM – 9.5)

1. Account Code : Code of the Broad Head of Account.
2. Object Code : Object code of the individual items of Other Recoveries as provided in the list of objects against A/C CodeNos.6a) to 6e).
3. Object Name : Name of the individual item of Other Recoveries that has been classified in the list of objects.
4. Receipt Amount : Amount received or recovered during the month.
5. Progressive Receipt : Annual total including receipts during the month.
6. Remittance Amount : Amount remitted to the respective funds or institutions.
7. Progressive Remitt.. : Annual total including remittances during the month.
8. Remarks : If any, including reasons for not remitting the whole amount of receipt or recovery.

- This schedule shall be submitted with the monthly accounts of the office.
- A suitable object code and name shall be obtained from the DPA whenever a new item of recovery is encountered.
- Sub-Ledger accounts for the individual objects of Other Recoveries shall be the source of information for this schedule.



(Name of office)

**SCHEDULE OF PERSONAL ADVANCES ACCOUNT
FOR THE MONTH OF FOR A/C. NO.....**

Item No.	Emp.Id No.	Name of the official	Opening Balance Nu	Transactions		Closing Balance Nu	Activity Code	Date of Original Advance	Purpose of Advance & Other Remarks
				Payments Nu	Recov/Adj Nu				
		Part – A. Affected items							
		Total Affected items							
		Part – B. Total Unaffected items		-	-		-	-	-
		Total Advances on Personal A/Cs.					-	-	

Head of Finance Section



Instructions for the Schedule of Personal Advances Account (FAM – 9.6).

1. Item No. : Serial number of the entry in the schedule.
 2. Emp. Id. No. : Identity number of the employee.
 3. Name of the official : Self-explanatory.
 4. Opening Balance : Balance of outstanding advance at the beginning of the month.
 5. Transactions : Amount of payments or recoveries/adjustments effected during the month.
 6. Closing Balance : Balance of outstanding advance at the end of the month.
 7. Activity Code : Sub-Prog./Activity/F.I. code to which the advance has been linked.
 8. Date of Original Adv. : The date on which the payment was made.
 9. Purpose etc. : Self-explanatory.
 10. Affected items : Details of items on which transactions took place during the month shall only be exhibited in this part.
 11. Unaffected items : Total of outstanding advance items against which no transactions took place during the month. Opening and Closing balances shall be the same amount.
- This schedule shall be submitted with the monthly accounts.
 - The Main Ledger account for this broad head shall provide the Total Opening and Closing Balances, the total of transactions effected during the month and reference to the individual vouchers.
 - The memorandum control register and the Sub-ledger shall provide the rest of information in respect of the affected items.



(Name of office)

**SCHEDULE OF MISCELLANEOUS RECEIPTS AND PAYMENTS
FOR THE MONTH OF FOR A/C.NO.....**

A/C. Code	Obj. Code	Object Name	Receipt Amount	Annual Progressive Receipt	Payment Amount	Annual Progressive Payment	Remarks
8a)	89.01	Deposits: Non Revenue Account					
8b)	89.02	Deposits: Refundable Deposits Account					
8c)	89.11	DPA: Prior Year Expenses					
8c)	89.12	DPA: Prior Year Advances					
8c)	89.13	DPA: Closing Cash Balances					
8c)	89.14	DPA: Refundable External Grants					
8c)	89.15	DPA: Loan Principals					
8c)	89.16	DPA: Others					
8c)	89.17	DPA: Uncashed Cheque					
8d)	89.21	Others: Storage Charges					
8d)	89.22	Others: RMO – Heavy Vehicles & Equipt.					
8d)	89.23	Others: Loss/Gain in Exchange					
8d)	89.24	Others: Others					
8d)	89.25	Others: WFP Generated Funds					
		Total Misc. Receipts and Payments					

Head of Finance Section



Instructions for the Schedule of Miscellaneous Receipts and Payments (FAM – 9.7)

1. A/C. Code : Code number of the broad head of account as per Receipts & Payments Statement.
2. Obj. Code : Object code for the item as available in the list of objects.
3. Object name : Name of the detailed account head under the broad head as per the list of objects.
4. Receipt Amount etc. : All are self- explanatory.

- This schedule shall be submitted with the monthly accounts.
- Four broad heads of accounts have been prescribed under the group Miscellaneous Receipts & Payments. These are: 8a) Non-Revenue Deposits, 8b) Refundable Deposit Account Deposits, 8c) Payments to Budget Fund and 8d) Others.
- Objects or detailed heads of accounts under each of these broad heads have been incorporated in the standardised List of Objects.
- The Sub-ledger Accounts shall be the source of information for preparation of this schedule.



(Name of Office)

**SCHEDULE OF SUSPENSE – PUBLIC WORKS (PW) ADVANCES
FOR THE MONTH OF FOR A/C. NO.....**

Item No.	Identity Code	Name	Opening Balance	Transactions		Closing Balance	Activity Code	Date of Orgl. Adv.	Remarks
				Debits	Credits				
		Part – A. Affected items							
		Total Affected items					-	-	
A/C Code	Obj.Code	Part – B. Abstract of total PW Advances							
9.c	93.01	Employees					-	-	
	93.02	Suppliers							
	93.03	Sales on Credit							
	93.04	Losses under Investigation							
	93.05	Others							
	93.06	Suppliers – Mobilisation Advance							
	93.07	Suppliers – Secured Advance							
		Total PW Advances					-	-	

Head of Finance Section



Instructions for the Schedule of Suspense - PW Advances (FAM – 9.8)

- A. Part – A.** : The items of PW Advances on which transactions took place during the month shall be exhibited in this part.
1. Item No. : Serial number of the entry in the schedule.
 2. Identity code : Emp. Id. code in respect of the employees: Identifying codes in respect of suppliers and others as and when such codes are developed.
 3. Name : Name of the party to whom the transactions relate.
 4. Opening Balance : Balance at the start of a month of the unsettled item on which transactions have taken place during the month.
 5. Transactions : Total amount of transactions on the particular item during the month.
 6. Closing Balance : The resulting month ending balance of the item.
 7. Activity Code : Code of the Activity/Project, or the name/code of the other suspense item to which the advance is linked.
 8. Date of Orgl.Adv. : When the item of suspense was created.
 9. Remarks : If any.
- B. Part – B.** : An abstract of the total balances under PW Advances shall be appended here.
1. A/C. Code : Account code of the broad head of account, which is 9C as per the Receipts & Payments Statement.
 2. Obj. Code : Code number of the five different objects under PW Advances, as available in the List of objects.
 3. Name : Name of the individual objects.
 4. Op.Balance etc. : Self-explanatory.
 5. Act.Code& Date : Shall be left blank in this part.
- This schedule shall be submitted with the monthly accounts.
 - Information in Part – A shall be obtained from the Memorandum records and the Sub-ledger accounts.
 - Information in Part – B shall be obtained from the Sub-Ledger accounts. Totals of this part shall match with the Ledger.



(Name of Office)

SCHEDULE OF SUSPENSE – DEPOSIT WORKS

FOR THE MONTH OF FOR A/C. NO.....

Item No.	Name of Assignment	Responding party	Opening Balance		DW transactions		Closing Balance		Charged to PWA		Remarks
			Amount	Dr/ Cr	Debits	Credits	Amount	Dr/ Cr	Debits	Credits	
	Part – A. Affected items										
	Total Affected items										
	Part B. Total Unaffected items										
	Total Suspense – Deposit Works										

Head of Finance Section



Instructions for the Schedule of Suspense - Deposit Works (FAM – 9.10).

- A. Part – A.** : Items in which DW transactions took place during the month shall be included in this part.
1. Item No. : Serial number of the entry in the form.
 2. Name of Assignment : Self-explanatory.
 3. Responding Party : Name of the office to whom the assignment is entrusted or from whom the assignment is received.
 4. Opening Balance : In respect of the particular assignment.
 5. DW Transactions : Total of Debit and Credit transactions undertaken in respect of the assignment during the month.
 6. Closing Balance : Resulting Sub-ledger balance at the end of the month.
 7. Charged to PWA : Public Works Advance transactions, if any, of the assignment.
 8. Remarks : If any.
- B. Part – B.** : The rest of the balances outstanding as per Ledger account.
- Totals : Self-explanatory.

- The schedule shall be submitted with the monthly accounts.
- The information shall be obtained from the Sub-ledger accounts.
- The totals in this schedule shall match with the Ledger account.



(Name of Office)

SCHEDULE OF SUSPENSE – OTHER DEPOSITS

FOR THE MONTH OF FOR A/C. NO.

Item No.	Name of Deposit item	Party		Opening Balance (Nu)	Credits (Nu)	Debits (Nu)	Closing Balance (Nu)	Remarks
		Name	Id.Code					
	Part – A. Affected items							
	Total Affected items							
	Part – B. Abstract of Total Other Deposits							
96.01	Security & Earnest Money							
96.02	Closed Works							
96.03	Others							
	Total Suspense – Other Deposits							

Head of Finance Section



Instructions for the Schedule of Suspense - Other Deposits (FAM – 9.11)

- A. Part – A.** : The items on which transactions took place during the month shall be exhibited in this part.
1. Item No. : Serial number of the entry in the schedule.
 2. Name of Dep. Item : Name of the work or purpose for which a deposit is made.
 3. Party : Name of the party to whom the transactions relate. Identifying codes as and when such codes are developed.
 4. Opening Balance : Balance at the start of a month of the item on which transactions have taken place during the month.
 5. Credits/Debits : Total amount of transactions on the particular item during the month.
 6. Closing Balance : The resulting month ending balance of the item.
 7. Remarks : If any.

B. Part – B. : An abstract of the total balances under Other Deposits shall be appended here.

- This schedule shall be submitted with the monthly accounts.
- The information in Part A shall be obtained from the memorandum records for Other Deposits.
- The information in Part B shall be obtained from the Sub-ledger accounts and the total shall match with the Ledger account balance.



(Name of Office)
EXPENDITURE STATEMENT
FOR THE MONTH OF FOR A/C. NO.

<i>Codes</i>					<i>Names</i>	<i>Expenditure for the month</i>					<i>Cash/ Kind</i>	<i>Annual Progressive Expenditure</i>				
PC	SP	AC	FIC	OBC		Current	Capital	Lending/ Repay	Personal Advance	Suspense		Current	Capital	Lending/ Repay	Personal Advance	Suspense
Xx	Xx	xxx.xx	xxxx	xx.xx												
					Total for FIC											
					Total for Sub-Activity											
					Total for Activity											
					Total for Sub-Programme											
					Total for Programme											
					Grand total for the Account											

Head of Finance Section



Instructions for Expenditure Statement (FAM – 9.12)

- All Column Titles are self-explanatory.
- This statement shall be submitted with the Monthly accounts.
- The information in this statement shall be obtained from the individual Budget line Accounts and Advance or Suspense objects Accounts in the Sub-ledger.
- The Columns for Names, and the Sub-totals at FIC, Sub-Activity, Activity, Sub-Programme or Programme levels need not be filled in if this statement is prepared manually.
- Absence of any letter in the Cash/Kind column shall indicate Cash expenditure only. The letter ‘K’ shall invariably be inserted in this column against a particular line, if the expenditure was incurred in Kind.
- Care shall be taken to distinguish between the Cash and Kind expenditure items. Information on Cash and Kind expenditure on the same object code shall not be clubbed together. These shall be shown in separate lines marking the Kind expenditure item specifically.
- The Grand totals of all the columns in both “Expenditure for the month” and “Annual Progressive” sections shall match with the information provided in the Receipts and Payments Statement and the totals of the respective Ledger Accounts.



(Name of Office)

**BANK RECONCILIATION STATEMENT
FOR THE MONTH OF FOR A/C. NO.**

	Amount	Remarks
A. <u>Particulars:</u>		
1. Total Releases from DPA		
2. Less. Closing Balance as per Cash book		
3. Difference : Funds withdrawn as per Cash book (1-2)		
B. <u>Reconciliation:</u>		
1. Funds withdrawn as per Bank statement (Debit balance)		
2. Add. Cheques issued but not cashed (Annex – 1)		
3. Add. Amounts debited in cash book but not in bank statement (Annex – 2)		
Total		
4. Less. Amounts debited in bank statement but not in Cash book (Annex – 3)		
Total 1+2+3-4		

Head of Finance Section



Annex – 1. Cheques issued but not cashed up to

Cheque No.	Date	Amount	Remarks
Total Amount			

Annex – 2. Amounts debited in Cash book but not in Bank Statement

Particulars	Reference & Date	Amount	Remarks
Total Amount			

Annex – 3. Debits in Bank statement but not in Cash book

Particulars	Date	Amount	Remarks
Total Amount			



(Name of Office)

**CONSOLIDATED SUMMARY OF ADVANCE AND SUSPENSE ITEMS
FOR THE MONTH OF**

Broad Head Code	Head of Advance/Suspense Item	Opening Balance (Nu)	Dr/ Cr	Transactions during the Month		Closing Balance (Nu)	Dr/ Cr	Cumulative Balance (Nu)	Dr/ Cr
				Debits (Nu)	Credits (Nu)				
	1. Personal Advance Account								
	2. Suspense Items								
	a) Stock								
	b) Purchases								
	c) PW Advances								
	d) Deposit Works								
	e) Other Deposits								
	Total Advance & Suspense Items								

Head of Finance Section



Instructions for the Consolidated Summary of Advance and Suspense Items (FAM – 9.14)

1. All Column Titles are Self-explanatory.
 - This statement shall be submitted with the Consolidated Monthly Account by the AFD/AFS.
 - Respective schedule for the individual items of Advance and Suspense items from the unit accounts shall be the source of information for preparation of this summary.



**BROAD SHEET FOR CONSOLIDATION OF MONTHLY ACCOUNTS
FOR THE MONTH OF**

RECEIPTS:

Code	Head of Account	Total Progressive up to last month	Bank A/C. No. Amt.	Bank A/C. No. Amt.	Bank A/C. No. Amt.			Total for the Month	Total Annual Progressive
1a	Opening Cash								
1b	Opening Bank								
2a	Releases Budgetary								
	Etc.								
	Total Receipts								

PAYMENTS:

Code	Head of Account	Total Progressive up to last month	Bank A/C. No. Amt.	Bank A/C. No. Amt.	Bank A/C. No. Amt.			Total for the Month	Total Annual Progressive
5	Revenue Remittances								
6a	GPF: Emp. contribution								
6b	GIS								
	Etc								
	Total Payments								



CONSOLIDATED RECEIPTS AND PAYMENTS STATEMENT FOR

(Nu in Million)

Sl.No.	RECEIPTS	AMOUNT	Sl. No.	PAYMENTS	AMOUNT
1.	Opening Balance: i) Cash ii) Bank		1.	Expenditure: i) Current ii) Capital	
2.	Internal Revenue: i) Tax Revenue ii) Non-Tax Revenue		2.	Repayment of Loans: i) Internal ii) External	
3.	External Grants: i) Cash ii) Kind		3.	Lending	
4.	Borrowing External i) Cash ii) Kind		4.	Other Payments	
5.	Recovery of Loans		5.	Increase in Advance/Suspense (Net)	
6.	Miscellaneous Receipts		6.	Closing Balance: i) Cash ii) Bank	
7.	Decrease in Advance/Suspense (Net)				
	Total Receipts			Total Payments	



**SUMMARY OF VARIANCE BETWEEN BUDGET ESTIMATES
AND ACTUAL OUTCOME**

Application of funds	Budget Estimates		Actual outcome (Nu)	Variation Percentage			Source of funds	Budget Estimates		Actual Outcome (Nu)	Variation Percentage		
	Original (Nu)	Revised (Nu)		Original/ Revised	Original/ Actual	Revised/ Actual		Original (Nu)	Revised (Nu)		Original/ Revised	Original/ Actual	Revised/ Actual
A. EXPENDITURE: i. Current ii. Capital							A. INTERNAL RECEIPTS: i. Tax ii. Non-Tax						
B. REPAYMENTS: i. Internal ii. External							B. RECOVERY OF LOANS						
C. LENDING:							C. GRANTS						
D. ADVANCES							i. In Cash						
E. MISC.PAYMENTS							ii. In Kind						
F. SURPLUS							D. BORROWINGS						
							i. Internal						
							ii. External						
							E. MISC.RECEIPTS						
							F. DEFICIT						
TOTAL PAYMENTS							TOTAL RECEIPTS						



STATEMENT OF OUTSTANDING LOANS

THE DETAILED STATEMENT OF OUTSTANDING DEBT OF THE GOVERNMENT FOR THE PERIOD ENDED JUNE 30, 20XX

(Amount in Millions)

Sl.No.	LENDERS AND PROJECTS	Loan No.	Loan Committed		Opening balance as on July 1, 20XX	Disbursement during the FY	DEBT SERVICE DURING THE YEAR			Closing Balances as on June 30, 20XX	Closing Balances in USD
			Curr.	Amount			Principal	Interest & Charges	Total		
A	INTERNAL:										
1											
2											
B	EXTERNAL: India										
1											
2											
C	EXTERNAL: Other than India										
I											
1											
2											
	Grand Total		Nu.								

Note: Ex. rates used for conversion:

USD XDR EURO JYP('000)

Nu. =



OPERATION OF REFUNDABLE DEPOSIT ACCOUNT, REVOLVING & TRUST FUNDS

(In Million Nu.)

Sl. No.	Bank Account No.	Name of Account	Name of Agency	Opening Balance (Nu)	Total Receipts (Nu)	Total Payments (Nu)	Closing Balance (Nu)	Remarks
Grand Total (Nu)								