

**FINANCIAL REGULATIONS  
OF THE  
GOVERNMENT OF THE  
DEMOCRATIC SOCIALIST  
REPUBLIC OF SRI LANKA**

**1992**

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## **FOREWORD**

The Department of Public Finance is pleased to announce the Publication of the revised Financial Regulations 1992, which will replace the volume of Financial Regulations now in circulation issued in 1966. These Regulations have been approved by the hon. Minister of Finance and will come into effect from a date to be gazetted. The Financial Regulations are binding on Ministries, Departments, Statutory Bodies and all State Employees. In the case of Government Corporations too, these Financial Regulations will apply unless they have duly adopted their own comprehensive Financial Rules and Procedures.

In the case of Divisional Secretariats, the Regulations will apply in addition to the Guidelines already issued by the General Treasury. The Financial Regulations will, however, over-ride the Guidelines, if there is any discrepancy.

The Present edition of Financial Regulations 1992 is basically an updating with the inclusion of all the amendments upto 31.12.1991. Subsequent amendments will continue to be in force. A comprehensive Revision will be undertaken by this Department on the basis of suggestions and proposals sent by all concerned. Such suggestions should be sent to the Director General of Public Finance, General Treasury, Old Secretariat, Colombo 1.

Additional copies of the Financial Regulations 1992 may be purchased from the Department of Government Printing.

**R.K.H.M. FERNANDO**  
Director General of Public Finance

## **AUTHORITY**

His Excellency the President, acting under the powers vested on him by paragraph (1) (a) of Article 44 of the Constitution of the Democratic Socialist Republic of Sri Lanka, has assigned to the Minister of Finance, the subject of the "Government Financial Regulations, Interpretation, Amendments, etc". It is hereby notified that the Minister of Finance has approved the Government Financial Regulations 1992. These Regulations will come into force with effect from a date which will be prescribed by a Gazette Notification and will supersede the Financial Regulations of 1966 and subsequent amendments thereto.

02. It should be noted that these Regulations have been laid down by the Government for the carrying out of its financial transaction in an orderly manner and are not intended to be an obstruction to the execution of Government Programme of work.

03. The Minister of Finance has ordered that in respect of matters such as the procurement of supplies, tender procedures and the execution of works, referred to in Chapter XIII of these Regulations, a Head of Department may, in appropriate circumstances, deviate from the procedures laid down, if he is satisfied that such deviation is necessary in the public interest. Full reasons for doing so should be recorded and the Head of the Department should justify his action. Each such variation should immediately be reported to the Secretary to the Ministry the Director General Department of Public Finance of the Treasury, and the Auditor General. Where such deviation is necessitated by the neglect, delay or default on the part of any officers, their names should also be reported and appropriate action taken against them.

By Order of the Minister of Finance.

R. PASKARALINGAM,  
Secretary to the Treasury.

Colombo, 29<sup>th</sup> Oct., 1993

## **PREAMBLE**

The Financial Regulations of the Government of Sri Lanka ( Ceylon Government Financial Regulations) is a subject that has been assigned to the Minister of Finance by the President exercising the powers vested in him under Article 44(1) a of the Constitution of the Democratic Socialist Republic of Sri Lanka.

02. The Secretary to the Ministry of Finance is the Secretary to the Treasury. The Deputy Secretary to the Treasury is the Head of the Treasury.

03. The Treasury comprised of the following divisions:

- (a) National Budget
- (b) Fiscal Policy
- (c) Economic Affairs
- (d) Public Finance
- (e) Public Enterprises
- (f) Accounts and Payments and
- (g) External Resources

Each of these Divisions was in charge of a Director.

With effect from 01.01.93, the Treasury has been restructured with the above Divisions being upgraded as Departments, each under a Director-General as follows:

- 1. Department of National Budget ( Budget Division)
- 2. Department of Fiscal Policy and Economic Affairs } ( Fiscal Policy Division and Economic Affairs Division)
- 3. Department of Public Finance ( Finance Division)
- 4. Department of Public Enterprises ( Public Enterprises Division)
- 5. Department of State Accounts ( Accounts and Payments Division)
- 6. Department of External Resources ( External Resources Division)

04. The Secretaries may correspond with the Secretary to the Ministry of Finance on matters which require the directions of the Minister of Finance. They will correspond with the Secretary to the Treasury and the Deputy Secretary to the Treasury on matters which require the authority or directions of these officers.

05. As a matter of convenience and expedition, Secretaries to the Ministries are requested to address their correspondence to the Director-Generals of the appropriate Departments/ Divisions of the Treasury/ dealing with the subjects

under correspondence. The Director-Generals/Directors of the Treasury Divisions may similarly correspond with the Secretaries direct, unless otherwise necessary. Heads of Departments may likewise correspond with the appropriate Departments/Divisions of the Treasury on matters requiring Treasury directions. Such correspondence should otherwise be addressed through their Secretaries.

06. These Financial Regulations are binding on all Government Departments, Statutory Boards and Similar Institutions. All Government Officers are hereby required to acquaint themselves with the provisions of these Regulations.

07. These Financial Regulations will be referred to as the Financial Regulations, 1992.



## CHAPTER I

### ESTIMATES OF EXPENDITURE AND REVENUE

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## CHAPTER 1

### ESTIMATES OF EXPENDITURE AND REVENUE

#### Section 1 - The Consolidated Fund and Planning And Programming of Expenditure

**F.R.1. Financial Year.** The Financial Year of the Republic commences on the 1<sup>st</sup> of January of each year and ends on the 31<sup>st</sup> of December of the same year.

**F.R.2. (1) Provision in the Constitution.** The following Articles of the Constitution of the Democratic Socialist Republic of Sri Lanka, 1978, relating to payments into the Consolidated Fund and withdrawals from the Fund are reproduced here for the information and guidance of officers:-

Article 148. Parliament shall have full control over public finance. No tax, rate or any other levy shall be imposed by any local authority or any other public authority, except by or under the authority of a law passed by Parliament or of any existing law.

Article 149.(1) The funds of the Republic not allocated by law to specific purposes shall

form one Consolidated Fund into which shall be paid the produce of all taxes, imposts, rates and duties and all other revenues and receipts of the Republic not allocated to specific purposes.

- (2) The interest on the public debt, sinking fund payments, the costs, charges and expenses incidental to the collection, management and receipt of the Consolidated Fund and such other expenditure as Parliament may determine shall be charged on the Consolidated Fund.

Article 150. (1) Save as otherwise expressly provided in paragraphs(3) and (4) of this Article, no sum shall be withdrawn from the Consolidated Fund except under the authority of a warrant under the hand of the Minister in charge of the subject of Finance.

- (2) No such warrant shall be issued unless the sum has by resolution of Parliament or by any Law been granted for specified public services for the financial year during which the withdrawal is to take place or is otherwise lawfully charged on the Consolidated Fund.

- (3) Where the President dissolves Parliament before the Appropriation Bill for the financial year has passed into law, he may, unless Parliament shall have already made provision, authorize the issue from the Consolidated Fund and the expenditure of such sums as he may consider necessary for the public services until the expiry of a period of three months from the date on which the new Parliament is summoned to meet.
- (4) Where the President dissolves Parliament and fixes a date or dates for a General Election the President may, unless Parliament has already made provision in that behalf, authorize the issue from the Consolidated Fund and the expenditure of such sums as he may, after consultation with the Commissioner of Elections, consider necessary for such elections.

Article 151 (1) Notwithstanding any of the provisions of Article 149, Parliament may by law create a Contingencies Fund for the purpose of providing for urgent and unforeseen expenditure.

- (2) The Minister in charge of the subject of Finance, if satisfied -
  - (a) that there is need for any such expenditure, and
  - (b) that no provision for such expenditure exists, may with the consent of the President, authorize provision to be made therefore by an advance from the Contingencies Fund.
- (3) As soon as possible after every such advance, a Supplementary Estimate shall be presented to Parliament for the purpose of replacing the amount so advanced.

Article 152. No Bill or motion, authorizing the disposal of, or the imposition of charges upon, the Consolidated Fund or other fund of the Republic, or the imposition of any tax or the repeal, augmentation or reduction of any tax for the time being in force shall be introduced in Parliament except by a Minister, and unless such Bill or motion has been approved either by the Cabinet of Ministers or in such manner as the Cabinet of Ministers may authorize.

**(2) Monies in the Consolidated Fund.**

- (a) The consolidated Fund comprises all monies belonging to the Republic which are not separately allocated to other specific funds.
- (b) The Fund also comprises monies ( including money in bank accounts) of the various departments and funds of the Republic with the Crown Agents and other Approved Overseas Agents of the Republic and also includes investments.

**(3) Expenditure from the Consolidated Fund.** Provision for expenditure from the Consolidated Fund, falls into two main categories -

- (I) **Supply Services.** Supply Services are services for which appropriations are made by an Appropriation Act or by a Resolution in Parliament or by authority issued in terms of Article 150 (3) and Article 150 (4) of the Constitution.
- (ii) **Special Law Services.** Special Law Services are those for which provision is made by specific provisions of the Constitution or by any other Law than those referred to in sub-section (i) above.

**(4) Special Statutory Funds.**

- (i) Another source of funding activities of Government are special Funds created by statutes enacted by Parliament. Law prescribes how monies are collected for such Funds and how Funds should be disbursed out of such Funds. Such Funds are not included in the General Estimates. Any provision in the Annual Estimates for those Funds would be by way of Contributions or Grants, under the respective Heads and Programmes.
- (ii) Corporate Plans and the Annual Budget of such Funds should be forwarded to the National Planning Department and Public Enterprises Department or the Department of Public Finance of the Treasury for approval.
- (iii) If Budgetary support is sought for such Funds, copies of the annual budget  
Indicating the purpose and the amount of budgetary support should be forwarded to the Director General of National Budget of the General Treasury along with reasons to justify such support.

(5) **Advance Accounts Activities.** Certain activities of government are financed by way of Advance Accounts. Appropriations for Advance Account Activities are made separate from the General Estimates and form a separate Fund for each activity. Budget for each activity should be prepared separately and accounts be kept separately. Advance Account Activities are grouped under the relevant Heads of Expenditure. Coding for identification purposes is done with five digit numbers. The first three digits being the Head number of the Ministry or Department under which the activity is carried out.

**F.R.3. Planning of Expenditure.** (1) All activities of government should be pre-determined and set out in Plans and Programmes. The annual estimates of expenditure for a particular financial year are the financial expression of the Government's Programmes of activity during such year. Plans and programmes are composed of projects. The incorporation of Capital Projects in the Annual Estimates of Expenditure will be on the basis of the Public Investment Programme where allocations will be indicated under two categories namely on-going ( Continuation) and New Projects.

(2) **Project Planning and the Two Staged Approval Procedure**

(i) For the purpose of planning and approval, projects are classed into-

(a) **Sectoral Plans**

Sectoral Plans are multi year ( normally 5 years) programmes of a particular sector. They are prepared by the line Ministries or Departments, in consultation with and with the assistance of the National Planning Department and should be included in the Two-Stage Procedure. Such Plans will normally form the basis for identification of new projects, ( many or which may, in themselves be quite small) and should therefore be submitted for Preliminary Approval to the Cabinet of Ministers through the National Planning Department and the Committee of Development Secretaries.

(b) **Large Projects**

A large project is one the initial cost of which is not less than Rs. 10,000,000 and the recurrent annual operation and maintenance cost exceeds Rs, 500,000. Such projects should pass through the full two stage procedure. However, in the case of large projects which are parts of a Sectoral Plan or Programme and have received preliminary approval of the Cabinet during the last five years, such projects will be accepted as having received the preliminary approval. The National Planning Department and the Central Environment Authority should however be informed and comments be obtained before detailed formulation of the projects commences.

**(c) Small Projects**

Small Projects are defined as projects with a capital cost less than Rs.10,000,000 and a recurrent operation and maintenance cost less than Rs. 500,000 per annum. It is not permitted to break down a project into separate components in order to classify it as a small project. Small projects need not pass through both stages of the two-stage procedure if the project is not part of an approved sectoral Plan or Programme. It must be submitted for preliminary approval to the Committee of Development Secretaries in the usual manner. Once such approval has been granted the project will be included in the Public Investment Programme.

(ii) Project Planning should pass through the following stages:-

- (a) Identification
- (b) Preliminary Appraisal
- (c) Preliminary Approval (Approval-in-Principle)
- (d) Preparation
- (e) Full Appraisal
- (f) Final Approval ( Final Round Approval)
- (g) Inclusion in the Public Investment Programme
- (h) Incorporation into the Budget
- (i) Implementation
- (j) Evaluation

(iii) **Two Stage Approval Procedure**

Two Stage Approval Procedure of Projects consists of Preliminary Approval and Final Approval.

- (a) The relevant Department or Public Institution shall identify the project and prepare a Pre-Feasibility report with the assistance of the possible Aid Donors and submit it to the Sponsoring Ministry.
- (b) The Sponsoring Ministry if accepted will submit the project in the Preliminary Approval form to the National Planning Department and the Committee of Development Secretaries.
- (c) National Planning Department will do a preliminary appraisal and report to the Committee of Development Secretaries.

- (d) Committee of Development Secretaries, if necessary, in consultation with the other Ministries recommends the project to the Cabinet for Preliminary Approval.
- (e) When the preliminary Approval is granted by the Cabinet, the pre-Feasibility report of the project is passed on to the Sponsoring Ministry and if necessary to the External Resources Department.
- (f) Then the Sponsoring Ministry along with Department/Public Institution should do a feasibility study, formulate the project with the assistance of the possible aid donors and in consultation with the Inter-Disciplinary Committee, if any; and submit it to the Committee of Development Secretaries in the Final Approval Form.
- (g) National Planning Department will do the final appraisal of the project and report to the Committee of Development Secretaries.
- (h) The Committee of Development Secretaries will consider the Project Proposal along with the Final Appraisal Report and in consultation with other relevant Ministries and recommend to the Cabinet who will grant the Final Approval.

**(iv) Planning Unit**

A Planning Unit should be set up in each Ministry. The main functions of the Planning Unit shall be :-

- (a) Preparation, revision and implementation of long and medium-term sectoral plans, the setting of objectives and strategies, and co-ordination with the National Planning Department on sectoral planning ;
- (b) Identification and preparation of new projects within the framework of sectoral plans, and their economic appraisal and environmental assessment;
- (c) Consideration of all types of economic policies and their social implications within the framework of sectoral plans and objectives, including (as appropriate) prices, subsidies, transfer payments, etc;
- (d) Consideration of the social impact of sectoral plans and projects on local populations ;

- (e) Co-ordination with the ministry's finance officer on the preparation of budget estimates in line with the ministry's long and medium-term objectives and the target figures in the Public Investment Programme, and joint consideration of these estimates with the Department of National Budget ;
- (f) Monitoring of project and plan progress, identification of problems, and initiation of remedial action in the event of delays ;

Co-ordination with the Progress Control Division of the Ministry of Plan Implementation ;

- (g) Co-ordination of the Ministry's activities at the sub-national level, including District and other local planning units, and with District-level plans ;
- (h) Since adequate data are essential for all forms of planning, the creation of a sound statistical base is also necessary, in liaison with the Department of Census and Statistics ;
- (i) Keeping up-to-date with international and national developments in that sector, including research in Sri Lanka and elsewhere, and advising on its implications ;
- (j) Advising the Secretary on all aspects of sectoral and project planning and economic and social performance.

**F.R.4 The Programming of Expenditure.** (1) It is the responsibility of the Chief Accounting Officer and the Accounting Officer to ensure that the funds to be authorized by Parliament in the Annual Estimates is restricted to the programme of work that can be achieved during the financial year.

(2) The Programming for Implementation should normally be done when projects are formulated. In any case it should be done before the financial year of expenditure commences. No financial commitment or liability should be incurred until the relevant warrant is issued. ( see FR 90)

(3) Feasibility studies regarding recurrent expenditure should be under-taken and expenditure forecasted before budgeting. Targets, output and objectives of recurrent expenditure should clearly be defined to restrain undue expansion of

expenditure. Ways and means of eliminating waste and effecting strict economics should be adopted. Organization should be structured to ensure closer monitoring and accountability. For this purpose each project and object class may be divided into suitable smaller units or components.

(4) When the capital projects are duly approved, the implementing agency should prepare the detailed Total Cost Estimate indicating the sources of financing and also draw up a programme of implementation indicating the time span. Each project and object class may be broken into items, works, tasks, activities or any other convenient cost units to facilitate monitoring and progress control. A suitable technique like the Network Analysis may be used for the implementation programme.

(5) A Progress/Monitoring committee should be set up in each implementing agency to ensure that the output is achieved as programmed. For this purpose, the committee should among other things:-

- (a) maintain a detailed breakdown of the projects into items of work, tasks, activities etc.
- (b) record progress according to predetermined target dates.
- (c) Attempt to identify constraints relating to materials, personnel or organization which may delay progress and take timely remedial action.

The progressive compilation of work-norms and the formulation of units costs will also be an important part of the Committee's duties. The committee shall report regularly to the Accounting Officer and the Chief Accounting Officer.

When other departments are involved in the completion of particular aspects of departmental projects, officers of such other departments may also be co-opted as members of the Committee. This should be done in consultation with the Secretaries concerned.

(6) The Chief Accounting Officer should exercise general supervision over the detailed programming of expenditure and should wherever necessary, co-ordinate the activities of the several departments under his control.

**(No F.R. issued under number 5 )**



## **Section 2 – Form of Presentation of Annual Estimates**

### **F.R. 6 Publications**

(1) Estimates of Revenue and Expenditure of Government for the Financial year shall

include :-

- (a) Estimates of Revenue
- (b) General Estimates of Expenditure
- (c) Estimates relating to Advance Accounts
- (d) Salary Scales of the Public Service

### **(2) Detailed Staff Schedule**

This is published separately and shall include information regarding all cadres in Group B – Staff Officers, Group C – Sub-ordinate Officers and Group D – Minor Grade Officers under each Project in each Programme of Expenditure. The Schedule should include-

- (a) Group of Officers and the Posts
- (b) Salary Scale
- (c) Actual number of Permanent/Temporary or Casual Officers at the end of previous year and the total salary paid during the year
- (d) Estimated number and salary of Permanent/Temporary or Casual Officers for the current year.
- (e) Estimated number and salary of Permanent/ Temporary or Casual Officers for the ensuing year.

### **(3) Summary of Income and Expenditure**

This is published in addition the detailed Estimates of Revenue and Expenditure and include summary of receipts of the government, summary of actual expenditure of the government for the previous year and the estimates of expenditure for the current year and the budget year. Expenditure figures are shown by Head, Programme and Project. The summary of Expenditure by Departments, functions, economic line items are also included in this publication.

### **(4) Form of Estimates of Expenditure**

Estimates of Expenditure Published as an appendix to the Annual Appropriation Act is composed of :-

- (a) Part I – *General Estimates* - General Estimates consist of budgetary provisions made under Schedule 1 of the Appropriation Act and the annual appropriations under special Laws.

## (b) Part II - Advance Account Activities

This Part includes the Advance Accounts Activities and the limits approved for those activities and indicated in the Second Schedule to the appropriation Act.

## (c) Part III – Salary Scales

This Part sets out the Salary Scales of the Public Service and is a supporting schedule to the General Estimates.

**F.R.7. General Estimates.** (1) General Estimates of Expenditure are classified in terms of Heads, Programmes, Projects, Objects and Financing Details. Objects are further itemized only where it is considered that separate accounts should be kept for those items of expenditure.

(2) Parliament appropriates provision for expenditure in terms of Heads and Programmes grouped under each Cabinet Ministry.

(3) Recurrent and Capital Expenditure – Government expenditure is categorized into –(a) Recurrent Expenditure and (b) Capital Expenditure. All current expenditures are categorized under Recurrent Expenditure and all expenditures for acquisition, rehabilitation and improvements of assets and development of resources are categorized under Capital Expenditure. This distinction is maintained at every level of budgetary classification and appropriations are made under these two categories.

### **F.R. 8 Units of Budgetary Classification**

(1) Head – A Head of Expenditure is assigned to each Department and Cabinet Ministry. Provision for Public Corporations is made under the Ministry Head. Head is a unit of appropriation and indicates the line of authority and accountability. Classification of expenditure into Heads are based on the Administrative Organization Structure and are clustered under Ministries excepting the Heads of Expenditure of the Departments not grouped under any Ministry. Each Head is given an identification number.

(2) Programme – (i) Programme is a functional unit of appropriation. Programmes should be formulated in order to facilitate listing the functions each department is fulfilling in order to achieve its objectives.

(ii) Programme I is reserved for General Administration and is standardized in order to show the distinction between the expenditure for running the establishment and the expenditure for the services rendered by the establishment.

- (3) Project – Projects is a sub division of a programme representing an activity or a group of homogenous activities. It facilitates the costing of each activity and the evaluation of input output data of the activity. Recurrent expenditure projects are numbered consecutively starting from numeral 1 and capital projects are numbered consecutively starting from numeral 101. The first three capital projects are standardized as follows:

- 101 - Rehabilitation and Improvement of Capital Assets
- 102 - Acquisition of Equipment
- 103 - Construction of Buildings

- (4) Objects - (i) Object is an economic component of a project. Objects are grouped into broader categories while maintaining Capital Expenditure and Recurrent Expenditure distinction. There are seven categories of recurrent expenditure Objects and seven categories of capital expenditure Objects. The Objects are coded with four digit numbers. The first two digits indicate the economic categories. ( See Appendix I)

Coding and legends of Objects are standardized and should not be changed.

- (ii) The economic categories of recurrent expenditure Objects are :-

- (1) Personal Emoluments
- (2) Travelling Expenses
- (3) Supplies
- (4) Contractual Services
- (5) Current Transfers
- (6) Current Grants
- (7) Other Recurrent Expenses

- (iii) The Economic Categories of Capital Expenditure Objects are :-

- (1) Equipment Outlay, Land Improvements and Structures Outlay
- (2) Capital Transfers and Subsidies
- (3) Capital Grants
- (4) Financial Assets
- (5) Repayments
- (6) Rehabilitation and Improvement of Capital Assets
- (7) Other Capital Expenses

The smallest unit of account is the Object Class.

- (5) (i) When a standardized Object Class provides for a number of related activities and it is desirable that the nature and cost of each activity should be communicated to Parliament, the object class is divided into consecutively numbered items. Items for which separate accounts are maintained in terms of

this regulation will hereinafter be referred to as “ Controlled Items”. The maintenance of separate accounts for expenditure on any other items will depend on the extent of control necessary to be adopted for departmental purposes and need not be shown in the Estimates.

(6) Financing Details of Object Classes - Expenditure under each Object is accounted for under the following accounts and shown in the Estimates by way of following Financing Details. The intention of this classification is to identify the source and ways of funding and to facilitate the systematic accounting of allocation of resources.

Appropriation Law - (Supply Services)

- (11) Consolidated Fund General Account
- (12) Foreign Aid Loans
- (13) Foreign Aid Grants
- (14) Reimbursable Foreign Aid Loans
- (15) Reimbursable Foreign Aid Grants
- (16) Counterpart Funds

Special Law – (21) Consolidate Fund General Account

In all cases source and reference to law or agreement should be indicated.

#### **F.R.9. Order of Presentation of the General Estimates**

The Estimates of Expenditure are presented by way of narrative Statements and columnar schedules in the following order –

- (a) Ministry Summary of Expenditure by Departments - Schedule.
- (b) Objectives, Main Functions and General Work Programme of the Head of Expenditure – Narrative Statement.
- (c) Department Summary of Expenditure by Programme – Schedule.
- (d) Programme Expenditure by Project – Narrative statement followed by a Schedule including Financing Summary.
- (e) Programme Employment Summary – Schedule.
- (f) Project Expenditure by Object – Narrative Statement followed by a Schedule with Financing Details.
- (g) Details of Objects – Items of work under the Object where necessary only – Schedule.

In every Schedule the comparative figures of the two years prior to the budget year are shown.

**F.R. 10. Personal Emoluments**

- (1) Financial provisions for Personal Emoluments, i.e. Salaries and Wages, Overtime and Holiday Pay, Cost of Living Allowance, Uniform Allowances and Other Allowances should be made on the basis of approved cadre. However, provision for Overtime and Holiday Pay should, as far as possible, be made on the basis of actual needs. Each type of allowance should be provided for separately under the appropriate standardized Object Code. (Number and legend)

NOTE: Personal Emoluments payable to staff out of Advance Accounts or any source other than General Estimates, should be met from such source.

(2) Grouping of Cadre

(i) Group A Positions

This group is composed of policy making top management positions including appointments under the provisions of the Constitution or any other statute, Heads of Departments and Staff Grade appointments to constitutional bodies like Parliament, President, Former President, Ministries or any other post for which Parliamentary authority is considered necessary. Information regarding each post of this group should be shown in the main schedule along with the totals of the group.

(ii) Group B - Staff Officer Grade

Only the totals of all Staff Grade Officers not included in Group A need be shown under the item on the main schedule of the Estimates. Detailed information should be included in the Detailed Staff Schedule published separately.

(iii) Group C - Subordinate Officer Grades

Total cadre of and expenditure on all subordinate officer grades as defined in the Establishment Code should be included in this schedule and other details should be included in the Detailed Staff Schedule Published separately.

(iv) Group D - Minor Officer Grade

Total cadre of and expenditure on officers defined as Minor Grade Officer should be shown in this schedule and other details should be included in the Detailed Staff Schedule published separately.

(3) Staff Schedules

All the Staff should be analyzed and shown strictly in accordance with the prescribed format. Detailed Staff Schedule will be published as a separate document to supplement the Programme Employment Summary in the General Estimates.

(4) Combined Services

Provision for the sanctioned cadre of posts in the Combined Services in each department should be made in the Estimates of the Department. The sanctioned cadre under each Combined Services also should be shown in the Estimates of the relevant Ministries indicating the Grades, the number of sanctioned posts in each Grade and Salary Scales of such Service.

(5) Posts under Advance Accounts and Other Sources

Financial provision for salaries and wages of officers who are employed full time, on Advance Account Activities or are paid from any other source should not be included under Salaries and Wages in the General Estimates but under the relevant Advance Account or other source. A statement of such posts should be submitted to the Director General of National Budget along with the Draft Estimate.

(6) Provision for Vacant or New Posts

Provision for vacant or new posts should be made on the basis of the initial salaries of the relevant salary scales, and only for the period from the prospective date of filling of the vacancy to the end of the financial year of estimates.

(7) Seconded Officers

When an officer of one department is seconded or loaned to another department or activity, his substantive post will continue to appear under his former Department but no financial provision should be included unless acting arrangements are necessary. The designation of the new post he holds and the Monetary provision therefore should appear under the department to which he is seconded or loaned unless paragraph (6) above applies.

(8) Deployment of Staff

An explanatory note should indicate what the present scale of operations of a Programme/Project or Activity is and point out any increases in scales of operation propose to have for the Budget Year and the reasons for scaling up. Always such proposals for increases should be supported with enumeration of increases in benefits or increases in performance in terms of measurable units of work or any other concrete and precise terms. This note should identify the existing resources of man-power, etc.,

and any possible re-deployment should be indicated. Possible changes of priorities in the current year programmes and projects should be supported by reasons for such change including any policy directions from government.

(9) Surpluses and Vacancies of Staff

All staff of the Ministry/Department should be identified in terms of Programmes and Projects. It is necessary that these have to be identified with definite programme and projects, and any surplus staff on low priority projects should be identified and reported to the Department of National Budget for necessary action.

(10) New Staff Proposals

- (i) Provision for additions to the existing staff should not be included in the draft estimates without prior approval of the Director General of National Budget- FR 71. It is essential that this approval should be sought well in advance to enable the Director General of National Budget to have the necessary investigations made on the need for additional staff. Every such application should indicate whether the posts are sought in respect of current activities or for new activities, under the Programmes and Projects. Full particulars should be provided on the prescribed form – specimen at appendix 1.2 requests for staff not tied up with specific Programmes and Projects would not be considered at all. No post shall be created with retrospective effect extending back to a date in a lapsed Financial Year.
- (ii) If additional staff is sought for new activities, they should be explained in detail. The Estimate proposals should not be purely a recital of requirements. Programme project format provides an occasion for evaluation of on-going programmes and projects, of balancing one project against another and of identifying in precise or measurable terms, the benefits of further investment. It is possible that the Secretary/Head of Department would be in a position to meet his needs by revising the priorities amongst existing projects so that if he is scaling up the activities under one project, he could achieve this with the existing resources and allocations by scaling down on other projects of low priority.
- (iii) Any new staff proposals should indicate how the present staff are deployed and what percentage of their time is being spent on the various activities of the project. This information also should be furnished along with the new staff proposals so that it would be possible to examine at the Department of National Budget whether the existing staff can cope with any increases in the scale of activity. It should be the endeavor of the Head of Department and Secretary to examine that full use is being made of the existing

manpower and other resources under a project before requests for new staff are made on the grounds of increased level of activity. It should be noted that additions or variations, either in cadre or in monetary provision should not therefore be haphazardly proposed but be made in specific relation to definite programmes with measurable output. Alternatives of more effective and perhaps economical methods of attaining the same objectives should be considered. Details of such examination should be reported to the Secretary for direction with regard to choice of alternatives. Possibility of mobilizing resources from one programme or a project of lesser priority to another of high priority should be examined and reported to the Director General of National Budget. There should be a clear understanding of the impact of any increase in one type of resource on other resources available to a programme or project, e.g. an increase in the cadre of Inspectors which necessarily involves an increase in expenditure on traveling, etc.

- (iv) Capital projects within a programme provide additional capacity to the programme and increase of such capacity by itself may require additional recurrent expenditure on manpower, materials and other resources. Any additional resources sought by way of increase in cadre and monetary provision should be identified separately and justified with reference to additional activities, and increase envisaged on output, benefit, etc.

**F.R. 11. Estimation of Other Recurrent Expenditure** (1) *Travelling Expenses* – Circumstances under which increases are sought if any, on this object group, should be fully explained. Ordinarily no increase will be allowed except when new staff is approved or new activities are allowed for the budget year. Computation of costs should be shown in detail by an annexure to the Statement so that examination is possible as to the causes of increases.

(2) *Supplies* - Invariably this group of objects of expenditure becomes significant next to the staff costs and a great deal of attention should be paid to the computation of this. As pointed out earlier economies have to be exercised and with this end in view wasteful methods have to be eliminated. For purposes of analysis, detailed break-down of provision sought under this Object group should be shown and if increases are sought, these should be identified with increased levels of activity and increases in output.

(3) *Contractual Services* – Here too economies have to be exercised very carefully. A detailed breakdown of the Objects of expenditure coming under this group should be given as an annexure to Form B. If increases are sought, reasons for such increases should be explained fully.



(04) *Current Transfers, Current Grants, Other Recurrent Expenses* - Statement showing the detailed analysis of the provisions sought under each object of these groups, should be forwarded. Computation of the provisions should be based on policy directives and statutory obligations. These statements should be supported by reference to such approvals and requirements. For instance, in case of Grants to provincial Councils approval of the Finance Commission should be forwarded.

**F.R.12. Estimation of Capital Expenditure** (1) *Rehabilitation and Improvement of Capital Assets* - Nature of rehabilitation or improvement and the need for rehabilitation or improvement should be fully explained. Where vehicles and equipment are involved their age composition should be furnished. The estimated cost of each object under this group should be stated.

(2) *Equipment outlay, Land, land Improvement and structures outlay* - If an increase is sought on this object of expenditure, the need for the increase should be explained eg. Questions like whether is it by way of increase in number of men and therefore increase in furniture requirements or is there an increase in the level of activities using various equipment or is it for replacement should be covered by explanatory notes. If the equipment is for a specific project it should be stated whether provided for under the project, whether the requirement of the particular projects cannot be met out of the available Machinery, Equipments, Vehicles, Buildings, Structures, etc., and what is proposed to do with such capital assets when the project is over.

(3) *Constructions and other Development Projects* - Particulars regarding Projects which have been already commenced and continued in the budget year and having a Total Cost Estimate should be forwarded to the Department of National Budget with explanatory notes for inclusion in the Annual Estimates. Particulars regarding new projects which have been duly approved should also be forwarded with explanatory notes along with references to Project documents like Project Reports, Funding Agreements, Implementation Programmes, etc. (see F.R.3.)

(4) *Acquisition of lands and buildings* - Block Provision is made for all acquisitions of lands and buildings for Government Departments under Estimates of the Ministry in charge of the subject of Lands. Normally provision is not made under other Government Ministries and Departments to purchase land and buildings.

**F.R.13. Miscellaneous Services.** Financial provision for services of a special character , which cannot appropriately be provided for as direct expenses under a particular department, is made under Head “Miscellaneous Services” controlled and operated by the Treasury, Director General of National Budget.

**F.R.14. Token Provision.** No Token Provision should be included in the Annual Estimates except under very special circumstances with Specific approval of the Director General of National Budget.

**F.R.15. Advance Accounts Activities**

(1) Categories;

The Estimates relating to Advance Accounts show four types of limits, viz.,

- (a) Maximum limit of Expenditure.
- (b) Minimum limit of Receipts credited to the Accounts.
- (c) Maximum limit of Debit Balances.
- (d) Maximum limit of Liabilities.

(2) Capital Expenditure of Advance Account activities is not included in these limits. Such expenditure is provided under the appropriate Programmes/Projects in the General Estimates. The replacement of a depreciated assets will however, be met from the Depreciation Reserve Fund. The replacement cost will, in addition, be shown under the Capital Project, in the Estimates, but no monetary provision will appear. Such replacement cost should be shown by way of a footnote indicating that the expenditure will be met from Reserves.

(3) Adequate explanatory notes should be furnished on the scale of operations on direct use of labour, materials and direct expenses and also on administration and other expenses. Need for increase in scale of activity should be explained fully with reference to any policy directives of Government. Targets of performances should be indicated. If a certain strength of staff is being made use of, whether this could be reduced or if the staff is to be increased whether any increased performances is planned should be indicated. All questions vide the prescribed forms should be adequately answered so that a rational analysis on the need for revision of limits if any, could be made.

(4) Each Advance Account Activity would fall into one of the following types and grouped under Heads of Expenditure. Coding for identification purposes is done with five digit numerals, the first three digits being the head Number e.g.

Advance Accounts under	}	48101, 48102, 48103, etc.
Head No. 481		

(5) *Types of Advance Account*

- (i) Production Advance Accounts
- (ii) Development Advance Accounts
- (iii) Trading Advance Accounts
- (iv) Stores Advance Accounts
- (v) Advances to Public Corporations
- (vi) Advances to Public Officers
- (vii) Miscellaneous Advance Accounts

(6) *Provision for expected losses*

If a net loss expected in the working of an Advance Account Activity during the financial year, and incurring of such loss is approved by the relevant authority, provision for the estimated net loss should be included in the Annual Estimates under an Item in the appropriate standardized Object Code.

(7) *Losses in previous financial year*

The procedure to be followed in these cases is given in Chapter viii, Advance Accounts. F.R. 513

**F.R.16. Other Levels of Government.** (1) Any provision for Other Levels of Government should be provided in the National budget by way of grants, or contributions. In the case of provision for Provincial Councils, the prescribed format should be followed. Monetary provisions in the National Budget for Provincial Councils is made under the Line Ministry in charge of the Provincial councils and the Secretary of that Ministry is responsible for the formulation of budgetary proposals in consultation with respective Chief Secretaries and the Finance Commission.

(2) Draft Estimate Proposals for all projects which are included in the Public Investment Programme of the Government in relation to devolved functions which have to be implemented by Provincial Councils will have to be included under the Heads of Expenditure of the relevant Ministry or Department. These proposals should be prepared in consultation with the respective Provincial Councils. Instructions on the preparation of these estimates should be sent by the relevant Secretary to the respective Chief Secretaries.

(3) No financial provision should be included in the Estimates of the Ministries or Departments for the staff released or earmarked for release to Provincial Councils. The requirements for such staff will be provided for under the block grants for the Provincial Councils. The category and the numbers of the staff involved in provincial administration should, however be distinctly identified and shown in the appropriate programme staff schedule.

**F.R. 17. State Corporations .** (1) Secretaries, when seeking budgetary support for Capital Projects implemented by State Corporations, Boards and other Corporate Bodies, should indicate the quantum of funds required and how the balance sum, if any, will be found and whether any further sums will be required in subsequent years. Budgetary support will appear as a separate capital project under the votes of the particular Ministry.

(2) Even if budgetary support is not sought, plans of project within the approved Corporate Plan, should be sent to the Director- General, National Planning for approval with a copy to Director General of Public Enterprises.

(3) Total Cost Estimates should be duly sanctioned and shown in the estimates irrespective of whether the project is wholly or partly financed by the Government budget.

(4) Public Enterprises should revise their charges and prices in order to yield an operational surplus, so that their current expenses are met out of the funds generated. Losses and shortfalls will be accepted for support only where there is a specific government decision to subsidise the operation of the public enterprise concerned.

(5) Non-profit Oriented Public Corporations and the Public Institutions wholly financed by government should not seek enhancement of their activities unless prior approval of the government is obtained for those specific activities. Increases in budgetary support would not be considered unless such specific approval is available.

**F.R.18. Grants & Subsidies.** (1) Financial provision for grants to non public sector bodies over which parliament has no control is voted by Parliament for certain specific purposes and subject to prescribed conditions. Provision for such grants as appearing in the Estimates cannot be altered without Parliamentary authority.

(2) Financial provision for subsidies will be in respect of payments to be made by Government to meet the difference between the actual cost of a supply or service and the price at which the Government has directed that such supply or service should be sold or rendered.

**F.R.19. Special Law Services.** (1) As expenditure on Special Law Services is a charge on the Consolidated Fund, already imposed by law, it is not included in the Appropriation Act.

Examples of such services are -

- (a) Salary Allowances and pension of the President – Article 36 of the Constitution.
- (b) Salaries of Staff and Government share of Contributions, etc., of the Public Service Provident Fund – (P.S.P.F.)
- (c) Repayment of medium and long term foreign loans ( Foreign Loans Act 29 of 1987)

(2) However, provision for such expenditure is shown in the Annual Estimates and particulars of the Law under which the expenditure is authorized, are also distinctively indicated against the legend of the relevant budgetary unit. Such expenditure should be included in the Programme/Project Structure.

(3) In providing for Special Law Expenditure, any terms and conditions of the Law under which the expenditure is met, are taken into consideration, e.g., the Law may prescribe a limit on a grant. In this case, if the grant is paid in annual installments, provision should not be made after the full grant has been paid.

#### **F.R. 20. Total Cost Estimates**

(1) The Total Cost Estimate ( if revised, the revised Total Cost Estimate) of any capital work should be shown in a special column in the Annual Estimates. In addition, information should also be provided in separate columns as follows:-

- (a) Anticipated date of completion of work.
- (a) Actual expenditure up to the end of the year prior to the year in which the draft estimates are being prepared.
- (b) The Actual expenditure in the year prior to the year in which the draft Estimates are being prepared.
- (d) Estimate for the year in which the draft Estimates are being prepared.
- (e) Estimate for the budget year.

The total (b) plus (d) plus (e) should not exceed the approved Total Cost Estimate.

(2) The Total Cost Estimate of each project should be determined on the basis of a carefully priced Bill of quantities which is supported by detailed schedules showing requirements of material, labour, plant, and equipment utilization and schedules of prices on which the Bill of Quantity rates were arrived at. There should be supporting documents to monitor price changes and translate them to rate changes, as a matter of routine, for use if needed. The Total Cost Estimate prepared for Examination of Works Proposals in terms of Financial Regulations should be prepared on this basis adding 10 percent for Contingencies and a further 10 percent to allow for escalation of prices within that year. If the work has to be phased over more than one year, the allowance for price escalation should be 10 percent for the first year, 20 percent for the second year, 30 percent for the third year and so on, in respect of the work to be done in each year. The allowance for Contingencies and price escalation should be indicated separately in the preparation of Total Cost Estimates and should not be disclosed even at the time of calling for tenders or at negotiation with the Contractors, when the exact approved Total Cost Estimated (excluding these percentages) should be used.

(3) Authority for approving a Total Cost Estimate will be either the Cabinet or Department of National Planning or the Department of National Budget as the case may be ( see F.R. 35 & F.R. 36).

**F.R. 21. Block Provision.** (a) When a Capital Budgetary project, already approved in terms of F.RR 35 and 36 and provided for in the Estimates, comprises a number of similar but separate Projects or Components, and these cannot be separately itemized in the Estimates, the Total Cost Estimates, and the particulars in the other column referred to in F.R. 20(1), may be shown in the form of “ Block Provision” for all the contemplated items.

(b) Projects or items of works each costing not more than Rs. 5,000,000 may be incorporated in a “Block Provision” if separate items cannot be detailed at the time provisions is sought in the Estimates. Projects or items of works each estimated to cost over Rs. 5,000,00 should be separately itemized and shown in the Estimates.

**( No F.RR. Issued Under Nos. 22 – 33)**

### **Section 3 - New Proposals**

**F.R. 34. New Project Proposals - Capital Expenditure.** (1) New Projects will be admitted in the Budget according to the availability of resources and on the basis of investment priorities approved by Government. It should be noted that only projects which have been approved in accordance with the prescribed approval procedures and included in the Public Investment Programme will be accepted for financing. It should also be noted that a new phase or the extension of an ongoing project in the Total Cost Estimate of which the activities to be undertaken under the new phase or the extension are not included, should be treated as a new project and the prescribed approval procedures should be followed.

(2) Before inclusion of new Projects in the Draft Estimates of Expenditure the Director General of National Budget should be satisfied that following steps regarding the new projects have been taken in addition to approvals referred to in F.RR 35 & 36.

- (a) The firm Total Cost Estimate of the Project should be compiled.
- (b) If it is a foreign aided project negotiations should be completed and agreements signed or confirmed.
- (c) Programming of implementation of the project and phasing of expenditure over the period required to complete the project should be finalized.
- (d) Arrangements should be made to monitor and co-ordinate the activities necessary for the completion of the project and to provide for the operation and maintenance of the project after completion.

**F.R. 35 (1) Preliminary approval ( Approval in Principle).** – Projects and project ideas generally originate within and be sponsored by a particular Ministry or Department which is also responsible for projects originating from Statutory Bodies or Public Enterprises within its ministerial responsibilities. Once the project has been identified and some initial preparations completed it will be submitted for preliminary approval. All projects which are being submitted for preliminary approval must be submitted on the approved Preliminary Approval Form.

(2) Preliminary approval is required before any of the following activities can take place.

- (a) Inclusion of a project in the Public Investment Programme.
- (b) Incurring of expenditure on design, preparation or engaging consultants to undertake feasibility studies ( including studies funded by foreign donors)
- (c) Authorization by the External Resources Department the negotiations between a line Ministry and a potential aid donor, or assisting in locating a prospective donor.
- (d) Listing of Projects in the Compendium of 'New Projects' which is produced periodically for aid donors.
- (e) Obtaining budget funds and commencing implementation of small projects.
- (f) Commencement of the implementation of any sectoral plan or programme.

(3) Approved sectoral plans and programmes will be formally recorded in the Public Investment Programme, together with brief summaries, costs, expected projects etc. subject to the final approval later. In the case of Sectoral Plans and Programmes the completed Preliminary Approval Form must accompany the full plan/programme for which approval is being sought. The form should also be completed for small projects whether or not they form part of a wider sectoral plan.

(4) The National Planning Department will undertake an appraisal of all projects submitted for Preliminary Approval. In the case of small projects which form part of an approved Sectoral Plan or Programme approval may be granted by the National Planning Department. In all other cases the project or plan will be submitted along with the comments of the National Planning Department to the Committee of Development Secretaries. The National Planning Department may consult the Director General of National Budget over potential implications on the Budget. Environmental problems may be referred to Central Environment Authority.

(5) The Committee of Development Secretaries will consider all proposals for Preliminary Approval excepting small Projects which are parts of approved Sectoral Plans or Programmes. It will consider comments from the National Planning Department and from other relevant Ministries and Departments.

**F.R. 36. Final Approval.** (1) Sectoral Plans or Programmes and Large Projects should receive Final Approval. Final Approval for all large Projects is necessary before –

- (a) the Project can be listed as “ accepted” in the Public Investment Programme.
- (b) it can appear in the Government Budget and have funds made available for implementation whether from domestic or foreign sources.
- (c) final negotiations between the Director of External Resources with prospective donors for the conclusion of an aid agreement can take place.

(2) Large Projects are of two types namely -

- (a) Commercial Projects - Commercial Projects are projects which will produce output of goods or services which will be sold at market prices. These will include any projects for manufacturing industrial goods or growing agricultural produce. Most of such projects are executed either through Advance Account Activities (see F.R. 15) or by Public Corporations.
- (b) Non-Commercial Projects - Non-Commercial Projects will generally include those projects which provide services to the public for which market prices are not charged. Such projects are found within the General framework of economic or Social Infrastructure or overheads. Certain projects in industry or agriculture, for example, research or extension projects would also fall into this category.

(3) When submitting large projects for final approval information should be supplied in the formats prescribed by the National Planning Department.

(4) On receipt of a request for the final approval the National Planning Department will prepare a report on the project and submit it to the committee of Development Secretaries.

(5) Once the project has received approval from the committee of Development Secretaries it will be forwarded to the Cabinet for further consideration. If considered feasible it will receive Final Approval and would be included in the Public Investment Programme.

**(No F.R. Issued Under 37)**



**F.R. 38. Specific Treasury Authority** is also required before the following are incorporated in the Draft Estimates:-

(i) *New Heads, Programmes and Projects:*

For new services which would not properly fall within the ambit of existing Heads, Programmes and Projects.

(2) *Changes of designation and alternations to cadre, salary scales, etc.*

Changes referred to in F.R. 71(1), should not be introduced into the Draft Estimates, unless approval in terms of that Regulation has been already granted.

**F.R. 39. New Advance Accounts in the Draft Estimates.** When it is proposed to create a new Advance Account in the Draft Estimates of a Department, prior authority of Director General of Public Enterprises should be obtained for the purpose. An application for such authority should be forwarded through the Chief Accounting Officer before the 15<sup>th</sup> of July each year or before such other date as would be indicated by the Treasury. The following particulars should be furnished.

- (a) Full details of the activity proposed to be carried out.
- (b) The Capital Expenditure involved. This will not be a charge to the Advance Account. (see F.R. 500(4)).
- (c) All the administration and other expenses which are chargeable to General Estimates of Expenditure.
- (d) The administration and other expenses which are chargeable to the Advance Account, along with full details of cadre, scales of salary, etc.
- (e) The anticipated receipts of the activity. ( Classified details should be provided).
- (f) If a loss is anticipated, the reasons therefore, and why the activity should be created and carried out despite an anticipated loss.
- (g) The proposed limits as indicated in F.R. 15.
- (h) A budgeted Trading Account, and a Profit and Loss Account or Revenue and Expenditure Account, as the case may be.

**F.R. 40. Revision of Total Cost Estimate.** The Total Cost Estimate of any work, supply or service already appearing in the current year's Estimates, cannot be increased without prior authority under Financial Regulation 72.

**F.R. 41 – Equipment** (1) Office Equipment – Departments which intend to procure new accounting and other specialized office equipment such as Computers, Photo Copiers etc., or to replace such unserviceable machines, should obtain prior approval of Secretary before purchasing them the Secretary should satisfy himself of the necessity before granting the approval.

(2) Other equipment such as refrigerators, Air Conditioners, Motor Vehicles, Drawing Room Suites, office requisites such as Video apparatus or any equipment of a special nature where the cost of an items is Rs. 20,000 or more should receive prior approval of the Secretary for purchasing them.

**(No F.R.R. Issued Under Nos. 42-49)**

#### **Section 4 – Preparation, Submission and Passing of Estimates of Expenditure**

**F.R. 50. Responsibility for preparing annual Estimates of Expenditure.** It is the responsibility of the Accounting Officer to see that the Draft Estimates relating to his department are prepared in conformity with these Regulations. He is responsible particularly to ensure:-

- (i) that all services which can be reasonably foreseen are included in the Estimates and that they are within the capacity of his department during the financial year;
- (ii) that the Estimates have been prepared as completely and accurately as possible;
- (iii) that the Estimates have been framed with due regard to economy and efficiency;
- (iv) that there is no delay in complying with the procedure arising out of preliminaries to the Estimates;
- (v) that the requisite authority has been obtained, where necessary, before provision is made in the Estimates; and
- (vi) that Estimates are sent in due time and in proper form.

**(No F.R.R. Issued under Nos. 51 and 52)**

**F.R.53. Acquisition of land and buildings.** (1) Acquisition of land and buildings should be provided only for approved Programmes and Projects, Land should be acquired only if suitable state land is not available for the purpose. If state lands is available in the vicinity private land should not be acquired unless the available state land has proved to be absolutely unsuitable for the purpose and also the acquisition of developed land should be avoided as far as possible.

Buildings should be acquired only where they can be conveniently and economically converted to departmental use or where the acquisition is unavoidable.

(2) When acquisition is necessary Head of department should obtain a valuation report from the Chief Valuer for both Land and Buildings.

(3) Before 1<sup>st</sup> of February of every year, each Account Officer should submit to his Chief Accounting Officer, a schedule of all the proposed acquisitions of his department, in respect of the next financial year, along with the valuation reports and the following information:-

- |           |   |
|-----------|---|
| Land      | - (a) Name of land,<br>(b) Approximate extent,<br>(c) Purpose of acquisition,<br>(d) Cost,  |
| Buildings | - (a) Plans of any buildings on the land,<br>(b) Nature and cost of any repairs, additions and improvements, including water, lighting, drainage and power,<br>(c) Whether there is any possibility of the buildings lying idle owing to delay in providing equipment or staff. |

(4) The Chief Accounting Officer will forward a schedule of all the proposals approved by him relating to the departments of his Ministry in order of priority to the Director General of National Budget before 15<sup>th</sup> February of each year. The Treasury will indicate to the Chief Accounting Officer the items approved before 1<sup>st</sup> March. Each Ministry will thereafter forward a schedule of the items approved by the Director General of National Budget, to the Ministry in charge of the subject of Lands before 15<sup>th</sup> March indicating the approval of the Director General of National Budget has been obtained.

(5) Provision in a block sum for acquisition of items approved by the Director General of National Budget will thereafter be made by the Secretary to the Ministry in charge of the subject of Lands.

**(No F.R. Issued Under No.54)**

**F.R. 55. Forms for rendering information for the** Draft Estimates should be prepared on the prescribed format and extracts of the current year's Estimates suitably amended. The current year's Estimates should normally form the base of the Draft Estimates, and the provision for the ensuing year should be inserted in a column adjacent to that current year.

The following forms are prescribed for rendering of information required for the preparation of the Annual Estimates. ( See Appendix 1.1)

(1) *Memoranda Form A - Approved Cadre and Personal Emoluments* this form is designed to supply information regarding cadre employed. It should contain all the information regarding the staff to be employed during the budget year. Statements on Form A need not be sent, along with the Draft Estimates proposals but should be available for reference if required by the Department of National Budget at a later stage in the course of preparation of the Annual Estimates.

(2) *Memoranda Form B - Recurrent Expenditure*  
This form is designed to supply particulars of all items of Recurrent Expenditure including Personal Emoluments and should indicate –

- (a) Summary of Expenditure of the Department
- (b) Programmes Summary by Project
- (c) Project Expenditure by Object Code

Completed statements on Form B should be rendered along with the Draft Estimates proposals.

(3) *Memoranda Form C - Capital Expenditure (Excluding Expenditure on New Works)*

This form is used for supply of information of expenditure on Capital projects commenced in previous years or current year and would continue during the ensuing budget year.

Completed Statements on form C should be rendered to the authorities indicated in the Budget Calendar on the due dates.

(4) *Memoranda Form D – Capital Expenditure (New Works Proposals)*

This form is designed to supply of information regarding provision for expenditure on capital projects to be commenced during the ensuing budget year. Completed statements on Form D should be rendered to the authorities as indicated in the Budget Calendar.

(5) *Memoranda Form E – Source of Financing*

This form is designed to supply the information regarding source of funding required to be provided in the Annual Estimates of Expenditure. Particular care should be taken to include all the information required. Completed Statements on Form E should be sent as prescribed in the Budget Calendar.

(6) *Memoranda Form F - Work Accomplishment*

This form is used to supply information regarding work accomplishment for the budget year. One form should be used to indicate each "unit" of work measurement under a project. Completed Statements on Form F should be rendered as indicated in the Budget Calendar.

(7) *Memoranda Form G - Advance Accounts*

Information on this form is required for revision of the limits in respect of existing Advance Accounts and also for the establishment of new Advance Accounts. Completed Statements on Form G should be rendered as prescribed in the Budget Calendar.

**Notes –**

1. **Expenditure of the past financial year.** The published accounts of the Government, and the Appropriation ( Votes) Ledgers, reconciled as far as possible with the Treasury records, are the sources from which the figures of actual expenditure of the past financial years should be obtained.
2. **New Posts.** ( i.e. those not hitherto shown in the Estimates) should be inserted in red ink in the extracts, so that attention may be drawn to them.
3. **Contingencies.** No provision should be made for expenditure which is not likely to be incurred in the year of Estimates.

**F.R. 56 . Submission of Estimates** (1) *By Accounting Officer* – The Draft Estimates proper made up of the extracts and the relevant forms together with the explanatory notes should be forwarded in triplicate to the Chief Accounting Officer to reach him not later than 1<sup>st</sup> April, or any earlier date as may be prescribed by him.

The Estimates of Departments, not grouped under any Ministry, should be sent in duplicate direct to the Director General of National Budget before 1<sup>st</sup> May.

(2) *By Chief Accounting Officer* – The Chief Accounting Officer will examine the Estimates to ensure that they are in order, and that the requirements of F.R. 50 have been complied with. He will thereafter forward to the Director General of National Budget in duplicate the Estimates of all departments of his Ministry, before 1<sup>st</sup> of May.

**F.R. 57. Treasury Decisions on Draft Estimates.** The Treasury after considering the Draft Estimates in consultation with the respective Secretaries and Heads of Departments, where necessary, will forward its decisions to the respective Secretaries and Heads of Departments. The Treasury will, thereafter, incorporate its decisions in the Draft Estimates. Once the Draft Estimates are thus finalized, the treasury will not entertain any requests for further amendments as the overall budgetary position would by then have already been determined any request for additional funds would necessitate a reassessment of the position. The finalized draft Estimates of Expenditure are then presented to Cabinet for approval.

**F.R. 58 .** (1) *Submission of Estimates to Parliament.* - Treasury, after obtaining Cabinet approval for the finalized Draft Estimates will send the approved Estimates to the Government Printer for printing. The printed Draft Estimates will be treated as a confidential document until presented to Parliament by the Minister in charge of the subject of Finance. The Draft Estimates of Expenditure will, thereafter, to the extent to which such expenditure has not been previously authorized by law, be embodied in the Appropriation Bill. This Bill will be submitted by the Minister in charge of the subject of Finance to Parliament, along with the printed Draft Estimates.

(2) *Appropriation Bill* - The Appropriation Bill provides for the services of the financial year, to authorize the raising of loans in or outside Sri Lanka, for the purpose of such service, to make financial provision in respect of certain activities of the Government during that Financial Year, to enable the payment, by way of advances out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, of moneys required during that financial year for expenditure on such activities, to provide for the refund of such moneys to the Consolidated Fund, and to make provision for matters connected with, or incidental to, the aforesaid matters.

(3) *Committee Stage Amendments* - The printed Draft Estimates is intended to be the final form of the Draft Estimates presented to Parliament.

However, every urgent and essential proposals, or changes to the printed Draft Estimates, the necessity for which has arisen since the preparation of the Appropriation Bill, may at this stage be submitted to the Cabinet, on a personal direction of the Minister concerned, through the Minister of Finance. If the Cabinet approves the proposals or changes they will be submitted for consideration by Parliament in Committee along with the printed Draft Estimates and the Appropriation Bill. Such proposals are referred to as “Committee Stage Amendments.”

(4) The Appropriation Act - The Committee Stage Amendments as approved by Parliament in Committee are incorporated in the Estimates. The Appropriation Bill incorporating the consequential amendments, is passed by Parliament and becomes law when the certificate of the Speaker is endorsed thereon in terms of Article 80(1) of the Constitution. It is, thereafter, referred to as the “Appropriation Act”.

The Appropriation Act does not in itself provide complete authority for expenditure. ( see F.R. 90)

**(No F.R.R. Issued Under Nos. 59 – 64).**

### **Section 5 – Variations to Estimates of Expenditure**

**F.R. 65.** (1) The Annual Estimates of Expenditure approved by Parliament along with the Appropriation Act and Estimates of Expenditure approved by resolution passed in Parliament must be regarded as prescribing within hard and fast limits the purposes and the sums for which the provision prescribed may be spent, the cadre which maybe employed, and the total cost of particular projects. The specific purposes and the sums provided under the Heads, Programmes, Projects, Objects, Items and Financing details should not be varied without appropriate authority.

- (2) Authority exists, under certain circumstances -
- (i) to transfer any sum that has been allocated by appropriation Act to recurrent expenditure of any Programme appearing under any Head specified in the Annual Estimates of Expenditure, but has not been expended or is not likely to be expended, to Capital Component of another Programme under the same Head of Expenditure.
  - (ii) to transfer savings from Projects standardized Object Classes, Items or Financing Details to other Projects, standardized Objects Classes, Items of Financing details of the same Programme (see F.R. 66)
  - (iii) to create a new Project a standard Object class, an Item or a Financing detail ( see F.R. 68).
  - (iv) to withdraw in whole, or in part, any amount previously released for expenditure (in accordance with the provisions of the Appropriation Act).

- (v) to approve variations in the Cadre of an establishment and the alteration of Salary Scales etc, ( F.R. 71).
- (vi) to approve variations in the Total Cost Estimate of a Project or work (see F.R. 72).
- (vii) to approve increases in Heads of Expenditure – ( see F.R. 74)
- (viii) to vary the prescribed limits of Advance Accounts - ( see F.R. 73)

(3) *Virement Procedure*. - Transfer of savings in the manner referred to in FR 65(2) (i), (ii) & (iii) above and FR 69 is generally referred to as “ Virement” Procedure.

(4) *When Virement is not appropriate*. - Virement Procedure cannot, and should not be adopted -

- (j) to transfer savings in a Head of Expenditure to another Head of Expenditure.
- (ii) to transfer savings in a provision for Capital Expenditure to Recurrent Expenditure of the same Programme or to Recurrent or Capital Expenditure of another Programme under the same Head.
- (iii) to transfer savings from a Special Law provision to a Appropriation Law provision ( Supply Service), between Special Law Service provisions or from Appropriation Law provision to a Special Law provision.
- (iv) to create a project, Standard Object, Item or Financing detail for a new Special Law Service unless authorized by Law passed in Parliament.
- (v) to transfer savings in a provision if it involves:-
  - (a) transfer of Savings from any Foreign Aid Financing Detail to Consolidated Fund Financing Detail.
  - (b) transfer to savings from a direct Foreign Aid Financing Detail to a Reimbursable Foreign Aid Financing Detail or to a counterpart Funds Financing Detail.
  - (c) Transfer of savings from a Counterpart Fund Financing Detail to a Consolidated Fund Financing Detail.
- (vi) to create or increase or transfer savings from provision for grants or subsidies to any specific institution, agency or individual (F.R. 18)
- (vii) to transfer savings from provision made for covering up of losses in the Working of Advance Account Activities.



- (viii) If the additional or new expenditure envisaged is not approved by the appropriate authority and involves a drastic change in the scale of operations from that presented in the approved Estimates; or if the proposed new service is one which there is reason to believe, Parliament would wish to consider in advance; or if such service will commit the Government to expenditure of large sums of money in the future years.
  - (ix) Unless the savings indicated are definitely available; or anticipated beyond reasonable doubt.
  - (x) If the savings arise through postponement of a project appearing in the Estimates approved by Parliament and can be implemented in the course of the Financial year.
  - (xi) to transfer savings from provision made under a Supplementary Estimate or other Resolution.
  - (xii) in violation of any other restriction imposed by footnotes in the printed Estimates.
  - (xiii) in violation of any other specific restriction imposed by Treasury circulars or otherwise.
  - (xiv) If the transfer is from or between the Object Codes in the Rehabilitation and Improvements of Capital Assets Object Category.
- (5) Changed of Legend:
- (a) Change in the legend or title of a Programme would not be allowed during a Financial year.
  - (b) Change in the legend or title of a Project would not be allowed if it is not approved by the proper authority or if it involves radical change in the objectives or policy relating to the project. Only changes necessary for technical reasons or correction of errors would be approved. All Amendments of Legends should be specifically approved by the Secretary to the Treasury, Deputy Secretary to the Treasury or by an officer authorized by the Secretary to the Treasury.
  - (c) Changes in the legends of the standardized "Object Classes" of expenditure would not be permitted.
  - (d) The amendments in a Financing Detail of a Project would not be permitted unless there are technical reasons to do so or there is an error. All such amendments should be authorized by the Secretary to the Treasury, Deputy Secretary to the Treasury or by an officer authorized by Secretary to the Treasury.

## **F.R. 66 Transfer of Financial Provision – Virement Procedure**

(1) When the financial provision appropriated in the Estimates to any Programme, Project, Object Class, or Item of a Head of Expenditure is found to be inadequate for expenditure during the financial year and is likely to be exceeded, and if the relevant Account Officer and Chief Account Officer are satisfied with regard to the necessity for additional financial provision, savings, which are likely to be available during the financial year, under any other Programme, Project, Object Class, or Item of the same Head of Expenditure may, subject to FR 65, be transferred to cover such anticipated excess expenditure in the manner specified below. No such excess expenditure should be incurred until such transfer is authorized by the appropriate authority.

(2) *Transfer between Programmes:*

- (a) *Capital Expenditure* : It should be clearly understood that provision cannot be transferred out of the capital expenditure component of any Programme under which it is provided.
- (b) *Recurrent Expenditure* : Transfer of savings from a recurrent expenditure provision of any Programme under any Head of Expenditure to the capital expenditure provision of the same Programme or to the recurrent expenditure provision or capital expenditure provision of any other Programme under the same Head of expenditure should be ordered by the Secretary to the Treasury or any other officer authorized by him as provided for in the Appropriation Act. Transfers between Programmes can be done only if the Appropriation Act provides for such transfers.
- (c) *Applications* : Applications for transfer in respect of this sub-section should be forwarded to reach the Director General of National Budget in sextuplicate on form General 271 before the 31<sup>st</sup> December of the financial year.

(3) *Transfer between Projects of a Programme:*

- (a) *Capital Expenditure*: Transfer of financial provision between capital expenditure Projects of a Programme should be authorized by the Secretary to the Treasury/Deputy Secretary to the Treasury or any other officer authorized by Secretary to the Treasury.
- (b) *Recurrent Expenditure* : Transfer of financial provision between recurrent expenditure Projects of a Programme should be authorized by the Secretary to the Treasury /Deputy Secretary to the Treasury or any other officer authorized by Secretary to the Treasury.
- (c) *Applications* : Applications for transfers in respect of (a) and (b) above

should be forwarded to reach Director General of National Budget in sextuplicate on form General 233 before the 31<sup>st</sup> December of the financial year.

(4) *Transfer between Object Classes of a Project :*

- (a) *Capital Expenditure* : Transfer of financial provision between Object Classes of a Capital expenditure Projects should be authorized by the Secretary to the Treasury/Deputy Secretary to the Treasury or any other officer authorized by Secretary to the Treasury.
- (b) *Recurrent Expenditure* : Transfer of financial provision between Object Classes of a recurrent expenditure Projects should be authorized by the Secretary to the Ministry concerned/ Chief Accounting Officer.
- (c) *Applications* : Applications for transfers in respect of (a) and (b) above should be forwarded to respective authorities in sextuplicate on Form General 233 on or before the 31<sup>st</sup> December of the financial year.

(5) *Transfer between controlled Items of a Project :*

- (a) *Capital Expenditure* : Transfer of financial provision between controlled/ Items of expenditure projects should be authorized by the Secretary to the Treasury/Deputy Secretary to the Treasury or any other officer authorized by the Secretary to the Treasury,
- (b) *Recurrent Expenditure*: Transfer of financial provision between controlled/Items of a recurrent expenditure projects should be authorized by the Head of Department/ Accounting Officer.
- (c) *Applications* : Applications for transfers in respect of (a) and (b) above should be forwarded to respective authorities in sextuplicate on Form General 233 on or before the 31<sup>st</sup> December of the financial year.

(6) *Figures of Expenditure to be furnished in application:*

In every application for transfer the financial provision allocated in the Estimates, the actual expenditure to the latest date for which figures are available, the anticipated expenditure for the rest of the financial year and the additional financial provision required or anticipated savings under each Object Detail/Item involved in the transfer should be clearly indicated.

(7) *Adjustment of provision to be noted in the Appropriation (Votes) Ledgers:*

In order to ensure that the authorized financial provision under the Programme, Project, Object Class, or Item is not exceeded the transfer of provision should be noted in the Appropriation (Votes) Ledgers after the necessary authority for such transfer has been granted.

**(No F.R. Issued Under No.67)**

**F.R.68. Creation of New Projects, Objects Classes, Object Details and Items.** If any contemplated expenditure is within the ambit of a Programme but not appropriate to any of its existing Project/Object Classes/Items and if there are sufficient savings definitely available under one or more of such Project/Object Classes/Items or such Programme or any other Programme, the creation of new Projects/ Object Classes/Items and the transfer thereto such savings may, subject to Financial Regulations 65 and 66, be authorized in the manner specified below:-

(i) *Creation of new Projects :*

Creation of new Projects, whether recurrent or capital, should be authorized by the Secretary to the Treasury/Deputy Secretary to the Treasury or any other officer authorized by the Secretary to the Treasury.

(ii) *Creation of new Object Classes ;* Creation of an Object of expenditure outside the standardized list is not permissible. Creation of a new Object Class under a Project should be authorized by the Secretary to the Treasury / Deputy Secretary to the Treasury or any other officer authorized by the Secretary to the Treasury.

(iii) *Creation of new Items :*

(a) *Capital Expenditure :* Creation of a new Item of Expenditure under a Capital Expenditure Project should be authorized by the Secretary to the Treasury/Deputy Secretary to the Treasury or any other officer authorized by the Secretary to the Treasury.

(b) *Recurrent Expenditure:* Creation of a new Item under a Recurrent Expenditure Project should be authorized by the Secretary to the Ministry concerned/ Chief Accounting Officer.

(iv) *Applications :*

Applications in respect of (i), (ii) and (iii) above should be forwarded to the respective authorities in sextuplicate on Forms General 271 or 233 as prescribed in F.R. 66 on or before the 31<sup>st</sup> December of the financial year.

- (v) *Adjustment of provision to be noted in the Appropriation (Votes) Ledgers:*

In order to ensure that the authorized financial provision under the new Project, Object Class, or Item is not exceeded, the transfer of provision should be noted in the Appropriation (Votes) Ledgers after the necessary authority for such transfer has been granted.

**F.R. 69. Excess without prior authority.**

- (1) Under a Programme - If a Programme is exceeded without prior authority obtained before the 31<sup>st</sup> December of the Financial year, it should be reflected in the Appropriation Account and treated as an unauthorized excess on the Programme. Such excess will be examined by the Committee on Public Accounts. When the Committee on Public Accounts have reported that any excess has been incurred on a Programme and they have examined such excess, a resolution should be passed in Parliament to make good such Excess not later than 31<sup>st</sup> December of the year next but one after that to which the Excess relates.

- (2) *Under a Project, Object Class, or a Controlled Item detected during the financial year.*

Requisite authority for exceeding the provision under a Project, Object Class, or Controlled Item should invariably be obtained before the excess expenditure is actually incurred. If, however, an excess on a Project, Object Class, or a Controlled Item is detected after it has occurred, without prior authority, covering authority under the virement procedure may be granted by the appropriate authority, during the course of the financial year, provided it is satisfied with the reasons adduced for the failure to obtain prior authority.

- (3) *Under a Project, Object Class, or controlled Item detected after the end of the financial year, but before the Treasury Books are closed.*

The following procedure should be followed in dealing with such excesses:

- (a) Transfer of provision between items of the same Object Class of a recurrent expenditure Project should be authorized by the Secretary to the Ministry concerned/Chief Accounting Officer.
- (b) All other applications to cover excesses should be forwarded to the Treasury.
- (c) Covering approval for such excesses can be granted by the appropriate authority only provided that –
- (i) satisfactory reasons are adduced for not obtaining prior authority;
  - (ii) savings are available under the Project; and
  - (iii) the requirements in F.R.65 are satisfied.

- (4) *Under a Project, Object Class, or Controlled Item detected after the Treasury Books are closed.*

If the excesses is detected after the Treasury books are closed, it should be reflected in the Appropriation Accounts and will be treated as an Unauthorised Excess.

- (5) *Applications for covering authority envisaged in this Regulation should be made sextuplicate on Form General 233.*

**F.R.70** Creation of posts may be done following the procedure laid down in F.R. 71. No posts shall be created with retrospective effect extended back to lapsed financial years.

**F.R.71. Posts, Cadre, Scales of Salary, etc.**

- (1) Whatever the source of provision or funds from which the staff involved is paid, the following matters require the prior authority of the Secretary to the Treasury or the Deputy Secretary to the Treasury who will obtain the concurrence of the Secretary to the Ministry in charge of the subject of Public Administration:

- (a) Change of designation of posts,
- (b) creation of new posts,
- (c) grading of posts,
- (d) additions to authorized cadre,
- (e) creation of new rates or scales of salary, wages, allowances and other emoluments and remuneration (e.g., fees), or (alterations to already approved) revision of existing rates or scales,
- (f) absorption of temporary employees into the permanent cadre.

- (2) No change relating to the above matters should be introduced into the Draft Estimates of the department without the requisite authority.

- (3) Authority obtained under (1) above can be given effect to only if appropriate financial provision is available under the votes of the Ministry/Department concerned.

- (4) Such authority should be intimated with copies to the Secretary, Ministry of Public Administration and Auditor-General.

*Note 1.* The form at Appendix 1.2. should be used for creation of new posts.

*Note 2.* See F.R.238 (1).

*Note 3.* Authority for the engagement of employees on a casual basis, under specific Conditions, exists in F.R.95

**F.R.72 Revision of Total Cost Estimates**

- (1) The total Cost Estimates of any project (see F.R.20) shall not be exceeded during the financial year without authority in terms of (2) below. Departments should apply for the necessary authority as soon as an increase in cost is anticipated.
- (2) When it is found that the Total Cost Estimates of a Work will be exceeded, authority should be obtained as follows to increase the Total Cost Estimate:-
  - (a) an increase upto 10 per cent but not exceeding Rs.25,000 approval of the Head of the Department;
  - (b) an increase upto 20 per cent but not exceeding Rs.500,000 approval of the Chief Accounting Officer who is a Secretary to a Ministry;
  - (c) an increase upto 25 per cent but not exceeding Rs.2,500,000 approval of the Secretary to the Treasury or Deputy Secretary to the Treasury;
  - (d) an increase over 25 per cent but not exceeding Rs.2,500,000 approval of the Minister of Finance;
  - (e) an increase exceeding Rs.2,500,000 approval of the Cabinet.

A comparative statement as indicated in Appendix 2 should accompany every application for authority to revise the Total Cost Estimate.

- (3) Where provision for works appears under the votes of one Department, but the works are executed by another Department, action for obtaining approval under (2) above should be initiated by the Department in whose votes the provision appears.

**F.R.73** *Variation of Limits of Advance Accounts* – The Limits specified in the Annual Estimates in respect of Advance Account Activities cannot be varied except in terms of the appropriation Act. See also F.R.503.

**F.R.74.**

- (1) *Application for Supplementary Provision on Supply Services.*

On unforeseen circumstances or on a direction of the Cabinet, it becomes necessary for a Head of Department to incur expenditure and –

- (i) the expenditure is on a service which does not fall within the ambit of any Programme/Project, under his control, or
- (ii) the expenditure, though it falls within the ambit of the Programme/Project, will cause an excess thereon which cannot be appropriately and fully covered by Virement procedure, the Head of the Department shall submit to the Secretary to the Ministry concerned a report indicating the nature and extent of the service, the total cost thereof,

and the amount of additional financial provision required. The Secretary will then submit the report with his comments to his Minister. If the Minister considers that Supplementary Estimate should be presented, he shall obtain the approval of the Cabinet for the purpose and thereafter direct the Secretary to prepare a resolution for submission to Parliament.

(2) *Particulars to be furnished.*

When the proposed Supplementary Estimate is in respect of an existing Programme, the Head of the Department should specifically report whether –

- (i) additional financial provision is required to the full extent of the additional expenditure; or
- (ii) part of the additional expenditure can be met from savings.

The Supplementary Estimate should be framed accordingly. The Head of the Department should report at the same time whether any savings are available which cannot properly be utilized under Virement procedure, and give full reasons for such savings. Savings so reported should be left unspent.

- (3) Action will be taken by the Secretary to forward to Parliament the requisite number of copies of the Supplementary Estimate along with the Motion attached to it. (See Appendix 3 for specimen Motion and Supplementary Estimate.)

*Note.* - The passing of the Supplementary Estimate does not in itself provide complete authority for expenditure. A Special Warrant should be issued – see F.R.90.

**F.R.75. Form of Supplementary Estimate.** The net amount of a Supplementary estimate shall be the amount of additional financial provision required less saving available for transfer.

**F.R.76. Subsequent action on savings reported.** Savings which have been indicated in a Supplementary Estimate, should be transferred under Virement procedure to the Object Class on which Supplementary Provision has been obtained.



**F.R. 77. Special Law Service.**

- (a) *Special Law Service not provided for in the annual Estimates in terms of F.R.19*

When a service authorized by Law (other than the Appropriation Act) is not provided for in the Annual Estimate in terms of F.R.19, expenditure cannot be incurred thereon, unless a Warrant is issued under the hand of the Minister of Finance. The warrant for this purpose is issued on Form treasury 77. Application for such issue should be made through the Chief Accounting Officer, to the Secretary to the Treasury.

*Additional Provision for Special Law Services.*

When additional provision is required under an existing Special Law Service provided for in the Annual Estimates, a Warrant under the hand of the Minister of Finance on Form Treasury 77 should be obtained.

**F.R.78 Contingencies Fund.**

- (a) Article 151 of the Constitution reads as follows:

“(1) Notwithstanding any of the provisions of Article 149, Parliament may by

law create a Contingencies Fund for the purpose of providing for urgent and unforeseen expenditure.

- (2) The Minister in charge of the subject of Finance, if satisfied -

(a) that there is need for any such expenditure, and

(b) that no provision for such expenditure exists, may, with the consent of the President, authorize provision to be made therefore by an advance from the Contingencies Fund.

- (3) As soon as possible after every such advance, a Supplementary Estimate shall be presented to Parliament for the purpose of replacing the amount so advanced.”

- (b) This implies that an application for an advance from the Contingencies Fund is appropriate only when -

- (i) the money is required for urgent and unforeseen expenditure for which no provision exists;
- (ii) the money cannot be found by Virement procedure, either because it is in appropriate or savings are not available;
- (iii) there is not sufficient time to apply for supplementary provision.

- (c) On receiving the concurrence of the President, the Treasury will submit a Contingencies Fund Advance Warrant for the signature of the Minister of Finance. (see F.R.90 (2) ). This authority will be communicated by the Treasury to the departments concerned.
- (d) The Contingencies Fund is a continuing one and does not lapse at the end of the financial year. All moneys taken from the fund should be repaid to it as early as possible in the same or the following financial year, by Supplementary Estimates.
- (e) In the Supplementary Estimate presented to Parliament for this purpose, provision should be made for –
  - (i) the full amount of the advance obtained from the Contingencies Fund, and
  - (ii) the amount necessary for further expenditure on the same service during the rest of the Financial Year in which the Supplementary Estimate is presented.

In addition there should be a note, for purposes of information, indicating the amount of expenditure incurred out of the advance up to the time of presenting the Supplementary Estimate. See Appendix 4 for Specimen Motion and Supplementary Estimate.

(f) As regards accounting for Contingencies Fund Advance, see F.R.487.

### **F.R.79 Copies of Authorities for variations to Estimates of Expenditure.**

Copies of authorities under this Section should be sent as follows:

- (i) One copy each to the Accounting Officer and Chief Accounting Officer concerned.
- (ii) Two copies to the Auditor general and one copy to he Director-General of National Budget) of each authority under F.RR 66,68,69,71,72, 73, 74,77 and 78.
- (iii) One copy of each authority under F.RR. 66.68, 69, 73, 74, 77 & 78 to the Treasury (Director – General of State Accounts.)

**(No. F.RR Issued Under Nos.80 and 81)**

## **Section 6 – Estimates of Revenue**

**F.R.82 Revenue.** For the purpose of the Estimates of Revenue, Revenue means and includes the gross receipts including reimbursements, less refunds by Government, other than those derived from following:-

- (i) receipt of Advance Account Activities, other than profits;
- (ii) loans and borrowings;
- (iii) receipts from the sale of investments, other than profits;
- (iv) deposits;
- (v) settlements of authorized advances;
- (vi) imprests and remittances;
- (vii) receipts of funds constituted by Special law permitted to exist outside the Consolidated Fund;
- (viii) credits to “Surcharge Account” as provided for in F.R.170 (3).

### **F.R. 83 Form of Annual Estimates of Revenue.**

(1) Heads. – Revenue will be classified under the following Heads:-

- Head 1. Taxes on Production and Expenditure.
- Head 2. Taxes on Corporate Income.
- Head 3. Taxes from Non-Corporate Income.
- Head 4. Receipts of Trading Enterprises.
- Head 5. Rents, Interest, Profits and Dividends Received.
- Head 6. Sales and Charges.
- Head 7. Social Security Contributions.
- Head 8. Other Current Transfers.
- Head 9. Sales of Capital Goods.
- Head 10. Capital transfers from Domestic Sector.
- Head 11. Capital Transfers from Abroad.
- Head 12. Repayment of Loans and Advances.
- Head 13. Direct Borrowings from Domestic Sector.
- Head 14. Direct Borrowings from Foreign Sector
- Head 15. Cash Adjustments.

(2) *Sub-heads, Items and sub-Items* – Each Revenue Head is divided into Sub-heads, Items and Sub-Items as may be prescribed by the Secretary to the Treasury. The classification appearing in the Estimates of the current year shall be taken to be the prescribed form and will remain in force until it is amended by the Secretary to the Treasury.

(3) *Arrears* . – There should be no separate Head of Revenue for “Arrears of Revenue”. Arrears, short – collections, and any interest received thereon should be credited to the same Head, Sub-head, Item, and Sub-Item of Revenue on which they accrued.

**F.R.84. Stamp Duties.** Stamp duties should not form a separate Head of Revenue. Stamps sold for all purposes will, in the first instance, be brought to account under Sub – Item 1 “Stamps including composition duties other than for postal and court purposes” of Head 1, Sub-head 7. The Treasury will transfer from this Sub Item at the end or during the course of each financial year, amounts representing –

- (a) the stamps used for postal purposes to Head 4 “Receipts of Trading Enterprises”, Sub-head 2, Item 1 “Postal”;
- (b) stamps used for Court purposes (excluding stamps used for Fiscal’s processes) to Head 6, “Sales and Charges,” Sub-head 2, Item 2, “Court Fees”;
- (c ) stamps used for other purposes, to the appropriate Heads, sub-heads, Items and Sub-heads, Items and Sub-Items of Revenue.

Note. – In this connection see also F.R. 494.

**F.R.85 (1) Preparation of Estimates of Revenue.** – (a) Revenue Accounting officers should forward to the respective Chief Accounting Officers, on forms prescribed by the Treasury, not later than the 1<sup>st</sup> June of each year –

- (i) a revised estimate of Revenue for the current financial year;
- (ii) an estimate of Revenue for the ensuing financial year based on the assumption that  
no change will be made in existing taxation and charges.

Note. – 1. where the estimated Revenue is less than the anticipated gross receipts, the latter should be indicated by suitable foot – notes.

Note. – 2. When the same type of Revenue is collected by a number of Accounting Officers, working under Chief Accounting Officer, the latter will be responsible for furnishing the Estimates of Revenue.

(b) Revenue Accounting Officer should take particular care to give all useful and relevant information relating to any increase or decrease of Revenue. Clear explanations should be given in respect of -

- (i) any difference between the original and revised estimates for the current financial year;
- (ii) any difference between the revised estimate for the current financial year and the estimate for the next financial year;

- (iii) any marked difference between the actual Revenue for the last year for which the accounts have been closed, and revised estimate for the current financial year and the estimate for the ensuing year.
- (c) Revenue Accounting Officers should also endeavour to make their estimates as realistic and accurate as possible.

**(2) Forwarding of Revenue Estimates to Treasury.**

- (a) The Chief Accounting Officer will examine the estimates forwarded by the Revenue Accounting Officer and will forward them to the Director – General of Economic Affairs and Fiscal Policy not later than the 1<sup>st</sup> July of each year.
- (b) If it is found necessary to vary the estimates subsequently, such variations should be reported to the Director-General of Economic Affairs and Fiscal Policy by the Chief Accounting Officer, with the reasons therefore.

**(No F.R. Issued Under No.86 to 89)**

(Page No 48-50)

**CHAPTER II**  
**AUTHORITIES FOR EXPENDITURE, REFUNDS,**  
**WRITE-OFFS,ETC.**

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## CHAPTER II

### AUTHORITIES FOR EXPENDITURE, REFUNDS, WRITE – OFFS, ETC.

#### Section 1 – Warrants and Imprest Authority

**F.R. 90(1)** The passing of the Appropriation Act or Special Law by Parliament, or a resolution of Parliament, does not on itself provide complete authority for expenditure of money from the Consolidated Fund. Under Article 150(1) of the Constitution, it is necessary that a Warrant, under the hand of the Minister in charge of the subject of Finance, should be issued before any charge is made on the Consolidated Fund. For the purpose of complying with this requirement, the following warrants are issued under the hand of the Minister of Finance. No expenditure should therefore be incurred before these Warrants are issued:

- (a) *General Warrant*- This is a Warrant which grants authority for charging expenditure on the Consolidated Fund in respect of Supply Services provided for in Part I of the Annual Estimates and the Appropriation Act, over which the Cabinet does not desire to retain a special control. The services for which the General Warrant is issued are prescribed in a schedule attached thereto. Normally, the General Warrant will contain authority for expenditure on all Supply Services provided for in the Annual Estimates; but, in special circumstances, when the Cabinet wishes to withhold expenditure over certain supply Services, it will direct the Minister of Finance to exclude them from the schedule to the General Warrant.
- (b) *Requisition* – If the authority for the release of money for expenditure on any of the Supply Services has been withheld, as explained above, and the Cabinet subsequently decided to incur the expenditure, partly or wholly, it may direct the Minister of Finance to issue the necessary authority. The Minister of Finance will thereupon issue a Warrant on Form Treasury 77 granting the necessary authority. This Warrant is known as a “Requisition”.
- (c) *Special Warrant* - After a resolution of Parliament authorizing a Supplementary Estimate is passed, the Minister of Finance issues a Warrant to release money required for expenditure on the services provided for in the Supplementary Estimate. This Warrant is known as a “Special Warrant”.
- (d) *Special Law Warrants* – For the release of moneys in respect of Special Law Services provided for in the Annual Estimates (but not authorized by the Appropriation Act) a separate Warrant, corresponding to the General Warrant for Supply Services, is issued by the Minister of Finance on Form Treasury 77.

- (e) *Supplementary Special Law Warrant* – Similarly, if during the course of a financial year, a release of additional money is required on a Special Law Services, a Warrant on Form Treasury 77 is issued by the Minister of Finance.
- (f) *Advance Warrant* - The Minister of Finance will also issue a Warrant in respect of Advance Account Activities provided for in part II of the Annual Estimates. A schedule is attached to this Warrant, specifying the terms and conditions of expenditure, and the prescribed limits.

If the prescribed limits of an Advance Account are increased during the financial year, an order in terms of the Appropriation Act will be issued by the Minister of Finance.

(2) Contingencies Fund Advance Warrants will be issued by the Minister of Finance for the release of funds from the Contingencies Fund. See F.R.78(c)

(3) All the Warrants referred to above are addressed to the Secretary to the Treasury or the Deputy Secretary to the Treasury, who will communicate the authorities contained therein to the departments concerned through the Chief Accounting Officers. Any expenditure not in conformity with the authority contained in the above Warrants will be disallowed by the Secretary to the Treasury, and may be surcharged on the officers responsible.

(4) The authorities conveyed by these Warrants, except the Contingencies Fund Advance Warrants, lapse at the end of the financial year to which they relate.

**F.R.91 Imprest Authority.** The effect of a Warrant is that money can be legally withdrawn from the Consolidated Fund. The actual amount of money that each department would require for its payments is determined by the Treasury, on the basis of particulars furnished by the department. A letter is issued by the Treasury to each department concerned, stipulating the total amount of money that will be released by way of imprest, for expenditure by the department during the financial year. This letter is referred to in these Regulations as the Imprest Authority, and the amount specified therein, as the Limit of Imprest.

This Limit should not be exceeded unless a Supplementary Imprest Authority has been obtained.



**Section 2 – Authorities for and Control of Expenditure,  
Incurring of Commitments (Liabilities) and Power to  
engage Casual Employees**

**F.R. 93 Powers of Accounting Officers to incur expenditure**

Subject to the general control of the Chief Accounting Officer, and the Financial and the other Regulations and instructions of Government, Accounting Officers are empowered to incur, on their own responsibility, expenditure authorized by Warrants and Requisitions. The following types of services, however, require the additional authorities indicated:-

(1) *New Construction Works and Projects.*- If, notwithstanding the provisions of F.R.37, specific provision has been made in the Annual Estimate for any new construction work or project for which final Total cost Estimate and plans have not been prepared, expenditure should not be incurred thereon until the estimate and plans are drawn up and approved:-

- (a) by the Secretary to the Ministry concerned if the estimate exceeds Rs.100,000.
- (b) by the Head of Department, or an officer duly authorized by him, in other cases.

(2) *Block Provision.* – The following instructions and procedures should be followed in utilizing funds from Block Provisions:-

- (a) The Relevant Financial Regulations should be complied with in undertaking and executing each scheme, service or work, and in the management of any establishment created under such provision. For example, tender procedure, where applicable, should be followed in the case of works; and, in the creation of posts or increasing of cadre, F.R.71 should be applied.
- (b) In the case of construction and maintenance works financed from Block Provision, the detailed Cost Estimates and Plans should receive the approval of the Head of the Department before any expenditure on such works could be incurred.

However, the Secretary to the Ministry concerned may, on the recommendation of the Head of a large Department, grant specific or general authority to Heads of Divisional Units of such departments, to approve the detailed Cost Estimates and Plans, before incurring expenditure from Block provision, on construction and maintenance works which do not exceed Rs.15,000 in cost. This authority should be exercised personally by the Head of such Unit.

(3) Where provision appears under the votes of one department, but the works are executed by another department, approvals required under (1) and (2) (b) above, should be granted by the Chief Accounting Officer or Accounting Officer, as the case may be, of the former department.

#### **F.R.94 Incurring of Commitments (Liabilities)**

(1) *General Rule.* – Except where otherwise provided for, no expenditure or commitment shall be incurred by any department for work, service or supply, unless financial provision exists therefore in the Annual Estimates, and at no time shall the commitments, and the expenditure incurred exceed such provision for the financial year. Expenditure or commitment shall not be incurred in the expectation that necessary authority or additional financial provisions will be received before actual payment falls due.

(2) *Annually Recurrent Supplies.* – When financial provision appears in the Estimates of the current financial year for annually recurrent services or supplies (e.g. stationery), and similar expenditure is envisaged even in the ensuing financial year, a department may, notwithstanding the provisions of (1) above, incur a commitment which will fall due to be discharged in the ensuing financial year, provided that it does not exceed 50 per cent of the average provision during the previous three financial years.

(3) *Total Cost Estimates.* – When a total cost estimate appears in the annual estimate for a scheme or project, and the Head of the Department is satisfied that such scheme or project cannot be undertaken or carried out according to the programme of work prepared for it, without incurring a deferred Liability, he may, notwithstanding the provisions of (1) above, personally authorize the incurring of such commitment, provided that it does not cause an excess on the approved Total Cost Estimate, and provided also that such liability accords with the phasing of expenditure set out in the programme.

*Note.* – In these Regulations the term ‘Deferred Liability’ is used to indicate a liability or commitment which will fall due to be discharged in a financial year, subsequent to that in which it is incurred. In regard to accounting for such liabilities see F.R.447(5)

(4) application should be made to the Treasury (Department of National Budget) whenever it is necessary to incur a Deferred Liability which is not covered by the provisions of paragraphs (1) to (3) above. The Treasury will consider whether the authority of the Cabinet should be obtained in any particular case.

#### **F.R.95 Engagement of casual employees and substitutes**

(1) *Casual Daily-paid Labour.* – Subject to the provisions of (3) below, Heads of Departments are empowered to employ casual daily-paid labour necessary to perform urgent or essential work, the expenditure being met from provision in the appropriate votes, Advance or other Accounts.

(2) *Substitutes.* – (a) Subject to the conditions indicated hereunder and (3) below, Heads of Departments are also empowered to engage substitutes on a casual basis, to perform essential services in minor grades, (e.g conservancy, watching) in duly authorised establishments, such as schools and hospitals, when the substantive holders of posts in the approved cadre are absent and the work involved is of such a nature that it cannot be postponed. The expenditure should be met from the appropriate Votes, Advance or other Accounts.

(b) The maximum period of such employment should not exceed one month. If for any exceptional reasons such employment should be continued beyond a period of one month, the approval of the Secretary to the Ministry concerned should be specifically obtained; but the extended engagement should be made on the basis of a new engagement commencing from the date of extension, for a period of one month only.

(c) A Head of Department may use his discretion in delegating his authority under (a) above to the Heads of the larger or the more important institutions of his Department, or to one or more of his Deputies or Heads of Districts or divisional Units. The conditions specified above and in (3) below should be strictly observed.

**(3) General condition for engagement and rates of pay**

Engagement of employees under (1) and (2) above should be strictly on the following general conditions and rates of pay:-

(a) General Conditions: they should be employed strictly on a casual basis, and on the understanding that they will not be eligible for or have claims to monthly pay or to temporary or permanent status, whatever their period of employment may be, and that they will be discontinued as soon as their services become unnecessary, or as soon as the work or project on which they are engaged is complete. In the case of substitutes they should vacate the post on the resumption of duties by the permanent holder of the post.

(b) Rates of Pay: Rates of pay will be as determined by the Secretary to the Ministry in charge of the subject of Public Administration, from time to time.

(NO F.R.R. ISSUED UNDER Nos. 96-100)

### Section 3 Losses and Waivers

**F.R.101. The Basic Rules.** (1) The basic rules relating to responsibility for losses are indicated in F.R.156 (1). A loss suffered by the Government may fall within the definition of F.R.102, or arise from the need to abandon or cancel dues to Government. The latter is referred to in these Regulations as a waiver and is dealt with either in terms of F.R.109 (2) or F.R.113. In either case, if the loss has been caused by delay, neglect, fault or fraud of an officer or officers, or from noncompliance with Financial Regulations or departmental rules or orders, the officers concerned should make good such loss.

(2) Officers who are in custody of Government property or those who are directly or indirectly responsible for the collection of Government dues, must therefore take every care to see that the interests of Government are safeguarded in the discharge of their official duties, and that Government dues are not allowed to fall unduly into arrears.

(3) Officers such as Shroffs, Cashiers, Counter-clerks, Storekeepers, Store-Clerks, etc. and those attending to similar duties, temporarily or otherwise, must be able at any time to account for the whole of the amount of stocks, money etc., in their custody. In this context the term 'money' includes, cash, cheques, pay orders, money orders, bank drafts, securities, etc., and all such documents of monetary value. In case of failure to comply with this requirement, they must immediately make good the value of the shortage in terms of F.R.105.

**F.R.102 Losses** (1) Losses dealt with under F.R.102 to 112 include:-

- (a) physical loss of Government property, including money, stamps, stores, livestock, crops, plants, tickets, etc.
- (b) loss of or damage to property of monetary value, which, though not the property of Government, is held in its custody;
- (c) damage to Government property;
- (d) Expenditure by way of payment of damages due to neglect, carelessness, delay, or omission on the part of Government officers;
- (e) over-payments, irregular or incorrect payments and payments to incorrect parties;
- (f) cases arising from the application of the provisions of F.R.343.

(2) They do not include

- (a) the ultimate trading losses or deficits reflected in the Annual Accounts of Advance Accounts Activities or Commercial Undertakings of Government;

- (b) depreciation of fixed assets of Government and normal wear and tear of Government equipment;
- (c) damage caused by floods to tank bunds, culverts, bridges, roads, railway tracks and buildings;
- (d) irrecoverable arrears of Revenue or other Government dues, short collections on bills, bad debts, etc. – Sec F.R.113

*Note 1.* - Losses caused by driage, shrinkage, deterioration, etc., should also be treated as falling within the Regulations of this Section.

*Note 2.* - In the case of the three armed forces (Viz: Army, Navy and Air Force) special Rules relating to losses will be laid down by the Treasury, and the Regulations of this Section shall not therefore apply.

**F.R.103 (1) Summary of action to be taken when losses occur:**

- (a) The loss should be reported, where necessary to the appropriate authorities – F.R.104.
- (b) Report to the police in case of losses of certain types – e.g., thefts, frauds, accidents, etc.
- (c) Inquiries should be held and responsibility fixed – F.R.104
- (d) Adequate security arrangements should be taken regarding the books, records, etc., involved.
- (e) The loss should be recorded in the relevant Register of Losses – F.R.110.
- (f) The amounts the officers responsible will be called upon to make good should be fixed and action taken to recover them – F.R.105.
- (g) Adequate steps should be taken to avoid a recurrence of the loss.
- (h) Disciplinary action, where necessary, should be taken independently – F.R.105(4)
- (i) Preferring of claim on Bank, Insurance Company, Guarantor, etc., where appropriate.
- (j) Accounting procedure, where applicable, should be adopted under F.R.106 and 107. Supplementary provision may be necessary.
- (k) Order of write-off (F.R.109 (1)) has to be made.
- (l) An order of waiver has to be made when the full amount under (f) cannot be recovered. F.R.109 (2)

(2) *Property not belonging to Government.* – In case of loss of property not belonging to Government, instructions regarding replacement, method of accounting, etc., should be obtained from the Treasury (Public Finance Department).

(3) *Details of action* to be taken under each of the items enumerated above, and the authorities empowered to issue orders thereon, are explained in the Regulations that follow.

**F.R.104. (1) Inquiry and fixing of responsibility.** (a) As soon as a loss or damage occurs, inquiries should be instituted to ascertain the extent and causes of the loss, and to fix responsibility.

(b) In the case of a loss or damage assessed at Rs.500,000 and over, preliminary inquiries should be commenced immediately, pending the appointment of a Board of Inquiry by the Chief Accounting Officer concerned, the Chairman of which should be a Staff Officer who is entitled to a salary scale with an initial of Rs.36,000 per annum or more, and whose annual increment is Rs.1,200 or more, under the 1988 new Consolidated Salaries.

(2) *Reporting of Losses.* – Losses should be reported to the Auditor-General and Chief Accounting Officer. If the loss is over Rs.500,000 in value (in terms of F.R.150(1)), a copy should be sent to the Treasury (Department of Public Finance). The following losses need not be reported if no fraud, negligence or other fault is involved:-

(a) losses of consumable stores not exceeding Rs.500 in value, and no write-off is involved.

(b) Losses not exceeding Rs.500 in value, and full recovery is made. (This includes losses caused by overpayments or incorrect payments provided for on vouchers, paysheets, travelling claims, etc. but does not include shortages referred to in (c) below). Failure to recover fully or promptly any loss referred to on the above sub-paragraph will result in the payment being surcharged against the officers responsible for the loss and or for non-recovery.

(c) A shortage of cash, tickets, stamps etc., within the limits prescribed below need not be reported if it is made good immediately by the officer or officers responsible:-

(i) Where a complete daily check ..... a shortage not exceeding of cash, tickets, stamps, etc., Rs.250 in value.

Takes place (e.g. a Kachcheri)

(ii) Where a complete daily check ..... a shortage not exceeding does not take place Rs. 25 in value.

The above exceptions relate only to the financial action involved and do not exclude disciplinary action wherever necessary.

(3) *Preliminary Report*:- The preliminary report under (2) above, should be sent immediately, if a delay of more than seven days is envisaged for making a full report. The preliminary report should give, as far as possible, all important available particulars, such as the nature and extent (quantity and / or value) of the loss, the cause, the name and designation of the officer involved, and the type of investigation which is being conducted. Adequate arrangements should also be made regarding the security of the books, records, etc., involved.

(4) *The full report*. – After inquiry, the full report should be submitted within three months from the date of loss (or its discovery). It should state, where applicable-

- (i) total original cost of the property or value of cash, stamps, etc. lost;
- (ii) approximate or estimated value of property at time of loss;
- (iii) replacement value, or cost of repairs to the article;
- (iv) quantity, if applicable, the number of items (or categories and number in each category), together with the value in terms of F.R.105(1);
- (v) Causes which led to the loss;
- (vi) Name and designation of the officer or officers directly or indirectly responsible for the loss;
- (vii) Whether fraud, negligence, delay, omission, or other fault is involved;
- (viii) Recommendation regarding recovery of the loss and whether any disciplinary action is proposed;
- (ix) Whether the loss was the subject of a Court case and if so, the result;
- (x) Whether the loss was covered by insurance or guarantee and if so, what the recoverable amount was;
- (xi) Steps, if any, taken or proposed to be taken to prevent similar losses in future.

**F.R.105 (1) The Maximum Recoverable Value of loss.** Subject to the provisions of (2) below, the Maximum Recoverable Value of the loss will be, in the case of:-

- (a) cash, cheques, pay orders, etc., - actual loss involved;
- (b) stamps, tickets, etc., -the face value. (If there is no face value, the maximum value realizable by their issue)
- (c) other Government property (such as stores, etc.) – the cost of replacement of the article by a new one plus custom duty and turnover tax at current rates and a departmental charge of 25% percent of the cost of replacement.

(d) Damage to Government Property-the incidental expenses (such as transport) plus the full cost of repairs necessary to restore the property to normal efficiency.

If the work is attended to by a Government department, the cost of repairs will be that prescribed in F.R.807, for work done for a private party, except that, instead of the “Additional Charge”, assessed overheads, such as transport, etc., should be added.

If the property damage is beyond repair, the assessed value at time of loss, or the cost of replacement by a new article, whichever is higher, and all incidental expenses as assessed by the department, shall form the maximum recoverable value.

(e) animals, birds, fish, plants, etc. – the assessed value at time of loss, plus customs duty, turnover taxes and a departmental charge of 25% percent assessed of value;

(f) Counterfoil Books – as in F.R. 343

**(2) Determination of amount to be recovered**

(a) The officers authorized by F.R.108 to deal with losses are empowered to determine the officers responsible for the loss and the amount to be recovered from each of them, and to authorize the recovery of such amount.

In determining the amount to be recovered, the officers authorized may take into consideration the approximate or estimated value of the lost article, whether there has been any fault on the part of the officers concerned, and any extenuating circumstance.

(b) In order to expedite as well as to ensure prompt recovery, the Accounting Officer may provisionally authorize recovery of a tentative value based on the best estimate available at the time, until the final figures are determined, and an order made.

(c) if the concept of replacement value is not applicable to a particular case, e.g., exhibits at the Museum, the officer authorized to deal with the loss should, himself fix value on the best evidence available. In difficult cases the ruling of the Deputy Secretary to the Treasury may be obtained.

(3) Waivers – See F.R.109 (2)

(4) *Disciplinary Action* – Apart from the recovery of the loss from the officer or officers responsible, any disciplinary action against them should, where necessary, be taken independently by the appropriate authorities under the Establishments Code.



- (5) *Losses recovered otherwise* – In some cases, the officers responsible for the loss may not be called upon to pay the maximum recoverable value of the loss, if it can be recovered from a payee, bank or other appropriate party, or if it is covered by an insurance policy or guarantee bond, which could be enforced. This will not preclude disciplinary action against the officers responsible.

**F.R.106 Accounting procedure for a loss of cash, tickets, stamps etc.** (1) In the case of a loss of money, tickets, stamps, etc., due to a shortage, misappropriation or other cause, the amount should be made good immediately. Where immediate recovery from the officer responsible is not possible, such a loss should be made good by obtaining an advance from the Treasury (Department of State Accounts.) An allocation will be granted from the appropriate Treasury Advance Account and the Accounting Officer will replace the amount lost by debiting the Treasury Advance Account.

(2) When the loss is subsequently recovered, it should be credited to the Treasury Advance Account.

(3) When any part of the loss is un-recovered, an equivalent amount should be credited to the Treasury Advance Account, as indicated below, after the order of write – off and / or waiver has been obtained in terms of F.R.109:

- (a) If an appropriate Object Class, Object Detail, or Item exists under the Departmental vote, the loss should be charged thereto. Provision under the appropriate Object Class, Object Detail or Item may be augmented for the purpose by Virement procedure, if necessary;
- (b) When (a) above is not possible, and the amount involved is not more than Rs.500, it may be charged to the Object Detail “Other Services,” of Object Class “Transportation, Communication, Utility and Other Services”. Otherwise, provision should be obtained by Supplementary Estimate, or included in the Draft Estimate of the next financial year.

*Note 1.* The same procedure can, with advantage, be adopted in other cases too, such as when Govt. is legally liable to make good a loss of funds not belonging to it (*e.g.* funds in Deposit Accounts).

*Note 2.* Overpayments, irregular payments and payments to incorrect parties other than those charged to Deposit Accounts, should be dealt with in terms of F.R.107.

**F.R.107 Accounting in cases other than those dealt with under F.R.106. (1)**

Subject to the provisions of (2) and (3) below, recoveries in cases other than those dealt with under f.R.106 should be credited in the manner prescribed hereunder.

Recoveries in respect of property purchased or expenditure incurred from –

- (a) Votes of the current financial year – to Surcharge Account under the corresponding Head, Programme, Project and Object Class;
- (b) Votes of a previous financial year – to Revenue as indicated in F.R.170
- (3)
- (c) Funds in an Advance Account – to the Advance Account.

If no recovery is made, in the case of (a) (b) above, no accounting write-off is necessary after the final order under F.R. 109 (1) has been granted. In the case of (c) above, the un recovered portion of the loss should be written off by a charge to the Profit and loss Account (or other corresponding account) of the activity, after final order is received.

(2) *Departmental Charges.* – Departmental charges recovered should be credited to Reveune Head 6, “Sales and Charges”, Sub head 2 – “Non- Regulatory charges” Item 8, “Fees of Sundry Departments”, Sub-Item 25 “Sundries”, unless a more specific Head, Sub-head etc., of Revenue exist.

(3) *Customs Duty.* – Customs Duty recovered should be credited to the appropriate Sub-item of Revenue Head:1 “Taxes on Production and Expenditure”, Sub – Head 3, “Import Levies”, Item 1, “Customs”.

**F.R.108. Authorities to deal with losses.** (1) where no novel principle is involved, the following officers are authorized to deal with the losses in the circumstances explained below-

- |  |   |
|--|---|
| A.Chief Accounting Office who is a Secretary to a Ministry | <ul style="list-style-type: none"> <li>(a) Normal driage, shrinkage, deterioration etc. within percentages prescribed by the Treasury ;</li> <li>(b)Marine or Air Losses ;</li> <li>(c)Losses arising from contractual defaults of sellers, shippers, shipping agents or landing companies;</li> <li>(d)Any other losses as follows :-               <ul style="list-style-type: none"> <li>(i) not exceeding Rs.500,000 in value in terms of F.R.105(1);</li> <li>(ii) not exceeding Rs.1,000,000 in value where there is no fraud or defect in the system.</li> </ul> </li> </ul> |
|--|---|

- B. Chief Accounting Officer who is not a Secretary to a Ministry Losses not exceeding Rs.250,000 in terms of F.R. 105 (1), or a higher amount as fixed by the Treasury.
- C. Accounting Officer (a) Losses which need not be reported under F.R. 104 (2);  
(b) Any other losses, not exceeding Rs.25,000 in value in terms of F.R.105(1).

(2) The Secretary to the Treasury may by specific order increase or otherwise modify any of the provisions under (1) above.

(3) In all cases where a Chief Accounting Officer has no authority to deal with losses, the full facts of the case should be reported to the Treasury (Department of Public Finance), which will obtain the orders of the Secretary to the Treasury or the Deputy Secretary to the Treasury.

*Note:* - The authority to deal with losses under this regulation includes the power to Surcharge officers, to authorize recovery from security, insurance, etc., to grant the final Order of Write - off under F.R.109 (1) and to grant waivers Under F.R.109 (2).

**F.R.109 (1) Order of Write-Off** (a) In these Regulations the term “Order of Write Off” is used to indicate the final order relating to losses. It is made only after all the preliminaries have been completed, including the determination of the recoveries to be made from all sources (surcharge, insurance, security, etc.). The Order also authorises the write-off of any difference between the Maximum Recoverable Value of the loss, and the amount determined to be recovered, and also implies that the loss has been accepted by Government, and that, therefore, any relevant entries in Inventories, Stock Registers, and c., could be struck off, and debits outstanding in the accounts on account of the loss may be written off in the manner laid down in F.R.106 (3), or F.R. 107.

- (b) A copy of every Order of Write-Off should be sent to the Auditor - General  
(c) Reference to the order of Write-off should be made in the inventory, etc, when an entry therein is struck off.  
(d) In the case of loss of cash, stamps, etc., provisions of F.R. 106 (3) should also be complied with.

(2) *Order of Waiver:*- Every possible means should be adopted to recover the amount surcharged, - See F.R.119. An order of Waiver may be granted by the officer indicated in F.R.108, who had authority to deal with the relevant loss, if a surcharge becomes partly or wholly unrecoverable.

**F.R.110. Records of losses.** (1) Every department should maintain two separate registers to record losses under F.R.102 –

- (i) of Advance Account Activities and
- (ii) of other activities

whether reported or not. The following form should be used:-

### FORM

(1) Dates of Loss	(2) Particulars of Loss	(3) Original cost (if available) F.R.104(i)	(4) Approximate Value at time of loss (4) (ii)	(5) Replacement Value (or cost of repairs) (4) (iii)	(6) Maximum recoverable value F.R.105 (1)
(7) Amount determined for recovery F.R.105(2)	(8) Reference to Depart- mental papers	(9) Date of final Recovery	(10) Authority for write-off	(11) Date of Write-off	

(2) The Accounting Officer should prepare for each financial year statements relating to losses: one for each Advance Account (F.R.508), and one for each Programme of a Head of Expenditure. The statements should show, as separate items, each loss of Rs.25,000 in value and over, and the total of all other losses. The statement relating to each Advance Account should appear as a note to the relevant Profit and Loss Account for the year, and the statement for each programme should be placed just below the explanations for variations between “Total Net Provision” and “Expenditure”, in the Appropriation Account of the Programme, submitted in accordance with F.R.150.

This statement should include:

- (a) losses dealt with by the department during the financial year, whether action is completed or not;
- (b) losses of previous financial years on which action is still pending

(NO F.RR ISSUED UNDER Nos, 111 AND 112)

**F.R.113 Waivers, other than those arising out of losses defined in F.R.102**

(1) *Definition.* A waiver is an abandonment or a cancellation of an amount due to Government. Waivers other than those arising out of losses as defined in F.R.102, fall into two distinct categories, as follows:-

- (a) Statutory waivers;
- (b) Other waivers

Officers empowered to waive Revenue or other Government dues should be satisfied that the amount involved is irrecoverable and cannot, in the circumstances, be justly made a personal charge, wholly or partly, on the officers responsible. See also F.R.101(1)

(2) *Statutory waivers-* Certain Statutes empower authorized officers to waive items of Revenue or other dues to Government in the administration of these Statutes. The officers so authorized may deal with the cancellation or waiver of Government dues without any further authority. The Treasury is however entitled to call for such information as it requires, and to communicate general directions relating to such waivers, to supplement the relevant legal provisions.

(3) *Other Waivers -* (a) Where the collection of Revenue is provided by Statute, but no provision exists therein to waive or abandon a claim, the authority of the Secretary to the Treasury should be sought, if it is considered necessary, on grounds of equity or other good cause, to grant a waiver of the claim. The Secretary to the Treasury may, in appropriate cases, delegate this authority to Accounting Officers and Chief Accounting Officers, within prescribed limits.

(b) The Secretary to the Treasury is also empowered to authorize the Waiver of irrecoverable Revenue or other Government dues not falling within the provisions of paragraphs (2) and (3) (a) above, in any case in which he is satisfied that there had been no negligence, fault or fraud. He is also empowered to delegate this authority, within limits determined by him, to Accounting Officers and Chief Accounting Officers. Such delegated Authority will be notified to departments from time to time. (Secretaries to Ministries are however empowered to authorize waivers arising out of liquidated damages – see F.R.704)

(c) Application for the authority of the Secretary to the Treasury for a waiver under (a) and (b) above should be made through the Director General, Department of Public Finance, Treasury.

(4) *Statements.*- The treasury, and the Chief Accounting Officers and Accounting Officers, who have been authorised to waive claims of Revenue or other Government dues, should forward to the Auditor General a copy of each letter on which such authority has been issued by them. In the case of an authority issued by an Accounting Officer or Chief Accounting Officer, a copy should also be forwarded to the Director General, Department of Public Finance. Where owing to the number of cases of waivers involved (e.g. in the Inland Revenue Department) it is convenient to forward quarterly lists of waivers granted, this may be done, provided the procedure is approved by the Director General, Public Finance.

(5) Unless the Auditor – General sees cause to challenge the decision in any case of a waiver granted, when the matter will be submitted to the Minister of Finance, the letter of authority issued (or the quarterly list, where applicable), will be accepted as:

- (a) final discharge for the officer or officers concerned, in respect of the non-collection of amounts specified therein; and
- (b) the authority for the write-off of the amount involved, from the relevant records.

*Note.*- The waiver of irrecoverable debts due to Advance Accounts should also be dealt with in terms of F.R.113. Such amounts can be written-off only after the authority for waiver has been granted.

(NO. F.R. ISSUED UNDER NO. 114)

#### **Section 4 – Miscellaneous**

**F.R.115 Lapsed Payments from financial provision in the Estimates.** (1) *Payments to be made in the same financial year.* – Except as provided for under F.R.218 (2), claims arising within a financial year should, as far as possible, be settled within the same year. Where it is impossible to pay claims before the end of December of a financial year, the procedure laid down in the following paragraphs should be followed. However, reasonable vigilance and forethought must be exercised to reduce such cases to a minimum.

(2) *Claims falling due in December of the preceding financial year.* – Payments for the month of December must, as far as possible, be made within that month. Any deliberate or negligent omission to make such payments will render an officer liable to be surcharged with the whole or part of the amount. Where, however through unavoidable circumstances it is not

possible to make such payment, they may be charged to the corresponding Object Class/Object Detail of the following year. Such claims must, whenever possible, be paid before the end of March. Thereafter, they require a certificate under 3 (b) below. No supplementary provision will be required in the Votes of the year in which they are paid, unless they cause an excess thereon.

(3) *Payments falling due before November 30 of the preceding financial year.* – (a) In cases where a payment falling due before November 30 in the financial year has not been made in that year, owing to lack of funds in the vote, or to carelessness or neglect on the part of officers of the department, the facts should be brought to the personal notice of the Accounting Officer, indicating upon whom the responsibility rests, together with the explanation of the officer or officers concerned. Where the explanation is not satisfactory, the Accounting Officer will decide whether the payment due should be surcharged in whole or in part against the responsible officer or officers. The Accounting Officer should send a copy of the letter authorizing the payment or surcharge to the Auditor-General.

(b) In all other cases, payment may be made on the certificate of a duly authorized officer who should indicate on the voucher the circumstances in which payment was delayed and the fact that he is satisfied that the delay was unavoidable.

(4) *Claims of other previous financial years.* - Every claim relating to a financial year, prior to the preceeding financial year, should, whatever be the reasons for the delay in payment, be referred to the Chief Accounting Officer, before payment is made thereon. He will deal with it in the manner prescribed in paragraph (3) (a) above.

(5) *Personal Emoluments and Pensions.* – Paragraph (2) and (3) of this Regulation are not applicable to Personal Emoluments and Pensions which are paid in the financial year following that in which they fall due. Payment may be from the current year's corresponding provision, without further certification. Supplementary provision should be obtained if savings are not available to meet the charge. The provisions of (4) above are however applicable.

(6) *Non – availability of provision.* – When the procedure outlined above is complied with, payment may be made without any further authority, if corresponding provision exists in the current year's Estimates. When there is no such provision Virement procedure may be applied. If that too is not possible, Supplementary Estimates Procedure should be adopted.

*Note:-* This Regulation applies only to payments from financial provision in the Annual Estimates and is therefore not applicable to payments from:

1. Advance Accounts;
2. Deposit Accounts, and accounts of a similar nature;
3. Refunds from Revenue.

(NO F.R. ISSUED UNDER NO.116)

**F.R.117.** Accounts not passed in Audit-Right of appeal. In any case in which an officer may be dissatisfied with a refusal by the Auditor – General to pass in audit a payment or charge in the accounts of a department, the officer has a right of appeal to the Deputy Secretary to the Treasury.

The appeal should be made through the Accounting Officer and the Chief Accounting Officer, within a month from the date of receipt of the final communication from the Auditor-General, along with copies of the Audit Query and connected correspondence. The Deputy Secretary to the Treasury, after due investigation, may decide to accept the expenditure as a charge on the appropriate Vote or Account, wholly or in part, as shall appear to be just and reasonable; and such order will be a final discharge for the officer concerned in respect of the payment or charge. A copy of this decision shall be sent to the Auditor – General.

**F.R.118. Refund of revenue credited to the Consolidated Fund.**

(1) Refunds of money credited to the Consolidated Fund may arise –

- (a) under the provisions of the law;
- (b) when a sum has been paid in error, in excess of the amount due, or for some service which was not performed;
- (c) in other cases.

In such circumstance, refunds may be made from Revenue, through debits to the Refund Account (F.R.412). The voucher must indicate the Revenue Heads, Sub-heads, Items and Sub-items of Revenue from which the amount is to be refunded.

(2) Refunds from Revenue may be authorized by –

- (a) an officer prescribed for the purpose by law;
  - (b) the Treasury (Department of State Accounts), in cases falling under paragraph (1) (b) above;
  - (c) officers specifically authorised by the Treasury in the circumstances and manner indicated by the Treasury;
- the Secretary to the Treasury, in cases falling under paragraph (1) (c) above.



Application for authority should be made on Form General 29 See also Notes in Appendix 5.

- (3) The department originating the application for a refund is responsible-
  - (a) to see that the refund is in order;
  - (b) to see that the parties named are those entitled to the refund;
  - (c) for determining the amount of the refund;
  - (d) to see that the refund has not already been applied for an authorized;
  - (e) in the case of Revenue collected under the provisions of the law, to see that the refund applied for is in conformity with the law.
- (4) The officer authorizing the refund is responsible for:-
  - (a) seeing that the refund is proper and justified;
  - (b) in the case of a statutory refund, the principle of the refund is in conformity with the law.
- (5) If the necessity for a refund from Revenue had arisen as a result of carelessness or neglect on the part of any officer, he may be called upon to pay the amount of the refund.
- (6) The safeguards prescribed in F.R.205 should be adopted by the officers responsible for a refund.

**F.R.119 Surcharges** (1) When it has been decided to recover a sum of money from any person under the provisions of any Regulations, rule or contract, it should, if the manner of recovery is not specifically provided for, be normally recovered in one lump sum, from any payment due to him or from any other source.

Every effort should be made to recover the sum as early as possible.

(2) In the case of a Government employee, the Head of Department may effect such recovery from his salary, allowance or other dues, in one lump sum; but in appropriate circumstances where there is no fraud or negligence involved, and the surcharge is not due to shortage of cash, stamps, tickets, stores, etc., for the custody of which the officer concerned is directly responsible, recovery in monthly installments may be authorized as follows:-

- (a) not exceeding 12 installments – by the Head of the Department
- (b) not exceeding 60 installments – by the Secretary to the Ministry/Chief Accounting Officer
- (c) exceeding 60 installments – by the Treasury (Department of State Accounts)

In these instances, it must be ensured that recovery does not extend beyond the optional date of retirement of the officer concerned.

If the employee concerned leaves Government service, action should be taken to cause recovery from any monies payable to him (including pension, gratuities, etc.) or from any other source.

(3) It should be clearly understood that a surcharge against a Government employee is not a punishment imposed on him. It is either a recovery of an amount overpaid to him, or a recoupment of any loss caused to government for which he is held responsible.

*Note:-* In the above Regulation, the term “loss” is not restricted to a loss in terms of F.R.102.

(NO F.R.R. ISSUED UNDER NO.120 – 123)

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## CHAPTER III

**FINANCIAL MANAGEMENT AND ACCOUNTABILITY**

**F.R.124 (1) Supervision of Financial Matters.** The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of government. He (or the Treasury on his behalf) therefore lays down the broad framework within which departmental financial transactions of all kinds may be undertaken.

**(2) Supervision by the Secretary to a Ministry as Chief Accounting Officer.** It is the duty of the Minister of Finance to account to Parliament for all receipts and payments. It is necessary for him to nominate officers for the collection and disbursement of public funds on his behalf. He, therefore, appoints each Secretary to a Ministry to be the Chief Accounting Officer of his Ministry and delegates to him (as Chief Accounting Officer) the responsibility for supervising departmental financial transactions, subject to the directions of the Treasury. In addition to Secretaries to Ministries, the officers in charge of the departments specified in Article 52 (7) of the Constitution and other departments not supervised by Secretaries to Ministries will be Chief Accounting Officers. This arrangement secures that, while the Treasury retains general control over government financial matters, a Secretary/Chief Accounting Officer is enabled to discharge his constitutional responsibility of supervision over the departments concerned in respect of their financial transactions.

**F.R.125 Accounting Officers and Revenue Accounting Officers.**

**(1) Accounting Officers.** – (a) Except where other arrangements are made by the Treasury, the Head of each Department will be the Accounting Officer in respect of all the financial transactions of his department. As such, he is immediately responsible to, his Chief Accounting Officer in the manner laid down in the Financial Regulations.

(b) Each Secretary to Ministry shall, in addition to his being the Chief Accounting Officer of his Ministry, and the departments under the Ministry, be the Accounting Officer for the Department of the Ministry Office.

**(2) Revenue Accounting Officers.** – The Treasury will indicate from time to time the officers who will be responsible for the preparation of the Estimates of Revenue under the different Heads, Sub-heads, Items and Sub-Items, and who will ultimately be accountable for variations between the Estimates and actual collections. Such officers shall, for the purpose of these Regulations, be referred to as Revenue Accounting Officers.

(3) The functions of Accounting Officers and Revenue Accounting Officers are indicated in F.R.128.

**F.R.126. Treasury Supervision and Control.** (1) The Chief function of the Treasury is to maintain control and supervision over the Government finance. It is therefore the duty of the Treasury to set up a system of financial administration that is satisfactory in all respects specially with regard to accounting, security and responsibility. This it does in two ways:

- (a) by regulations, directives and instructions that are generally applicable; and
- (b) by instructing or advising Chief Accounting Officers and Accounting Officers of any special measures necessary in particular circumstances.

(1) The responsibility of the treasury under (1) above, is not curtailed by the Statutory assignment of any financial functions to particular officers.

(3) The controlling and supervisory functions of the Treasury include the following:

- (a) to provide for the appointment of Chief Accounting Officers and Accounting Officers and to determine their duties and responsibilities;
- (b) to communicate and to interpret all financial directions of the Minister of Finance to all Chief Accounting Officers and Accounting Officers;
- (c) to maintain control over departmental cadres, scales of salaries, rates of wages, etc.,
- (d) to satisfy itself that Revenues and other moneys due to Government, including those to Commercial Activities and Deposits, are promptly collected and brought to account by Government departments;
- (e) to satisfy itself that the Financial Regulations are complied with by Government departments;
- (f) to exercise supervision over the Consolidated Fund and other Government Funds or Accounts, as well as over monies held in deposit.

### **F.R.127. General Responsibilities of Chief Accounting Officers**

A Chief Accounting Officer is responsible to the Minister of Finance for the adequacy of the Financial administration of all the departments within the Ministry. His duties are mainly supervisory. A Chief Accounting Officer will be regarded as having discharged his responsibilities if he has taken measures to ensure –

- (1) that each of his Accounting Officers –
  - (a) has planned the financial work of his department so that the business is transacted with correctness and financial propriety; that is to say, the business must be transacted in accordance not merely with the financial and departmental orders but also with the high standards of integrity expected in the transaction of public business;
  - (b) has evolved a system which provides adequate controls over expenditure and the collection of revenues;
- (2) that existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency;
- (3) that all cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and judgement to bear on them.
- (4) that Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them; and that important differences in the Estimates and the actual expenditure are critically investigated by him.
- (5) that important variations between departmental Estimates and expenditure receive critical examination at the Ministry;
- (6) that the collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.
- (7) That the procedure laid down in Financial Regulations 103 to 108 is followed by the Accounting Officers, in case of losses caused to government by the delays, negligence, fault or fraud on the part of officers/employees and surcharges are imposed on the officers/employees responsible for such losses, in terms of F.R.156 (1).

It is also a duty of the Chief Accounting Officer to appear before the Committee on Public Accounts and to assist it along with his Accounting Officer in explaining and justifying the accounts of the departments for which he is responsible.

*Note:-* This Regulation will also apply to Chief Accounting Officers who are not Secretaries to Ministries.

**F.R.128. (1) General Responsibilities of Accounting Officers.** An Accounting Officer is responsible to the Chief Accounting Officer for the financial administration of his department and the management of his Votes. In particular it is his duty to take adequate steps to ensure that:-

- (a) the work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified;
- (b) the organization for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefore from public funds;
- (c) the Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions, where necessary;
- (d) an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time;
- (e) adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions;
- (f) such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly;

- (g) returns showing the progress of collection of dues to Government are rendered regularly to the Chief Accounting Officer;
- (h) special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery;
- (i) the activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business; (In this context, economy means not merely keeping within the Estimate; but also ensuring that the Government receives best value for money expended.)
- (j) any expenditure or commitment incurred, falls within the scope and limits of his Votes or other authorized financial provision, and covered by adequate authority;
- (k) transactions of an unusual character or involving abnormal expenditure are brought to his personal notice;
- (l) a Statement of Committed Expenditure under each Programme of a Head of Expenditure is sent at the end of every month to the Chief Accounting Officer (f.R.450)
- (m) an Appropriation Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Programme of a Head of Expenditure for which he is responsible as Accounting Officer (See F.R.150);
- (n) officers liable to provide security do so in terms of the law and instructions in force;
- (o) the procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156(1).

(2) *Duties and Responsibilities of Revenue Accounting Officers.* A Revenue Accounting Officer is responsible to the Chief Accounting Officer to take adequate steps to ensure that -

- (a) the estimates of Revenue are prepared completely, and as accurately as possible, for the Heads, Sub-heads, Items and sub-Items of Revenue for which he has been appointed Revenue Accounting Officer;

- (b) at the end of each financial year, a Revenue Account is prepared in terms of F.R. 151;
- (c) (c) half-yearly returns are prepared and forwarded to the Auditor-General showing the state of arrears of Revenue as at 30<sup>th</sup> June and 31<sup>st</sup> December of each financial year, under the various Heads, Sub-Heads, Items and Sub- Items of Revenue for which he is responsible;
 

(These returns should reach the Auditor-General before the 31<sup>st</sup> July of the financial year and 31<sup>st</sup> January of the following financial year respectively, with copy to the Treasury Department of Fiscal Policy and Economic Affairs). In the event of there being no arrears a “NIL” return should be furnished;)
- (d) returns are obtained from other departments and offices in which any portions of the Revenue for which he is responsible are collected, and are incorporated in the Estimates of Revenue, the Revenue Accounts and the Returns prepared by him in terms of (a), (b) and (c) above respectively;
- (e) special arrangements are made for the expeditious collection of outstanding arrears of Revenue in consultation with the Accounting Officers and departments concerned in collection;
- (f) the activities in regard to the collection of Revenue by the various departments concerned are coordinated in consultation with the respective Accounting Officers;
- (g) records are maintained of the amounts collected under the appropriate Heads Sub-Heads, Items and Sub-Items of Revenue, by obtaining such information as is necessary from the various departments concerned and that such records are reconciled with the accounts of Revenue collections maintained in the Treasury, under the respective Heads, Sub-Heads, Items and Sub-Items;
- (h) make necessary arrangements, with the Heads of the appropriate departments to obtain before 15<sup>th</sup> July of the financial Year and 15<sup>th</sup> January of the following Financial Year respectively, half-yearly returns of arrears of collections of revenue as at 30<sup>th</sup> June and 31<sup>st</sup> December of each Financial Year, in order to enable him to forward his own returns of arrears by the dates indicated in (c) above;
- (i) rates and charges or taxes, fees, etc., are reviewed and that due action is taken to revise them from time to time, where necessary, having regard to changes in economic and other circumstances.



**F.R.131. The Executive Functions of the Treasury as a Department.**

In addition to its duties under F.R.126, the Treasury carries out the normal executive functions of a department of the Ministry of Finance. The Secretary to the Treasury in his capacity as Secretary to the Ministry of Finance is also a Chief Accounting Officer. The Deputy Secretary to the Treasury is the Accounting Officer of the votes directly administered by the Treasury.

The Treasury's executive functions include the following:-

- (a) to bring to account promptly and correctly in its books all monies received in its capacity as an Accepting Office (F.R.182), and to provide for their security;
- (b) to bring to account promptly and correctly in its books all payments made in its capacity as an Office of Payment (F.R.255);
- (c) to arrange for making payment outside Sri Lanka;
- (d) to make certain payments on behalf of other Governments or Institutions;
- (e) to plan and prepare the Annual Estimate;
- (f) to maintain classified records relating to the accounts received from the Government Departments, the Approved Overseas Agents and other governments which are incorporated in its books, so as to enable departments to reconcile their accounts;
- (g) to operate on the Consolidated Fund and other Funds or Accounts controlled by the Treasury, in particular –
  - (i) to arrange for imprests and advances;
  - (ii) to maintain records of all such issues;
  - (iii) to obtain proper a quittances from Accounting Officers for imprests and advances; and
  - (iv) to arrange for the location of Government balances in such a way as to secure the minimum of idle Government monies at any time;
- (h) to maintain accounts of the various Government Funds under its control and to publish the Annual accounts;
- (i) to take action on the Reports of the Committee on Public Accounts.

**F.R.132. Financial Organization in Departments.** Chief Accounting Officers and Accounting Officers may consult the Treasury on any matter connected with the subject of financial responsibilities, if it needs clarification.

**F.R.133. Internal Audit.** (1) *Object* – (a) For the purpose of the discharge of their duties and responsibilities indicated in F.R.128, Accounting Officers, particularly those of large Departments having sub-offices, workshops, stores, etc., and of departments engaged in development work, should establish Internal Audit units in their departments, the main objects of which are –

- (j) to participate in the system of internal control of the financial operations of the department and carry out a continuous survey and an independent appraisal of such operations and the soundness and adequacy of the internal checks adopted in the prevention and detection of errors and frauds;
- (ii) to assist the Accounting Officer and the Progress/Monitoring Committee, in ascertaining the progress made on development works, projects and schemes, and in the fulfillment of the plans and programmes laid down for or undertaken by the department; see F.R.4 (5);
- (iii) to act where appropriate, as a liaison between those engaged in these tasks and the Head of the Department and progress/Monitoring Committee.

The functions of Internal Audit under (ii) & (iii) above, will be purely that of a reporting agency.

(b) In the case of small departments which can effectively be supervised and controlled without such assistance, Internal Audit units may not be necessary. However, if there is an Internal Audit unit attached to the Ministry concerned, the Chief Accounting Officer may extend the scope of the work of such unit to cover the work performed by the smaller departments of the Ministry.

**(2) Functions and scope of the work of Internal Audit Units.** (a) The functions of the Internal Audit in relation to financial operations of a department comprise the following:-

- i. Ascertaining whether the system of internal check and control obtaining in the department for the prevention of errors and frauds is effective in design as well as in actual operation
- ii. Ascertaining the reliability of the accounting and other records and seeking that the accounting methods employed provide the information necessary for the preparation of correct financial statement.

- iii. Appraising the quality of performance of staff in carrying out the responsibility assigned to them.
  - iv. Ascertaining the extent to which the department's assets are safeguarded from losses of all kinds.
  - v. Ascertaining whether the Establishments Code, Financial Regulations of Government and other supplementary instructions issued from time to time by the Ministry in charge of the subject of Public Administration and by the Treasury are being followed.
  - vi. Ascertaining the effectiveness of the system of internal control adopted in preventing, as well as detecting waste, idle capacity and extravagance.
  - vii. Examining the accounting procedure of the department and its operations which have any financial implications, and verifying the safety, economical and proper use of property and assets of the department.
  - viii. Carrying out special investigations when necessary.
- (b) The functions of the Internal Audit in assisting the Accounting Officer and the Progress/Monitoring Committee in ascertaining progress of works, schemes and projects, comprise the following:
- (i) Inspecting and reporting on the operational functions of the department, from a managerial, as opposed to a technical or accounting point of view.
  - (ii) Appraisal of the progress of works, schemes and projects and the extent to which programmes and schedules are on target.
  - (iii) On – the – spot investigation into problem areas which delay execution.
  - (iv) Appraisal and review of the controls adopted in the supervision of such operations.

**F.R.134, (1) Independence of Internal Audit.** The Internal Audit unit should be independent of the control of those who are responsible for or are actually carrying out the financial and accounting operation of the department, as well as those engaged in the execution of schemes and projects or performance of works and services rendered by the department.

It is essential that, in relation to financial and accounting matters, the Internal Audit report direct to the Head of Department.

(2) Internal Audit Programme relating to financial matters. – Internal Audit programmes for the survey of the financial aspects of the work of a department should be carefully prepared, in order to enable a systematic, adequate and efficient check on such work. It is desirable to consult the Auditor-General in preparing this programme.

(3) Internal Audit Reports. – Copies of Internal Audit reports pertaining to the financial operations of a department, should be furnished to the Auditor – General.

**F.R.135. Delegation of Functions for Financial Control.** (1) An accounting Officer may delegate his functions either generally or with regard to individual transaction; but he must do so in a reasonable way. In particular he must satisfy himself in regard to the competence of those to whom authority is delegated, and in regard to the adequacy of internal checks in the system of delegation. The Accounting Officer will be responsible for his scheme of delegation and for supervising the system of financial control generally. His scheme of delegation will naturally be determined by the organization of the department, except where geographical and technical factors necessitate special arrangements. Whenever possible the duties should be so divided that each transaction passes through two or three different officers.

(2) An officer to whom functions have been delegated will have full discretion to perform the duties delegated to him and will be held accountable for his acts. It will also be his duty to keep the Accounting Officer acquainted of any transactions, which involve novel principle, or are of sufficient importance, to merit the Accounting Officer's personal attention. On the other hand, an act of delegation will not relieve an Accounting Officer of his ultimate responsibility. If an officer exceeds or misuses his delegated powers, or fails to carry out his duties, he will be accountable for such acts and defaults. In such a case, however, the Accounting Officer will not be held responsible, unless the excesses, misuses or defaults are attributable to causes within his control.

(3) In turn, an officer holding a delegation can entrust to his subordinates the routine or minor tasks connected with and within the limits of his delegation. **This does not, however, absolve him of his own responsibility to his Accounting Officer.**

(4) Whenever the Accounting Officer intends to delegate one or more of his functions, he should prepare a Schedule specifying each officer, by name or office, and the functions delegated to him. In the case of delegation for the control of expenditure, the Accounting Officer may

Link particular functions with specific allocations. At the same time any limitations imposed on the character or amount of individual transactions should be specified. Arrangements to cover absence from duty must also be shown on the Schedule, which should be revised periodically and calculated in the department generally. Copies of delegations relating to expenditure should be supplied, in particular, to each Authorizing, Approving, Certifying and Paying officer; and copies of delegations in respect of the receipt of money, to each Assessing, Collecting and Accepting Officer. A copy should also be sent to the Auditor-General. If necessary the advice of the Chief Accounting Officer or of the Treasury (Department of Public Finance) may be sought concerning the Schedule.

It is important that the scope of delegation should be set down in writing so that there may be no doubt in the future about the nature of the responsibilities of the officers to whom authority has been delegated. Such delegations should be periodically reviewed and any revisions brought to the notice of officers concerned.

(5) The following stages or functions may be distinguished :-

- (a) Expenditure :
  - (i) Authorization.
  - (ii) Approval.
  - (iii) Certification.
  - (iv) Payment.
- (b) Income :
  - (i) Assessment.
  - (ii) Collection.
  - (iii) Acceptance.

In particular circumstances, a delegation of authority granted to an individual officer by an Accounting Officer may involve more than one of the above stages or functions.

**F.R. 136. Authorization.** An officer, who is empowered to commission supplies, works or services, is referred to in these Regulations as Authorizing Officer. The decision to make such an authorization is in his discretion and he must accept full responsibility with regard to it. Any officer empowered to commission supplies, works or services will do so in writing and will be responsible to the Accounting Officer in the following respects :-

- (1) that the work, supply or service is covered by appropriate authority, and falls within the scope of the vote or other authorized financial provision and/or is properly chargeable to the accounts involved;

- (2) that he exercises due judgement; that he does not exceed the specified limits of his authority; and that every step in the procedure set down in the Financial Regulations has been duly taken (e.g. decisions of tender boards);
- (3) that the commitments which are expected to mature for payment in a particular financial year do not exceed the funds available in his respective allocations;
- (4) that the sums due on commitments as they arise against each of his allocations (or his allocations to other departments) and the amounts recorded are subjected to continuous review in the light of further information that becomes available as work progresses;
- (5) that the information mentioned in (4) above is passed periodically to the Certifying Officer;
- (6) that his records are compared and reconciled at least once a month with those of the Certifying Officer so that he may know the precise amount available for further commitments;
- (7) that in any case involving reasonable doubt as to the availability of funds, or as to the economy or financial propriety of transactions generally, he seeks the advice of the Accountant or Officer in charge of accounting operations.

*Note 1* - An officer empowered to authorize services must first ensure that the necessary preliminaries – such as the approval of Annual Estimates, works estimates, etc. have been carried out. Nevertheless, these prior decisions, at whatever level, do not produce firm commitments. The final authorization must involve a free judgement by the Authorizing Officer personally. Where a proposed transaction is subject to Tender Board procedure, the Authorizing Officer will vouch for the necessity for the expenditure, but the Board will take responsibility for deciding the basis of purchase, etc.

*Note 2* - Also see F.R. 201 (1)

**F.R. 137. Approval.** An officer who is empowered to approve services, works or supplies on completion and to admit claims is referred to in these Regulations as Approving Officer. He will be responsible to the Accounting Officer for verifying :

- (1) that the work, service or supply arises out of an authorization by the appropriate Authorizing Officer and/or out of an Agreement;

(2) That the work or service has been performed or the supply rendered in terms of such authorization and/or a relevant Agreement and any authorized variations therefrom in any respect, especially with regard to compliance with terms relating to quality of materials used, the quantities and the period or periods of time within which portions of the contract have to be completed ;

(3) that the rates and the total sums approved for payment are in accordance with authorized scales or in terms of the Agreement or any authorized variations and where there is no authorized or standard rates or Agreement, that the rates are fair and reasonable ;

(4) that in a contract of employment the appropriate conditions, rules and regulations have been complied with ;

(5) that in the case of supplies, they have been examined and correctly taken on charge or otherwise accounted for in terms of the Regulations or instructions of Government ;

(6) that in the case of bills for payment of electricity, gas, water, telephone and other similar services supplied, they are checked with Registers kept to show the monthly meter readings and other relevant particulars. If the amounts billed in a particular month deviate widely from the average normal monthly consumption pattern, such cases should be investigated and remedial action, where necessary, taken.

Note.- See also Financial Regulation 201 (2).

**F.R. 138. Certification of Vouchers.** An officer who is empowered to certify vouchers is referred to in these Regulations as Certifying Officer. He is responsible to the Accounting Officer to see :-

(1) that the amount payable on each voucher is a correct charge on the Head, Programme, Project, Object Class, etc., or the relevant Account, and is covered by a Warrant signed by the Minister of Finance, or is covered by other appropriate authority ;

(2) that the payment will not cause an excess on the amount provided for the current financial year and that it has been posted in the Appropriation (Votes) Ledger or other appropriate Ledger, under the relevant Head, Programme, Project, Object Class, etc., or the relevant Account ;

(3) that the payees shown on the face of the voucher are the persons entitled to payment and that the amount provided for payment to each of them is correct ;

(4) that he attests on the face of the voucher that he has satisfied himself either from personal knowledge or from certificates, statements or orders of officers empowered to give them, that the provisions of F.RR 136 and 137 have been complied with ;

(5) that an indication of the fact that he has certified a voucher for the payment involved, is made on the records, files or other relevant documents, in order to prevent another voucher for the same payment being certified subsequently ;

(6) that the certificates, etc., referred to in (4) above, are attached to the voucher or that the latter bears a note quoting reference to the files in which they appear;

(7) that all relevant deductions and those notified to him or authorized or required to be recovered have been made, particularly in respect of repayment of advances, contributions, surcharges, penalties, forfeitures or other liabilities ;

(8) that the voucher is accurate and complete in every detail;

(9) that he exercises judgement, discretion and initiative in the light of the general conditions prevailing in the department in which he serves. For example, each Authorizing Officer is responsible for keeping within his own Allocation, but if the Certifying Officer sees that there is a danger of commitments exceeding an Allocation, he should draw the Authorizing Officer's attention to the matter. Moreover, there may be occasions when a Certifying Officer has serious doubts about accepting vouchers which appear correct in every formal respect. Again, general standards of financial management, or particular transactions, may have disquieting features even before the stage of voucher preparation is reached. In any such case the Certifying Officer concerned has the right and the duty to represent the matter to his superior officer, and if necessary, to the Accounting Officer personally with a request for specific written directions.

*Note 1.* - In the case of payments from Deposits, there will be two Certifying Officers whose responsibilities are indicated in F.R. 206.

*Note 2.* - Also see F.R. 201 (3)

**F.R. 139. Payment of Vouchers.** An Officer who is empowered to make payments on certified vouchers is referred to in these Regulations as Paying Officer. He will be responsible to the Accounting Officer to see :-

(1) that every voucher accepted for payment has been certified by an officer who has the authority to do so;

(2) that the voucher shows no evidence of having been tampered with since it left the Certifying Officer's hands ;

(3) that any facts within his special knowledge are duly taken into account before payment is made ;



- (4) that a proper receipt is obtained for every payment made;
- (5) that the identity of the payee is established ;
- (6) that in the case of a payment by cheque, money order, etc., the name and other particulars appearing on the cheque or on the money order application, agree with those shown on the face of the voucher ;
- (7) that the net amount shown on the face of the voucher is duly paid, and the fact of payment noted on the voucher by means of a "PAID" stamp, and initialed ;
- (8) that every payment is promptly noted in the prescribed records and duly brought to account ;
- (9) that where cash is entrusted to his care, he takes due precautions against theft or loss; and that the balance in hand agrees with the balance appearing in the cash book at the close of each day's business ;
- (10) that, in the case of cheque payments,
  - (i) the Bank balance is adequate to meet all payments;
  - (ii) the number of the cheque is noted on the voucher;
  - (iii) the balance is reconciled periodically with the bank statement.

**F.R. 140. Passing of Vouchers for Payment.** In cases where the officer empowered to pass certified vouchers for payment is different from the officer empowered to make payments, the former will take responsibility in terms of F.R. 139 (1), (2) and (3); and the latter in respect of F.R. 139, (4) to (10) inclusive. The latter will further see :-

- (a) that every voucher has been passed for payment by the officer empowered to do so;
- (b) that the voucher shows no evidence of having been tampered with since it left that officer's hands;
- (c) that any facts within his special knowledge are duly taken into account before payment is made.

**F.R. 141. Bank Accounts.** (1) Where several Paying Officers operate on the same bank account, and it is inconvenient for them to share a common record of cheques drawn, each should be made responsible for a fixed sum.

(2) Where payment is made by cheque, the cheque must be signed by two officers who have been duly authorized by the Treasury on the application of the Accounting Officer – see F.R. 381. The first signatory shall sign on the left of the space or on the first line provided for signing the cheque. He shall be deemed to be the Paying Officer. The second signatory shall sign either below or to the right of the first signatory. The counterfoils shall be initialed in the same way. The principal responsibility for the accuracy of the cheque shall be that of the Paying Officer.

(3) The second signatory to a cheque shall be an officer who has no responsibilities under F.R. 139 or F.R. 140, and will be responsible to the Accounting Officer to see :-

- (a) that the first signatory has the authority to sign the cheque;
- (b) that the cheque shows no evidence of having been tampered with since it left the first signatory's hands;
- (c) that the name, amount and other particulars appearing on the cheque agree with those shown on the voucher;
- (d) that the voucher has been certified by an officer authorised to do so;
- (e) that the first signatory has complied with F.R. 139(7) above;
- (f) that he initials a suitable endorsement on the voucher to indicate that payment has been made.

**F.R. 142 (1) Assessment.** Assessment is the process whereby sums of money due to Government and the persons from whom they are recoverable are ascertained and determined. It also covers the process of fixing a levy or a charge for a supply or service rendered by the Government. The function of ascertaining or determining the amount due to Government, and from whom, may have been assigned to an officer by Statute; but, subject to the provisions of such Statute, and officer charged with this task should accept full responsibility with regard to the correctness of the amount involved; and, where he is authorized to use his discretion, he should do so without prejudicing the legitimate interests of Government, or causing wrongful loss to it.

(2) **Collection.** This is the process of recovering for Government the amount due to it, and does not cease until such amount has been received and realized. Where services are rendered, or supply, permit, authority, etc., is issued, on the payment of a fee or charge, the function of Collection includes the responsibility to see that no such service is rendered, nor supply, permit, etc., issued, until the required fee or charge is received and realized.

Though the act of receiving money is not a necessary part of the function of Collection , a Collecting Officer may sometimes be required to receive money. Where a Collecting Officer receives money directly he will issue a receipt to the payer and remit the amount, as required in F.R. 177, to an Accepting Officer, to be brought to account correctly.

In most 'B' and 'C' Class Departments, Collecting Officers do receive money directly which they should remit to an Accepting Officer. 'A' Class Departments and Kachcheries are in themselves Accepting Officers and their dues are usually received directly by the Accepting Officers themselves, at the instances of Collecting Officers.

(3) **Control Accounts for Collection.** In the case of regular or recurrent collections (See F.R. 175), a Collecting Officer should maintain a memorandum control (or Total ) Account which will enable him readily to ascertain the total amount due to be collected, the total collections to date the balance unsettled and/or the total amount of arrears. He should so organize the maintenance officer records that the Control (or Total) Account, and the individual accounts are simultaneously maintained up to date, and are reconciled regularly.

(4) **Acceptance.** This involves the lodgment of money received, as forming part of public funds, and the bringing of it to account correctly.

**F.R. 143. (1) An Assessing Officer.** An Officer who performs the functions of assessment, by delegation or otherwise is referred to in these Regulations as Assessing Officer. He will be responsible to the Accounting Officer to see that

- (a) the amount to be collected is assessed as accurate as possible;
- (b) particulars of the amounts and the parties from whom collection has to be made, are duly notified to the Collecting Officers;
- (c) the amount is determined in accordance with the provisions of the law, regulation or authority under which he is empowered to make the assessment;
- (d) where charges are fixed for work done or services rendered, all direct and indirect expenditure involved are taken into account, unless authority to the contrary exists;
- (e) under regular items of Collections, the liability of payers is continuously kept under review;
- (f) that rates fixed for taxes, charges for supplies and services, fees, etc., are reviewed and revised from time to time having regard to current economic and other circumstances.

(2) **A Collecting Officer.** An officer who performs the functions of Collection, by delegation or otherwise, is referred to in these Regulations as Collecting Officer. He will be responsible to the Accounting Officer to see that :

- (a) no licences, permits, etc., are issued, or services rendered, unless –
  - (i) the charges therefore have been collected in full;
  - (ii) where these are received in a form other than in cash or stamps, the amounts are realized. This does not, however, preclude credit facilities being provided in cases where authority exists;
- (b) records are kept to indicate the amounts due to the Government, the amounts collected, balance unsettled and the amounts in arrears at any time. The following are some of the cases where these are essential;
  - (i) Regular Collections : Income Tax, Irrigation Rates and Motor Car Licences;
  - (ii) where credit has been allowed;
  - (iii) where recovery has been authorized in instalments (e.g. recovery of Income Tax, Court Fines, Salary advances etc.);
- (c) returns showing the progress of collection are regularly rendered to the Accounting Officer;
- (d) receipts on the prescribed form are issued for all monies received;
- (e) all sums received by him are promptly and systematically remitted to the Accepting Officer, and that he receives acknowledgement for them;
- (f) special action is taken to collect arrears;
- (g) prompt action is taken to obtain a waiver of all irrecoverable dues.

(3) **An Accepting Officer.** An officer who performs the functions of Acceptance, by delegation or otherwise is referred to in these Regulations as Accepting Officer. He will be responsible to the Accounting Officer to see that :

- (a) all monies received are held in safe custody, recorded and correctly brought to account, and regularly deposited in the bank or otherwise duly disposed of;
- (b) cheques, money orders, etc., are promptly and systematically remitted to the bank, and that they are realized;
- (c) appropriate action is taken in respect of dishonored cheques, etc. – see F.RR 189 and 486;
- (d) receipts on the prescribed form are issued to a Collecting Officer, or other person paying in money.

**F.R. 144. Supervision of Financial Operations.** (1) *The Account.*

The Accounting Officer may place an Accountant, or in departments where there is no Accountant, any other suitable officer, in charge of financial operations of his department and delegate to him the duty of organizing and supervising the details involved in accounting for the receipts, issues and payments of the department, the custody of cash, stores and other valuables, and the authority to operate an official Bank Account. The Accounting Officer may also delegate to the same officer the operation of a system of internal check, and require him to bring to his notice any losses or misappropriations of cash, stamps, goods or stores or any shortcomings in the system of accounting. The same officer may be entrusted with the task of making arrangements to ensure the uninterrupted performance of financial business, even when officers are on leave or temporarily absent.

(2) *Heads of Distinct Units.* – The Administrative Heads of Distinct Units, such as Post Office, Hospitals, schools, Sub-Offices, etc., will be responsible for the organization and supervision of financial operations within the Unit, unless another officer has been specifically charged with this responsibility by the Accounting Officer. Such Administrative Heads will be responsible to the Accounting Officer direct or through the supervising officer referred to in paragraph (1) above, according to the instructions of the department.

**F.R. 145. Financial Transactions between Accounting Officers.**

Two Accounting Officers may be associated with each other in financial transactions in the following circumstances :

- (1) Where one Accounting Officer obtains goods or services from another- In these circumstances no question of agency arises and each Accounting Officer has independent responsibility. (Examples are the supply of Government stores, the provision of rail transport and the manufacture of office furniture).
- (2) Where one Accounting Officer requests another to arrange a payment on his behalf – In these circumstances the first Accounting Officer is responsible for Authorization, Approval and Certificate and the second Accounting Officer for Payment.
- (3) Where one Accounting Officer acts on behalf of another Accounting Officer for incurring expenditure against the latter's vote – In these circumstances the former shall be referred to as the Agent and the latter as the Principal. The conditions under which the Agent operate must be specified in writing, e.g., as to whether power is given to carry out the duties of Authorization, Approval, Certification and Payment with or without limitation. (Examples are a construction work undertaken by one Department as a charge to another Department's vote, and various Activities such as Land Development undertaken by the Government Agents.)

- (4) Where an Accounting Officer accepts Revenue or other receipts on behalf of another Accounting Officer.

**F.R. 146. Responsibility of Accounting Officer (Principal ) for his Vote.** The delegation by the Principal referred to in F.R. 145 (3) is a limited one. In addition to taking responsibility for any matter reserved when the delegation of authority was made, the Principal will continue to remain responsible for the management of the Vote as a whole. The Principal will grant a general or specific Allocation to the Agent for his expenditure, and:

- (a) watch the plan and progress of the work and the expenditure thereon.;
- (b) take steps to ascertain whether any part of the work will remain unfinished at the close of the financial year, necessitating a revote of provision;
- (c) ensure that the Agent does not deviate from a given plan or programme, or exceed the Allocation or the limits of delegation.

Each Principal will decide the means by which his responsibilities can be made effective.

**F.R. 147. Divisional Secretaries.** Divisional Secretaries are Accounting Officers for the Votes assigned to them. They will be accountable to the Chief Accounting Officers of the Ministry in charge of the subject of Divisional Administration, for the financial system including the internal check and inspection procedures adopted in the Divisional Offices.

**F.R. 148. Expenditure by Divisional Secretaries.** The Divisional Secretaries may fall under one other following categories :-

- (1) Expenditure as Accounting Officer for Votes assign to them.
- (2) Payments as laid down in F.R. 145 (2)
- (3) Expenditure as laid in F.R. 145(3)

**F.R. 149. Collection of Revenue etc., by Divisional Secretaries.** Divisional Secretaries will collect revenues or other monies in the following capacities :-

- (1) Generally, as a Sub-Accountant of the Treasury.
- (2) Where the Divisional Secretaries are so required by statute, or the Treasury directs them to be responsible for the collection of specified sub-divisions of Heads of Revenue or other Government monies, the Divisional Secretaries will undertake the full duties of an Accounting Officer as well as those of a Revenue Accounting Officer.

- (3) As an agent of a Revenue Accounting Officer while the responsibility for the efficiency of individual collection operations will rest with the Divisional Secretary, the Principal cannot divest himself of his ultimate responsibility as Revenue Accounting Officer.

**F.R. 150. Appropriation Accounts.** Part 1 General Estimates. – As soon as possible after the end of each financial year, Accounting Officers will arrange for Appropriation Accounts to be prepared for each programme of expenditure under their control—one for Projects classified under recurrent expenditure and one for Projects classified under capital expenditure. The Appropriation Account will follow the general details of the Estimates and will indicate the financial provision in the Estimates (as altered subsequently by supplementary provision or virement, if any), the actual expenditure, and the saving or excess under each Programme/Project. It will also contain the Accounting Officer's explanations of the causes of any significant variations between total net provision and total expenditure under each Object Class as well as notes of any unusual payments.

As a matter of accounting convenience, expenditure sanctioned by Special Law should be included in the main body of the Appropriation Account, together with a suitable footnote. The Accounting Officer for the Programme will sign the Account in that capacity. He will then submit the Account to the Chief Accounting Officer who will satisfy himself that it has been properly prepared, and that adequate explanations have been given of variations between estimated and actual expenditure. The Chief accounting Officer will then sign the Account and forward it to the Auditor-General as soon as possible. The Auditor-General, after examination and certification, will forward the Account to the Director General, Department of State Accounts, Treasury for publication.

- Note 1.* A statement of losses should be given under the Appropriation Account of the relevant Programme, in terms of F.R. 110(2).
- Note 2.* A statement of the unsettled liabilities due to the Procurement and Advisory Services Unit of the Ministry of Finance, other Government Departments and State Corporations, as at the end of the Financial Year, should also be placed below the statement referred to in Note 1 above. This statement should indicate the liabilities under each Object Class of each Programme/Project.
- Note 3.* *Missing Vouchers.* – A statement of all missing vouchers reported to the Treasury, regarding which no finality has been reached, should also be placed below the statement referred to in Note 2 above. (Particulars of missing vouchers which appeared in the statement attached to the previous year's Appropriation Account, regarding which finality has since been reached, should be excluded).
- Note 4.* See also F.R. 215 (3) (B) and (C).

**F.R. 151. Revenue Accounts.** As soon as possible after the end of each financial year, every Revenue Accounting Officer will prepare annually for publication a classified statement of Revenue for which he is responsible as Revenue Accounting Officer. This statement will provide the details of the appropriate Heads, Sub-heads, Items and Sub-items of Revenue, the description of such Revenue, the amount of Revenue earned during each of the three preceding financial years, the estimated revenue of the year for which the statement is prepared, the actual amount of Revenue collected during that year, the excess or the shortfall of actual collections as compared with the estimated Revenue, and the reasons for the excess or shortfall. This Account will be signed by him in his capacity as "Revenue Accounting Officer and forwarded to the Auditor-General, for examination and certification. The Auditor-General, after examination and certification will forward the Accounts to the Treasury (Department of State Account) for publication.

**F.R. 152. Committee on Public Accounts.** The committee on public Accounts of Parliament has been set up by the following Standing Order :

"125 COMMITTEE ON PUBLIC ACCOUNTS.-

- (1) There shall be a Committee to be designated the Committee on Public Accounts consisting of twelve members nominated by the Committee of Selection.
- (2) It shall be the duty of the Committee to examine the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure and such other accounts laid before Parliament as the Committee may think fit, along with the reports of the Auditor – General thereon and the reports of the Auditor-General on local authorities.
- (3) The Committee shall, from time to time, report to Parliament on the accounts examined, the finances, financial procedures, performance and management generally of any department, local authority and on any matter arising there from.
- (4) The Committee may when it considers necessary appoint sub-committees of its own members to examine and report to the committee on all accounts and the finances and management of such departments, local authorities as the Committee may direct.
- (5) The committee or any of its sub-committees shall for the performance of its duties have the power to summon before it and question any person and call for and examine any paper, book, record or other document and to have access to stores and property.
- (6) The quorum of the committee shall be three members."



Chief Accounting Officers and Accounting Officers must appear before the Committee, when required, and answer questions on all matters arising from the Accounts of the Auditor-General's report. Although the Chief Accounting Officers and Accounting Officers who sign the Appropriation Accounts are the persons who are answerable for the accounts, yet for reasons of administrative convenience, the Committee on Public Accounts usually examines in the first instance the officers holding those posts at the time it examines the accounts. A Chief Accounting Officer or Accounting Officer has the right, however, to consult the person who signed the Appropriation Account that is being discussed.

**F.R. 153. Treasury Minutes.** After the receipt of the Report of the Committee on Public Accounts, the Treasury will issue, under the hand of the Secretary to the Treasury, on the instructions of the Minister of Finance, Minutes relating to the various matters dealt with in the report. It is the duty of all Chief Accounting Officers and Accounting Officers to study the Report and the Treasury Minutes thereon and be guided by them with regard to future financial operations.

**F.R. 154. Duties and functions of the Auditor-General.** The relevant Sections of Article 154 of the Constitution, reproduced below, sets out the duties and functions of the Auditor General in so far as they relate to Government Departments :

- “(1) The Auditor-General shall audit the accounts of all departments of Government, the offices of the Cabinet of Ministers, the Judicial Service Commission, the Public Service Commission, the Parliamentary Commissioner for Administration, the Secretary General of Parliament and the Commissioner of Elections, Local authorities, public corporations and business or other undertakings vested in the Government under any written law.”
- “(3) The Auditor-General shall also perform and discharge such duties and functions as may be prescribed by Parliament by law.”
- “(5) (a) The Auditor-General or any person authorized by him shall in the performance and discharge of his duties and functions be entitled –
  - (i) to have access to all books, records, returns and other documents;
  - (ii) to have access to stores and other property; and
  - (iii) to be furnished with such information and explanations as may be necessary for the performance of such duties and functions.”
- “(6) The Auditor-General shall within ten months after the close of each financial year and as and when he deems it necessary report to Parliament on the performance and discharge of his duties and functions under the Constitution.”

All Chief accounting Officers and Accounting Officers should ensure that every assistance is given to the Auditor-General, and Officers authorized by him in writing, for the performance of their duties and functions.

**F.R. 155. Audit Queries.** The duties of audit are not exclusively the function of the Auditor-General. The Minister of Finance, to whom has been assigned the function of supervising the public administration of the Island on its financial side, has a right to authorize an additional audit by any other person or organization that he may choose. Nevertheless, the functions of the Auditor-General are imposed on him by the constitution and it is the duty of Chief Accounting Officers and Accounting Officers to that letters and queries addressed to them by the Auditor-General, or any officer authorized by him, are dealt with promptly and complete answers given. When a final reply cannot be given immediately an interim report should be made. The Accounting Officer should inspect the Audit Query Register referred to in F.R. 452(1), on first assuming office, and at regular intervals thereafter, in order to ensure not only that audit queries are promptly investigated, but also that steps have been taken to correct any shortcomings which they reveal. The Chief Accounting Officer will also personally inspect the Audit Query Register from time to time as part of his supervisory functions.

It should be clearly noted that, notwithstanding the examination of the accounts by the Auditor-General, the responsibility for their accuracy and correctness rests entirely with the Accounting Officers concerned.

**F.R 156. (1) Responsibility for loss.** (a) An officer shall be held personally responsible for any loss caused to Government by his own delay, negligence, fault or fraud, and shall make good such loss. An officer will similarly be responsible if he allows or any actions to be performed –

- i. without proper authority, or
- ii. without complying with Financial or other Regulations, or other appropriate instructions, or
- iii. without exercising reasonable care, or
- iv. fraudulently.

(b) Every officer at all times be responsible for the safe custody, proper use and due disposal of any property issued to him or placed in his temporary or permanent custody by the Government. In case of loss or damage to them, or in case of failure to account for them whenever called upon to do so, the officer concerned shall be surcharged the value thereof. Disciplinary action shall, in addition be taken against him for any carelessness neglect or non-compliance with any Financial Regulations, or departmental rules or orders.

Shroffs, Cashiers, Counter-clerks, Storekeepers, stores – clerks etc., should therefore maintain their records posted up-to date and ensure that Government property entrusted to their care is held in safe custody by them and duly disposed of.

(2) *Oral Authority.*- All financial operations and transactions for which an officer is responsible should be supported by adequate authority. No oral order will suffice. If such order is given, it must be regarded as provisional, pending written authorization.

(3) *Signature and Initials.* (a) Officers must write their usual signatures in manuscript when required to sign vouchers, statements, or any other documents connected with financial transactions.

(b) The signature of an officer or his initials, where these are sufficient, when placed below or against an authorization, statement or certificate, or an entry or entries in any accounting documents, records, books etc., is his testimony to its authenticity, correctness and accuracy.

(4) *Stamped signatures.* – A stamped signature, when permitted, must be impressed only by the person indicated by it, or by another person in his presence and acting under his authority. Signature stamps must be kept under lock and key, in the custody of the person whose signature it contains, or of another person duly authorized by him.

(5) *Erasures not admissible.* – No erasures must appear in accounts or any documents connected therewith. Any necessary corrections must be made by striking out the words, figures, etc., to be altered or deleted, with a single line in red ink, and writing the correct words, figures, etc., where necessary, in red ink, above such alterations. The alterations and deletions should be authenticated by the initials of the officer responsible for the correction. Any material alterations on vouchers and other documents pertaining to the receipt, payment or issue of money, stamps, stores etc., should not be accepted by any officer, unless the alterations are authenticated by the full signature of the officer who has originally signed the document, or by another officer who has authority.

(6) *Custody.* - All accounting documents, books, records, registers, etc., should be held in proper custody, and in good order and condition until they are duly disposed of.

(7) *Economy, etc.* - All Chief Accounting Officers, Accounting Officers and other officers should exercise due economy in all financial transactions they are authorized to deal with. It should also be understood that expenditure should not be incurred unless absolutely necessary, even though financial provision exists or money is available. See also F.R. 238(1).

(8) *Unauthorized benefits prohibited.* No person employed in the Public Service should, directly or indirectly, derive any unauthorized payment, benefit, or advantage from -

- (a) obtaining a supply or service for Government; or
- (b) securing the execution of any work government; or
- (c) dealing with a Government financial transaction.

**F.R. 157. Delegation of Authority in terms of particular Financial Regulations.**

(1) When authority vested on a particular officer is delegated to others in terms of any Financial Regulation which provide for such delegation, the terms of the delegation should be immediately recorded in a register maintained for the purpose. Separate folios should be opened therein for delegations under each Financial Regulation in terms of which the delegation is granted. The delegations should be serially numbered, such numbers being quoted when the particular delegation is referred to. Details of the limits applicable, and the file number should also be noted in the Register. A copy of every letter granting a delegation should be filed separately in serial order of the registration numbers.

(2) Whenever such a delegation of authority is revised, it is preferable to withdraw or cancel the letter by which authority has already been granted, and substitute therefore a letter in which the delegation of authority, as revised, is fully embodied, granting it a new serial number under the date on which the revision is issued, and duly entering it in the Register. This will ensure that the Register of Delegations is kept up-to date. The old entry in the register should be deleted and authenticated, quoting reference to the new entry.

(3) It would be the duty of the officers granting such delegations to review them from time to time, in the light of experience, and revise them, where necessary, in the manner prescribed above.

(NO F.RR ISSUED UNER Nos. 158 – 164)

## CHAPTER IV

**RECEIPTS**

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## CHAPTER IV

**RECEIPTS****Section 1 – Receipt of Money (General)**

**F.R. 165. (1) Cash received over the Counter.** Where cash is received regularly over the counter by a Government Officer, every item of cash received shall be entered up in his Cash Book, or Register provided for the purpose. It shall be the duty of the supervisory officer or the Staff Officer in charge to see that all such monies are accounted for, and disposed of in the manner prescribed in F.R. 177 or F.R. 187, as the case may be.

- (2) **Other Receipts.** When an amount is received –
- (a) in cash, by cheque, money order, stamps or in other form, other than over the counter.
  - (b) over the counter, in a form other than cash, the following action should always be taken :
    - (i) It should be entered up immediately and authenticated by a Staff Officer in the Register of Cheques, Money Orders etc., (Form GA-M 83). If it is received by post, it should be entered up at once and authenticated by the Staff Officer responsible for the tappal. This authentication may, in appropriate cases, be entrusted to the Chief Clerk;
    - (ii) Its subsequent disposal should be noted in the same Register and authenticated by a Staff Officer;
    - (iii) It should be accounted for and disposed of in the manner prescribed in F.R. 177 or F.R. 187 as the case may be.
- (3) **Returned Cheques, etc.** – Action as in (2) above should be taken even when cheques, money orders, etc., dispatched by a department are returned,
- (a) unclaimed or undelivered
  - (b) for revalidation, issue of fresh cheque in lieu or for cancellation;
  - (c) dishonoured by the bank;
  - (d) for any other reason.

(4) **Supervision.** - (a) The Staff Officer in charge should exercise close supervision over the custody and disposal of monies received over the counter or otherwise. The Shroff's Cash Book or other Register in which cash received over the counter is entered, and the Register of Cheques, Money Orders, etc. (Form GA-M 83), should be frequently and regularly examined in order to verify that all items of receipts entered therein have been correctly brought to account in terms of F.R. 177(4) or F.R. 185, as the case may be, and duly disposed of.

(b) Where more than one Shroff's Cash Book or Register of Cheques, Money Orders etc. (Form GA-M83) is kept in a department, action as indicated above should be taken by the appropriate Staff Officers, in regard to each such Cash Book or Register.

(5) **Disposal.** – All monies received should be duly disposed of. Serious notice will be taken of any delays in the disposal of monies received. In case of loss to Government arising out of delay or other fault, officers responsible shall make good the loss – See F.R. 156 (1)

**F.R. 166. Documents received with money.** (1) Whenever money is received with a letter, application form, paying-in-voucher, or other documents used for the purpose, the officer receiving the money should sign or initial the document indicating the amount received, date of receipt, and the form in which it is received (i.e. whether in cash or by Cheque, money order, etc.)

(2) Officers responsible should also verify and note the amount received in the relevant books, collection registers, etc.

*Note.*- See Financial Regulations 169 (2) regarding the rendering of a service, etc., against payments received by private cheques.

(NO F.R. ISSUED UNDER No. 167)

**F.R. 168 (1) Issue of Receipts.** Except where otherwise provided (such as for Customs Duties or sale of stamps or tickets), any officer must, on receipt of money on behalf of Government and subject to the provisions of F.R. 169, issue forthwith to the payer a machine numbered official receipt, on the prescribed form.

(2) **Form of Receipt.** The standard form of receipt used is Form General 172 in all cases in which no special form has been authorized. Whenever receipts are written out in duplicate, the use of double-sided carbon paper is recommended.

(3) **Preparation of Receipts.** An indelible pencil or 'hard pen' should be used in filling up the receipt form and for the signature thereon. All receipts should be dated, and stamped with the departmental stamp before being used. When a receipt form is spoilt, it should not be destroyed, but should be cancelled and pinned to its duplicate or counterfoil. Receipt books should not be cut or divided.

**F.R.169. Receipt of Cheques, Money Orders, etc.** (1) When cheques, money orders, etc., are received, officers responsible should observe reasonable precautions to safeguard the interests of Government. A payment to Government by cheque, money order, etc., should be indicated clearly by the insertion of the words “ By Cheque”, “By Money Order”, etc.:

- (a) On the paying –in-voucher;
- (b) On the receipt ; and
- (c) In the Cash Book and other books of account.

(2) *Payments, Services. & c., against cheques received.* No service shall be rendered, permit, ticket or supplies issued, or payment made, against a private cheque or Money Order received by Government, until the full amount has been realised.

For this purpose a private cheque may be considered as realised if four working days, in the case of a local cheque (*i.e.* a cheque drawn on a Bank at the same station as the Bank into which it is paid), and six working days, in the case of an outstation cheque, have elapsed after the date of its deposit in the Bank by the Accepting Officer – see F.R.188(3).

*Note 1 :* Cheques “noted for payment” or “guaranteed for payment” by a bank, or payment orders issued by a bank on behalf of its customers (Bank Pay Orders), are exempted from the provisions of this Regulation.

*Note 2 :* *Promissory Notes.* *Promissory notes will not be received in payment of Government dues.*

**F.R. 170. Classification of Receipts.** (1) *Revenue.* Revenue credited to the Consolidated Fund should be classified under the appropriate Revenue Head, Sub-Head, Item or Sub-Item as appearing in the current year’s Estimates – See F.R. 83. In case of doubt the Treasury (Department of Fiscal Policy and Economic Affairs) should be consulted. See also (5) below.

(2) *Gifts of Money.-* (a) When a department receives gifts of money from members of the public with requests that the gifts should be used for specific purposes, the amount received should be temporarily held in a Deposit Account and the donors informed politely, under registered cover, that the proposed expenditure can be incurred only with Parliamentary approval, and that, therefore, no assurance can be given that their proposals will ultimately be implemented.

They should be made aware that if the donations are accepted, they have to be credited to Revenue, and no refund can be made thereafter, even if the Parliament disapproves the proposals.

If the donors are agreeable to these conditions the amounts should be credited to Revenue as indicted in (d) below. If they do not agree the amounts should be refunded.



If no replies are received from the donors, reminders should be sent, under registered cover, indicating that the amounts will in any case be credited to Revenue, if no reply is received within two weeks, subject to the condition that no refund will be made thereafter, if the donors fail to reply, the amounts should be credited to Revenue.

(b) When gifts of money are credited to Revenue in terms of (a) above, provision may be made in the Draft Estimates of the following financial year for implementing the specific proposals for which donations were received subject to approval.

(c) Gifts of money received, other than for a specific purpose, should be credited to Revenue.

(d) Gifts, when credited to Revenue, should be classified under Sub-Item 1, "Gifts of Money" of Revenue Head 8, Sub-Head 1, Item 2.

(e) The following particulars relating to gifts of money received and credited to Revenue, should be notified to the Director General, Department of State Accounts, Treasury, without delay, so that he could note the amounts for inclusion in the statement relating to gifts of money received during the financial year, which is published along with the Annual Accounts :-

- (i) name and address of donor;
- (ii) amount of Gifts;
- (iii) date of Credit to Revenue;
- (iv) purpose if any, for which it is donated;
- (v) if donated for a specific purpose, what action has been taken.

(3) *Recovery of expenditure from Monetary Provision in Part 1 General Estimates.* - The Expression "recoveries" under this Regulation must be strictly construed. It includes recoveries of overpayments or of erroneous payments and also money received on returning goods or equipment to a supplier, because they are unsatisfactory. But it does not include proceeds of a direct sale of goods or equipment, which should be credited to Item 1, "Sale of old stores and cast animals" of Revenue Head 9, Sub-Head 2 . Recoveries during the financial year in which payment is incurred should be credited to "Surcharge Account" under the appropriate Head, Programme, Project and Object Class of expenditure. Recoveries during a subsequent financial year should be credited as follows :-

<i>Head of Expenditure</i>	<i>To be credited to</i>
1. Railway	Revenue Head 4, Receipts of Trading Enterprises, Sub-head 1, Railway, Item 3 Miscellaneous
2. All other Heads of Expenditure	Revenue Head 8, Other Current Transfers, Sub-head 1, Item 2, Sub-Item 8, Sundries

(4) *Advance and Other Accounts.* - Receipts of Advance Accounts and other accounts should be credited to the relevant accounts. If the account has been closed in the Treasury Books, the Department of Public Finance of the Treasury should be consulted.

(5) *Insufficient Particulars.* - Amounts received without sufficient particulars should be held in suspense in a Deposit Account until particulars are received, and the amounts are appropriately brought to account.

**(No F.R.R Issued Under Nos. 171-174)**

### **Section 2 – Collection**

**F.R. 175. (1) Types and records of dues and collections.** Collection of money arises from two types of transactions :

- (a) The first type involves the receipt of money from a party who, voluntarily, desires to obtain a permit, service, benefit, or advantage, or to buy a ticket, stamp, or article, from Government. Such collections, being sporadic by nature, cannot be computed in advance.
- (b) The other type consists of regular taxes, licences, fees, etc. In such cases, the department is aware of what has to be collected and the date on which payments is due. The Collecting Officer should, in such cases, keep records of the amount due from each person, and ensure that it is duly collected.

When payment is permitted in instalments, further records of the amount due on each instalment, and the date it falls due, are necessary to see that the instalments are regularly paid and are not falling into arrears. The Collecting Officer should ensure that appropriate entries are made in the records whenever a payment is received.

When collections have to be made from a large number of persons, the maintenance of individual records alone will not readily show the overall position of the progress of collection. The Collecting Officers should therefore keep supplementary records in the form of up-to-date Control Accounts, the nature of which will be determined by the type of organization which obtains in the department. The Control Accounts should indicate, at a glance, the total amount due, the total amount collected, the balance unsettled and/or the total amount in arrears.

Arrangements should be made to reconcile the totals of the Control Accounts with the aggregates of the individual records or accounts maintained. Such reconciliation should be undertaken as frequently as possible, but not less than once every month. If the individual records are so numerous that reconciliation with a single Control Account would be rendered difficult, a Control Account for every section or group of such individual records should be maintained in order to facilitate reconciliation.

(2) **Arrears.** – Arrears require special attention. The Collecting Officer should keep the question of arrears under very careful review; and he will be responsible for taking steps to initiate prompt legal action, if necessary. If arrears cannot be collected even through the process of law, early steps should be taken to have the dues waived.

**F.R. 176 (1) Returns of Arrears of Revenue** – Revenue Accounting Officers should forward to the Auditor –General half yearly returns of arrears of Revenue in terms of F.R. 128 (2).

(2) *Arrears of Collection.* - The Deputy Secretary to the Treasury will report to the Secretary to the Treasury any failure on the part of an Accounting Officer to collect promptly, and duly account for, any sums receivable by the Accounting Officer. He will also report any case in which he may have reason to think that Government dues are falling unduly into arrears.

(3) *Loss due to neglect or wilful fault* - An officer responsible for any loss sustained by Government due to carelessness, neglect, delay, or the wilful fault in the collection of Government dues, is liable to make good the loss.

**F.R. 177. (1) Collections of public money to be remitted daily.** It is the duty of all Collecting Officers, who receive any monies on behalf of Government, whether such money forms a part of Revenue or not, to remit the whole amount, daily or at the earliest possible opportunity, as follows. and obtain a receipt in acknowledgement of the amount remitted :-

- (a) Collection of 'A' Class Department (See FR 369)
  - (i) to the appropriate Accepting Officer of the department or,
  - (ii) if so directed by the Accounting Officer, to the nearest Kachcheri or to the Treasury.
- (b) Collections of Sri Lanka Missions Abroad – to the Accepting Officers of the respective Missions.
- (c) Collections of other departments – to the nearest Kachcheri or to the Treasury.

**Note 1** Payment into the Bank Account of an Accepting Officer is equivalent to a remittance to him. In such cases the Officer remitting the amount should see that an acknowledgement is received from the Bank, in addition to the acknowledgement from the Accepting office– See F.R. 382.

**Note 2** Under special circumstances, however, arrangements other than those indicated in (a) to (c) of (1) above, for the disposal of collections may be made with the approval of the Treasury.

**Note 3** When a 'B' Class Department (see FR 369) receives a cheque, crossed "Account Payee", in respect of its Collections, such cheque may be credited to its bank account; but as soon as the cheque is realized, the amount should be withdrawn by cheque on the department's bank account and remitted to the nearest Kachcheri or to the Treasury as indicated above.

(2) *Collecting Officers and their delegates.* – When collections are made by an itinerating assistant of the Collecting Officer, all money received by him should be remitted at the earliest possible opportunity, but not less than once every week, to the Collecting Officer, of the department; or, if so directed by the Collecting Officer, to an Accepting Office. If the latter procedure is adopted, the Collecting Officer must ensure that he is kept aware of the transactions and that the necessary entries are made in his Collection Registers. He should also satisfy himself that the delegated officer remits all his collections, regularly and systematically, and accounts for them correctly.

(3) *Gross Collections to be remitted.* – The gross amounts received must be remitted and acknowledgements obtained for them. Expenses of collection should not be deducted from the amount remitted.

(4) *Records.* – Collecting Officers who receive monies directly, should keep in addition to other relevant documents relating to their transactions, records of their receipts and disposals together with reference to the receipts issued by them and the receipts obtained by them from the officers to whom they have remitted money. They should prepare, monthly, a "Letter H. Account" – see F.R. 491 – which should be forwarded to the Auditor-General, through the Accounting Officer.

(5) *Cheques, Money Orders etc. to be crossed.* – Cheques, Money orders etc. should be duly crossed (F.R. 384) before they are remitted by Collecting Officers and/or their delegates where necessary, they should be correctly endorsed.

**(6) F.R. 178. (1) Paying-in-Voucher.** When a Collecting Officer (or an officer authorized by him) remits money to an Accepting Officer, it should be supported by an appropriate Paying-in-Voucher, duly signed by him.

(2) **Form of Paying-in-Vouchers.** - Used for general receipts is form General 118. Other forms may be adopted by the Accounting Officer to suit particular requirements.

(3) **Particulars on Paying-in Vouchers.**

(a) Paying-in-Vouchers should contain full particulars of the payment, together with the Head, Sub-Head, Item and sub-Item of Revenue, or the exact description of the Advance, deposit or other Account to which the sum is to be credited. Where credit is given to more than one Account, details should be given on the body or the reverse of the Voucher.

(b) Paying-in Vouchers should be accompanied by such documents as may be necessary to enable the items in respect of which payment is received to be readily identified and checked.

In Particular –

- (i) If the money is in respect of services, reference should be made to the file in which the service was authorized and the costs computed;
- (iii) If the money is in respect of a contract, reference should be made to the contract;
- (iv) Sums realized from sales of Government property by a Public Auctioneer, must be supported by the Auctioneer's Account Sales, and his Certificate as to the Price actually realized at the sale.

(NO F.R. ISSUED UNDER Nos. 179-181)

### Section 3 – Accepting

**F.R. 182. (1) An Accepting Office** for the purpose of these Regulations, is an office or department, where monies received are brought to account. The usual Accepting Offices are the following :

- (a) The Treasury;
- (b) Kachcheries;
- (c) 'A' class departments (and often, their Sub-Offices);
- (d) Sri Lanka Missions Abroad.

All Government dues should, therefore, be ultimately paid to an Accepting Officer at any of these offices.

(2) **Special Arrangements.** - by Special arrangement, the Treasury may require a large Revenue earning 'A' Class Department (e.g. the Inland Revenue Department and the Customs Department) to deposit its collections at the Treasury or to its bank Account. The Treasury is then the Accepting Office for such collections.

**F.R. 183. Payment into an Accepting Office.** (1) *By whom paid.* – Payment into a Accepting Office may be made :

- (a) directly by a member of the public;
- (b) by a Collecting Officer who has Already received the money; or
- (c) by a Paying Officer (e.g. in refunding an unexpended balance of money in hand).

Payment into an Accepting Office, under (b) and (c) above, should invariably be supported by a Paying-in-Voucher, signed by the appropriate officer, or, if this can be dispensed with, by full particulars relating to the payment.

*(2) Payment into the Treasury or a Kachcheri by a member of the public.* –

(a) When a member of the public pays in money at the Treasury or a Kachcheri, he should be directed to the appropriate officer who will prepare and sign the paying –in-voucher, and hand it to the payer, so that he may pay in the money along with the voucher.

(b) If the amount is paid into the Treasury or a Kachcheri, at the instance of a Collecting Officer, the paying –in-voucher is usually signed by the Latter Officer. The document should be examined and initialed by the appropriate officer at the Treasury before the Payment is accepted.

(c) When money is received by Post, the appropriate officer should prepare and sign the Paying-in-voucher.

(3) *Payment into other Accepting Offices by members of the Public.* - Such payments should be supported by a paying-in-voucher, application form, or other document relevant to the payment, according to the particular procedure prescribed for that office. The documents should however be scrutinized and initialed by the appropriate officers who should satisfy themselves that the amount is due, is correct, and is properly classified. Amounts received by post should be similarly dealt with Paying-in-vouchers, where necessary, should be prepared by the appropriate officers themselves.

(4) *Insufficient Particulars* – See F.R. 170 (5)

**F.R. 184. Preparation of Receipts for amounts accepted by Accepting Officers.** Receipts should be drawn up by the Accepting Officer as follows :

- (a) Under F.R. 183 (1), (b) and (c) – in favour of the officer or department concerned. (In cases falling under (b), the receipts in favour of individual payers would have been issued by the Collecting Officers of the remitting department).
- (b) In favour of the payer, in other cases.

**F.R. 185 Recording in Books.** (1) All amounts received by an Accepting Officer should be properly recorded in the Cash Book and in any other prescribed books of account, (e.g. Classification Books, Deposit Ledgers, etc.) The Paying-in-vouchers or other documents used, should support the entries on the receipt side of the Cash Book, and the credit entries in the other books of account.

(2) The entries in the Cash Book should be numbered consecutively in the order of receipt, and the same numbers recorded on the corresponding supporting documents. The dates under which the entries are recorded in the Cash Books should agree with the dates under which the Accepting Officer's receipts are issued.

(3) Arrangements should be made to reconcile periodically the receipt side of the Cash Book with the credit entries in the other books of account.

**F.R. 186. Date of record of receipt in the Cash Book constitutes date of receipt in the Accounts.** – All monies received must be brought to account under the date on which they are received by the Accepting Officer. All receipts brought to account in the Cash Book, in a particular month, will therefore be recorded as credits in the relevant accounts in the same month.

**F.R. 187. Disposal of Money in Accepting Offices.** – Money received at Accepting Offices should be disposed of daily, or at the earliest possible opportunity, as indicated below :

(1) *Treasury* - Cash required may be retained in the vaults. Other monies (e.g. Cheques), and surplus cash should be sent to a bank in which an account is maintained.

(2) *Kachcheries* will follow the same procedure as for the Treasury. Money in the Bank, in excess of current requirements, will, however, be remitted to the Treasury from time to time.

(3) *Other Accepting Offices.* – All money received should be sent to a bank in which an account is maintained by the department concerned, unless F.R. 182(2) applies. Branch Offices may, according to instructions from the Head Office, remit money to their Head Offices.

(4) *Money Orders, Cheques, etc., to be crossed.* – All Cheques, money orders, etc., remitted to the bank, Treasury, Kachcheri or other Office, should be duly crossed (F.R. 384), and correctly endorsed.

*Note :* *Payment into Treasury's Bank Account.* – All monies paid into a bank account of the Treasury must be accompanied by paying-in-vouchers, in which the particulars of cheques, money orders, etc. with their numbers, the names of the banks or the issuing post offices, as the case may be, furnished either on the body of the voucher or its reverse. The cheques, etc., shall be crossed "Sri Lanka Government Account only" These remittances, if forwarded by post, should be sent under registered cover.

**F.R. 188. Acknowledgements to be obtained for disposals.** - (1) When money is remitted by one department or office to the credit, of another, acknowledgement should be obtained for it from the department or office to which the remittance is made.

(2) When monies are banked, the officers responsible should ensure that they receive acknowledgements for them from the banks (see F.R. 382) and verify credits by reference to Bank Statements. Whenever credit has not been granted by the bank within a reasonable time, and in the case of private cheques, within the time prescribed in F.R. 169 (2), the matter should be immediately investigated.

(3) It should be noted that in Bank Statements, Cheques are sometimes shown as credits, even before they are realized. If such a cheque is subsequently dishonored, the bank will send a special communication to the department, and also raise a corresponding debit to the account. For this reason cheques should not be considered as realised except as indicated in Financial Regulation 169 (2).

**F.R. 189. Dishonored cheques.** When a cheque is dishonored by the bank, immediate action should be taken to –

- (a) keep the cheque in safe custody;
- (b) inform the Collecting Officer and any other officers concerned in the transaction that the cheque has been dishonored, so as to enable them to stop any contemplated payment, supply, or service on the cheque;
- (c) recall any payment or supply already made, and stop any further services;
- (d) obtain the explanation of the drawer of the cheque;
- (e) report the matter to the Treasury (Department of State Accounts) together with the explanation of the drawer;
- (f) ensure that no cheques are accepted from him thereafter until a Treasury decision has been given;
- (g) call for a fresh payment, preferably in cash; and
- (h) follow the accounting procedure laid down in F.R. 486.

(NO F.R. ISSUED UNDER Nos. 190-199)

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## CHAPTER V

## PAYMENTS

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## CHAPTER V

### PAYMENTS

#### Section 1 – Responsibility and Authority

**F.R. 200. Responsibility. (1) *Final Responsibility.*** – The final responsibility of ensuring that a proper system and adequate authority exist for all disbursements of public money rests with Chief Accounting Officers and Accounting Officers as laid down in Chapter III of these Regulations.

(2) *Authority for Expenditure.* – The Appropriation Act, the Annual Estimates and the Warrants referred to in F.R. 90, together constitute the general authority to Government Departments to incur expenditure on the services provided for in them and any such expenditure should conform to the requirements of such general authority. Subject to such requirements, and any other specific law or Regulation governing particular types of payments, all expenditure of Government from whatever source it is met, should be undertaken in compliance with the Financial Regulations.

(3) *Delegation of Functions.* – This is provided for in F.R. 135 et seq. The special responsibilities of officers who perform the functions of Authorization, Approval and Certification, in respect of Personal Emoluments, are explained in F.R. 201.

(4) *Responsibility of officers* – The responsibilities of superior officers are dealt with in F.R. 135 et seq. Sub-ordinate officers who prepare or check payment documents or keep records of payments will be held personally responsible for their actions, and making good any loss by their negligence, fault or fraud.

**F.R. 201. Vouchers for Payment of Personal Emoluments.** The general duties and functions of Authorizing, Approving and Certifying and Paying Officers are explained in Chapter III of these Regulations. However, the following should be carefully noted in respect of the payment of Personal Emoluments to employees.

(1) *Authorizing Officer.* – The Authorizing Officer in these cases is the officer who issues the letter of appointment or makes such appointment.

Under this Regulation the Authorizing Officer should satisfy himself that –

- (a) there is a vacant post in the authorized cadre of the department to which an appointment can be made and the appointment is necessary;
- (b) there is adequate financial provision; and
- (c) the salary scale and the step in the scale on which the appointment is made are correct.

(2) *Approving Officer.* - The Approving Officer for payment of salaries, wages, etc., is the officer who performs any administrative functions in respect of the officers appointed. Such Approving Officer or officers shall intimate to the Certifying Officer, variations or changes relating to salaries and wages of individual employees, cases of no-pay and half-pay leave etc. administrative decisions (such as fines, transfers and interdictions) and any special recoveries due to be made.

(3) *Certifying Officer* -(a) Except in the case of changes of variations which are within the special knowledge of the Certifying officer (such as, general changes in salary scales in allowances which vary with salary changes), a Certifying Officer is entitled to assume that there are no other changes than those which have been notified to him by the Authorizing or Approving Officers, and certifying the pay sheet on that basis.

However, in the case of daily paid wages, the Certifying Officer should always obtain from the Approving Officer a certified statement of the number of days for which payment due to be made to each person. The statement should indicate the number of occasions on which test checks were made in terms of F.R. 213.

(b) The Certifying Officer is also responsible for effecting the recovery of all authorized deductions (see Appendix 7) intimated to him either by the Approving Officer or by other appropriate authority.

(4) *Paying Officer* - The Paying Officer should ensure that the requirements of F.R. 139 are complied with.

*Note.* - Intimations of appointments and assumption of duties received by Approving and Certifying Officers will provide the requisite Authority for future payment of salaries, wages, etc.

**F.R. 202. Ex - gratia payment by way of compensation.**

(1) Government is not liable to pay compensation for any loss or damage suffered by the public in the course of the performance by public officers, of their legitimate duties. However, the grant of compensation as an act of grace may be considered by Government in exceptional cases from The appropriate Vote. The department concerned should apply to the Treasury (Department of Public Finance), if a claim is preferred.

(2) As regards loss of or damage to private property incurred by public officers in the course of their official duties, applications for compensation should be made to the Ministry in charge of the subject of Public Administration.

(3) Compensation paid to private parties, out of Public Funds even on Court Orders should be intimated to the Director General, Department of Public Finance.

**F.R. 203. Foreign Payments.** (1) Except in cases indicated under (4) of Section (B) in Appendix 6, payment of the Government of Sri Lanka which have to be made in foreign countries, should be arranged through the Treasury; and applications for the purpose should be made to the Director General, Department of State Accounts.

- (2) The cost of remittances of salaries or pensions not drawn through ;
- (a) an Approved seas Agent or the Government of Sri Lanka,
  - (b) a foreign Government Official with whom the Treasury maintains an account, or,
  - (c) a Sri Lanka Mission Abroad

will be deducted from the amount remitted.

**F.R. 204. Funds for the purpose of making payments.** Funds for the purpose of making authorized payments are available to departments as follows :-

- (a) *Treasury* - All the monies received by it, in its capacity as an Accepting Office.
- (b) *Divisional Secretariats* - Same as for the Treasury. When these resources are inadequate, the Treasury will furnish the necessary funds in the form of Remittance
- (c) A, B & C Class Departments will be provided with funds in the form, of Imprests - see F.R. 365.

**F.R. 205. Refunds from Revenue.** (1) *Safeguards to prevent a double refund.* - Every officer who applies for a refund from Revenue or gives a certificate of credit to recover a refund or certifies a refund from Revenue, should satisfy himself that a note is invariably made against the receipt entry, in the Cash Book and in the appropriate subsidiary ledger, document, etc. If the refund relates to a recovery made in the form of stamps, the note should be made in the counterfoil of licence form or other document. This note should give reference to the date of application, the date of issue of a certificate of credit, or the date of certification of the Refunds, as the case may be; and the number and date of the refund voucher, should also be noted, where possible.

(2) *Statutory Refunds due to Local Authorities.* - (a) In the case of statutory refunds of stamp duties and licence fees to Local Authorities, the departments responsible for making the refunds to the Local Authorities concerned should make such refunds quarterly. Such refunds should be made not later than the end of the quarter following that to which the refunds relate. The amount refunded in respect of a quarter should be the actual amount credited to the Consolidated Fund, or value of stamps affixed to documents, etc., and cancelled during that period.

(b) In order to facilitate the calculation of the amount due to each Local Authority, departments should obtain from the licensees or other party concerned, at the time of issue of the licences, etc., full particulars which will enable the department to refund the duty or fee to the appropriate Local Authority. Such particulars should be noted in the relevant registers. At the end of each quarter, a statement should be prepared of the amount due to each Local Authority and attached to the refund voucher.

Note :- See also F.R.R. 118 and 229

**F.R. 206. Withdrawals from Deposits .** (1) Except as provided for in (3) below, every voucher for a payment from deposit should be certified by two officers, one of whom shall be responsible to see :

- (a) that the payment has been duly authorized and, where necessary, provisions of F.R. 138 (4) have been complied with;
- (b) that the gross amount to be paid is correct; and
  - (i) in the case of deposits, other than Class 1 deposits, that the payment does not exceed the amount held in deposit; or
  - (ii) in the case of Class 1 Deposit Accounts (see F.R. 569), that there are adequate funds to make the payment;
- (c) that the payees whose names are shown on the face of the voucher are the persons entitled to payment;
- (d) that the payment has not been made before;
- (e) that all necessary recoveries have been made;
- (f) that the amount payable is a correct charge to the account indicated on the voucher, and that the title of such account is fully and correctly shown;
- (g) that the particulars and amount of the voucher are noted in the relevant records, account sheets, ledgers etc.;
- (h) that the voucher is accurate and complete in detail.

The other officer shall be responsible for verifying –

- (a) the correctness and propriety of the payment, and
- (b) that there is authority for the payment and it has not been made before.

(2) In the case of deposits, other than Class 1 deposits, the deposit voucher must always contain adequate particulars which would facilitate the identification of the item of deposit from which the withdrawal is to be made. The date of deposit should always be given. If the amount payable forms part of a larger sum deposited, such sum should also be indicated. The first Certifying Officer, referred to in (1) above, shall be responsible for indicating these particulars, and be liable to be surcharged with any sum incorrectly paid as a result of insufficient or incorrect particulars.

(3) The Chief Accounting Officer may, at his discretion, exempt any department under his control from the requirement of paragraph (1) above, that two Certifying Officers should certify vouchers for withdrawal from deposits. Such exemption may be granted in respect of all or any particular types of deposits; and, in all such cases, the signature of the Certifying Officer will suffice. Any such exemption granted should be notified to the Office of Payment and to the Auditor-General.

(4) Except in cases falling under paragraph (3) above, a voucher should not be accepted for payment from deposit unless it has been certified by two officers. The signatures on the voucher should be compared with the specimen signatures before payment is made –See F.R. 256.

(5) Every alteration on a voucher should be authenticated by the full signature/s of the Certifying Officer/s.

**F.R. 207. Expenditure from provision in the Estimates.**

(1) *Authority lapses at the end of each financial year.* – It should be noted that the authorities referred to in F.R. 90, ( except the Contingencies Fund Advance Warrants) and F.R. 91, lapse at the end of the financial year to which they relate.

(2) *Scope and extent of expenditure and accounting therefore.* - The services on which the Government may incur expenditure and the scope and extent of such expenditure are prescribed in the Annual Estimates. They also provide the basis for the classification of such expenditure in bringing it to account. Expenditure from provision in the Estimates and accounting therefore, should strictly conform to and accord with the details of the Annual Estimates. The amounts prescribed therein should not be exceeded, without appropriate authority as indicated in the Regulations of Section 5 of Chapter 1.

(3) *To be charged appropriately.* – The provision in the Estimates against each Head, Programme, Project, Object Class etc., must be applied by departments to the purpose or purposes for which it was intended. The plea that certain expenditure was necessary and justifiable is not a sufficient reason for debiting it to a Object Class which was not intended to carry such expenditure. Expenditure on a service, representing a new departure in policy, clearly not contemplated at the time the Estimates of Expenditure were approved by Parliament, should not be charged to provision in the Estimates on the ground that the service can be held to fall within the ambit of the Programme as described in the Estimates. In case of doubt, such cases should be referred to the Treasury (Department of National Budget) for decision. Any expenditure incorrectly charged may be disallowed.

(4) *General provision or a Programme not to be used when specific provision exists.* - When a general provision for several services appears under one Object Class, and specific provision for one of them appears under a another, payments properly chargeable to the specific provision must be charged to the specific provision rather than to the general provision.

**F.R. 208. Grant of allocations for expenditure by one Department as an agent of another.** (1) *Allocations* are sums set apart by a department for expenditure- (i) by its own officers, units or sub-units ; or  
(ii) by a another department .

(Regarding Accounting for allocations, see FRR 448 & 449. )

(2) *Prior allocation to be obtained.* - (a) No officer shall authorize, approve, or certify a charge or debit against provision in a Head of Expenditure, for which his Accounting Officer is not responsible, unless an allocation from the relevant provision has been obtained from the appropriate Accounting Officer.

(b) Similarly, a charge or debit to an Account, controlled by another Accounting Officer, should not be authorize, approved or certified, unless an Allocation for the purpose has been obtained from him.

(c) Provision so allocated will not be available for expenditure by the department which grants the allocation - F.R. 449 (1).

(d) The department which receives an allocation must apply it only for the purpose for which it is granted.

(3) *The grant of an Allocation by one Department to another* is governed by the provisions of .FR 145 (3) & FR 146.

(4) *Types of Allocation* - An Allocation granted by a Department to another may be-

(a) a General allocation for the purpose of making several payments as they occur. In this case, each payment made from the Allocation need not be intimated to the Accounting Officer who granted the Allocation; but it is essential that the total expenditure of each month should be notified to such Accounting Officer at the end of each month, along with a Monthly Statement of Committed Expenditure (see FR 450) , in order to enable him control his vote or Account.

(b) a Specific Allocation for the purpose of making a single or specific payment. In this case, the amount spent should at once be notified to the Accounting Officer who granted the Allocation.

(NO F.R. ISSUED UNDER NO. 209)

**F.R. 210. (1) Discounts** – Where it is possible to obtain discounts, payments must be made in time to obtain them. Failure to obtain a discount due will render an officer liable to be surcharged in the amount.

(2) *Delay in payments* – Any charges payable on account of delayed payments may be surcharged against the officers responsible.

**F.R. 211. Prompt settlement.** (1) All liabilities must be noted as soon as they are incurred. (See also F.RR 94 (3) and 447 (5) re Deferred Liabilities). Records of liabilities, such as orders placed for supplies and services, should be maintained up-to-date so that payment may be made as soon as possible after the service have been performed or supplies rendered. Where bills and claims are received, they should be checked and paid promptly. Wherever possible, payments should be made within the same month.

(2) At the end of each month, persons e.g. merchants, contractors etc., employed for the supply of authorized services, must be called upon to furnish their accounts. Officers concerned should take steps to ensure that there is no avoidable delay on the part of their representatives, especially those in the outstations, either in calling in accounts or presenting them for payments.

(3) Government Officers should, however, submit their claims before payment can be made. Similarly, a Government department rendering service to another department will submit to the latter a claim for the amount due, unless the former acts as an agent of the latter in terms of F.R. 145(3).

**F.R. 212. Salaries and Pensions, when payable.** (1) *Salaries.* - Payment of salaries will normally commence on the 25<sup>th</sup> of each month. Any variations thereto will be intimated to all Government Departments by the Treasury (Department of State Accounts) in advance.

(2) *Advance in anticipation of salary.* - An advance payment of 33 1/3 per cent in the case of basic salaries of Rs. 1,500 per month and below and 40 per cent in the case of basic salaries in excess of Rs. 1,500 per month, may be paid on the 10<sup>th</sup> of each month leaving the balance of the basic monthly salary plus the allowances where applicable, due for the whole month, to be paid as provided for in (1) above. Any variation of this date of payment will be intimated to all Government Departments by the Treasury (Department of State Accounts) in advance. The payment of these advances is subject to the following rules :-



- (i) The advances referred to in this Regulation should be paid at the option of the officers concerned. Option forms should be signed annually in the month of December, by all officers who wish to obtain the advance. Such option is valid for the ensuing financial year. No revision of the option will be permitted during the course of that year;
- (ii) an option may also be exercised during the course of a financial year, if the paying authorities agree to accept it; and no revision will be permitted during that year;
- (iii) paying authorities will provide for the advance in terms of these options until the end of the financial year to which they relate;
- (iv) the advance payable to a monthly paid employee should be limited to a multiple of Rupee 1 within the authorized limits;
- (v) the payment of the advance should be debited to the provision to which salaries are debited and should be recovered in full on the pay abstract the end of the month of payment of the advance, and only the balance of the salary of the month should be debited to provision in the Estimates through the monthly pay abstract.

(3) *Daily paid employees.* - In the case of wage earners, the advance should be limited to the amount of the basic wages earned up to the date of payment or up to a date before the date of payment, which is convenient to the paying authorities. Subject to this requirement, the other rules indicated in (2) above, will apply to wage earners who opt to obtain an advance payments of wages.

(4) *Pensions.* - The dates for payment of pension for each month will be intimated by the Director of Pensions to all paying authorities in advance.

**F.R. 213. Daily paid Labour - Check rolls.** In the case of daily paid labour, check-rolls should be maintained on which daily attendance should be marked by officers specially delegated with that task. Supervising officers should, from time to time, carry out surprise checks of the check-rolls, within hours of work. It is not always necessary to do a complete check of the day's attendance; but it would suffice if a test is made of selected entries of the check-roll.

Where labour is diffused in the field or elsewhere, at different centers, it would be the duty of the supervising officer to test check records maintained in respect of selected persons or groups of persons and see that the tasks assigned to them have actually been performed- see F.R. 201 (3).

**F.R. 214. Regular examination of records of liabilities.** Records of liabilities should be regularly examined by Authorizing Officers as well as Certifying Officers, to ensure the availability of funds and to see that bills are received regularly and settled promptly. Bill should not be accumulated for settlement in a lump sum later in the financial year.

**F.R. 215.** (1) *Payment not to be made before it is due.* – In no circumstance may payments be made before they are due for the purpose of utilizing an anticipated saving.

(2) *Advance Payments to Government Departments, Corporations and Local Authorities in special cases.* - The Treasury may, however, grant special authority to make advance payments to Corporations and Local Authorities for work undertaken by them for Government Departments, and to Government Departments undertaking work for other Government Departments, when such advance payments have to be made in terms of an agreement/contract, or in instances where the Treasury is satisfied that an advance payment is necessary.

(3) *Provision not to be transferred and held in reserve to meet impending payments.* -

- (a) No portion of the financial provision under any Object Class, Object Detail or item should be drawn out and set aside or transferred to reserve, deposit or suspense account to meet impending payments.
- (b) However, provision intended for the payment of grants or loans to Statutory Corporations and other Institutions, may be transferred to a deposit account, if the sum is not immediately required by the Corporation or Institution. Such transfers should be indicated in the Appropriation Account by means of suitable foot-notes.
- (c) Where orders have been placed on foreign firms direct or through local agents on Letter of Credit in sufficient time to be executed within the financial year, and the goods ordered have been shipped and shipping documents issued on or before 31<sup>st</sup> December, but owing to shipping delays or other unforeseen circumstances delivery could not be effected by 31<sup>st</sup> December, the amount required for payment for such orders may be transferred to a Deposit Account, with Treasury approval in each case, and payment made from the Deposit Account in the next financial year.

Such transfers should be indicated in the Appropriation Accounts by means of suitable foot-notes giving reference to Treasury approval.

**F.R. 216. Expenditure not to be differed to avoid access.** (a) Expenditure properly chargeable to the accounts of a given year, must be met within the year; and must not be differed for the purpose of avoiding an excess on the amount provided in the Estimates.

(b) It is essential that departments should obtain additional provision required, either under Virement procedure or by Supplementary Estimate, well in time to avoid such excess.

**F.R. 217. Completion of payments within a financial year** (1) Accounting Officers should impress upon their subordinate officers, the paramount necessity for completing as far as possible all payments falling due in any one financial year before the end of that year. Neglect in this connection may involve personal pecuniary liability on the part of the officers responsible for the neglect.

(2) Government Officers who delay the presentation of their own claims, or neglect furnish perfected vouchers for amounts due to them, run the risk of their claims being totally or partially disallowed.

**F.R. 218. Payment in a subsequent financial year.** (1) If payment is not made in the financial year in which it falls due, it may be made in a subsequent financial year, only as indicated in F.R. 115. Special precautions should be taken, in these cases, to avoid double payments.

(2) However, it should be understood that, in case where payments for services rendered during the last few months of a particular financial years are regularly provided for in the Estimates of the following financial year, they may be charged to the latter provision without resort to F.R. 115 procedure. Examples of such payments are:

- (a) Electricity bills received in January for current supplied in December of the previous year;
- (b) commissions to collectors of assessment tax;
- (c) allowances to Registrars for registering and reporting births and deaths and for accepting, in their offices, notices of marriage;
- (d) fees to Registrars for registering marriages under the Kandyan Marriage and Divorced Act.

(NO F.R.R. ISSUED UNDER Nos. 219-224)

## **Section 2 – Preparation of Vouchers**

**F.R. 225. (1) Vouchers required for all payments.** All payments must be supported by vouchers, prepared accurately and completely, in the prescribed forms. If the law prescribes a particular form, that form should invariably be used.

- (2) *Forms.* - (a) The voucher forms generally used for payments are -
- (i) for Salaries – Form General 33;
  - (ii) for Wages – Form General 36;
  - (iii) for Overtime – Form General 35a
  - (iv) for General payments and for imprests and advances – Form General 35;
  - (v) for payments from deposits – Form General 70;
  - (vi) for payments of travelling expenses – Form General 177 or Form General 178;
  - (vii) for refunds from Revenue – Form General 29;
  - (viii) for withdrawal of money deposited by suitors - Court Payment Order on Form Judicial C.F. 17
- (b) Other payment voucher forms may be approved by the Chief Accounting Officer for particular purposes for use in departments under his control.
- (c) In the case of Transfer Payments, (F.R. 295), the Transfer Order (Form General 122) is generally used as a voucher.

(3) A voucher may be prepared by the Approving Officer and passed on to the Certifying Officer for certification, or it may be prepared by the Certifying Officer himself, according to the convenience and accounting arrangements of each department.

(4) Subordinate officers who prepare vouchers or check them should initial them in the space provided for that purpose – see also F.R. 200 (4).

**F.R. 226.** (1) *Authority to be quoted on Vouchers.*- The appropriate authority, as indicated in F.R. 90 and 91, should be quoted all payment vouchers which fall within the scope of such authority.

(2) *Special authority.* – Besides the general authority referred to in (1) above, any special authority necessary for a payment (e.g. authority required under F.R. 72; a letter of appointment in the case of payment of first salary) should also be quoted.

**F.R. 227. Classification of expenditure from financial provision in Estimates.** The Annual Estimates from the basis of the accounts for expenditure from financial provision therein. The classification and sub-division of the accounts of such expenditure, under a Head, Programme, Project, Object Class, Object Detail or Item, must therefore accord with details of the Estimates. It is essential that, on all vouchers and other accounting documents relating to such expenditure, the number

and description of the (a) Head, (b) Programme, (c) Project, (d) Object Class, (e) Object Detail and (f) Item, if any, should be indicated exactly as they appear in the Estimates.

**F.R. 228. Account to be fully correctly stated.** When payment is debited to any account the exact title of the accounts and subsidiary account (if any), should be quoted on the voucher. Thus, a voucher for an advance to meet an officer's travelling expenses should be headed "Authorized Advances Account" and against project should be shown the exact title of the Subsidiary Account, as it appears in the Treasury or Kachcheri Subsidiary Ledger for Advance Accounts. Similarly, a voucher for payment of a deposit should be headed "General deposits account" and against Project should be shown the exact title of the Subsidiary Account, as it appears in the Treasury or Kachcheri Subsidiary Ledger for deposits.

The term "Authorized Advance Account" referred in this Regulation will appear as "Authorized Advances (Kachcheries) Account" in the case of advances paid by kachcheries and as "Authorized Advances (Treasury) Account" in other cases. Similarly, the term "General Deposits Account" will appear as "General Deposits (Kachcheries) Account" in the case of Kachcheri Deposits. and as "General Deposits (Treasury) Account" in other cases.

**F.R. 229. Vouchers for refund from revenue.** (a) Vouchers for the payment of refunds from Revenue should be headed "Refund Account" and the appropriate Revenue Head, Sub-head, Item and Sub Item (if any) should be indicated thereafter,

e.g. -

"Refund Account - Revenue Head 6, Sales and Charges, Sub-head 1, Sales, Item 1, Health Services, Sub-Item 1, Hospitals and Dispensary Receipts".

(b) Refund of value of stamps should be debited to -

"Refund Account" - Revenue Head 1, Taxes on Production and Expenditure Sub-head 7, Taxes on transfers of assets and property, Item 1, Stamps, including composition duties other than for Postal and Court purposes.

**F.R. 230. Token Provision.** Debits to Token Provision Object Classes/Object Details should not be raised except as provided for below :-

- (a) When the Token Provision Object Class/Object Detail authorizes the incurring of a "Deferred Liability", (see F.R. 94), debits can be raised to such Object Class/Object Detailed, only if such liability falls due to be discharged, and financial provision has been made under the Object Class/Object Detail;
- (b) When a Token Provision Object Class/Object Detail has been created by a Supplementary Estimate to utilize savings on other Object Classes/ Object Details (see F.R. 75), a debit could be raised to that Object Class/Object Detail only after the transfer of provision under F.R. 66.

**F.R. 231. (1) Particulars of Service, etc.,** All vouchers will contain full particulars of each service, such as dates, numbers, quantities, distances, and rates, so as to enable them to be checked, as far as possible, without reference to any other document.

(2) *Reference to annexes.* – Where certificates, sub-vouchers, under receipts or other documents are annexed to payment vouchers, the fact that they are so annexed should be indicated on the vouchers.

(3) *Petty Payments.*- A number of petty payments which are chargeable to the same Head, Programme/Project /Object class etc. of the Estimates, or to the same Account may be included in one voucher, the receipts of the payees being annexed as sub-vouchers.

**F.R. 232. (1) Gross amount.** The voucher should be prepared for the gross amount to be debited to the vote or other Account, any recoveries due being indicated on the body of the voucher.

(2) *Amount to be expressed in words.* – The amounts for which the voucher or abstract is drawn should be entered in words as well as in figures, and care must be taken not to leave space for fraudulent interpolation before or after either entry. The form for stating an amount in words would be -

“Rupees ..... only” or “Rupees ..... and cents ..... only”. The written amount should fill the whole space between “Rupees” and “only”.

**F.R. 233. Recoveries** (1) When a recovery has to be made from a payment, the full amount due, unless otherwise authorized, should be recovered, the manner in which the recovery should be shown on the voucher is indicated in F.R. 234.

(2) When an amount is due to Government from a payee on one account, it may, in appropriate circumstance, be recovered from amounts due to him on another.



**(4) Income Tax :-** Recoveries made by any department, other than a Sri Lanka Mission Abroad or a Kachcheri on account of Income Tax or any other item of Revenue payable to the Department of Inland Revenue, should be remitted by Money Order or cheque to that Department along with schedules of recoveries or other particulars required. They should not be settled by Transfer Payment (Cross Entry)

*Note 1* In cases falling under (1) above, the payment vouchers will also serve as Paying-in-Vouchers, but the same details must be given in them regarding the sums to be credited, as would be given on separate Paying-in-Vouchers.

*Note 2* When receipts for such credits are required, Paying-in-Vouchers on Form General 118, giving full particulars on credit should be attached to the payment vouchers.

**F.R. 235. Recovery of penalties and fines from amounts payable to contractors.** When a deduction is made from an amount payable on a contract in respect of a penalty or fine, the net sum only must be paid. If no increased cost to the work results from the lapse on the part of the contractor, the penalty or fine should be credited to Revenue.

(No. F.R. ISSUED UNDER NO. 236)

**F.R. 237. Special Certificates.** When a voucher is certified for payment for any of the services prescribed in Column 1 of the Schedule below, the instructions given in Column 2 thereof should be complied with in the manner applicable in each case.

#### SCHEDULE

*Column 1*

*Column 2*

A. Contracts (i) Supplies Made or work done under agreement or contract.	A certificate should be appended to the effect that the supplies have been made or the work has been done, satisfactorily and in terms of the contract or agreement, and that the payments recommended are in accordance therewith.
(ii) On account payments	A certificate should be appended to the effect that the amount paid is fully covered by the supplies made, or the work performed, and that the payment is in order and in terms of the contract or agreement, if any.



*Column 1**Column 2*

- |  |   |
|--|---|
| (iii) Retention money  | A certificate should be appended to the effect that the work is completed and in good order and condition; that the time limit, if any, after the completion of the work, or supplies made has elapsed; and the terms and conditions of the contract have otherwise been fully satisfied.   |
| B. Payments for Stores Supplies  | A certificate that the articles have been received and that they have been brought on charge in the appropriate inventory, stock book, etc., should be appended.  |
| C. Claims in reimbursement.<br>Where public officers present claims in reimbursement of expenditure incurred by them on official business. | Actual receipts for expenditure incurred must be produced, and attached to the voucher as under-receipts. In respect of small items of expenditure, when such receipts cannot be produced, the officer concerned must certify on honor that the charges have been incurred solely on the public service and were actually paid by him. However, a certificate or authority or order of the officer authorizing and/or approving the service or expenditure should be given on the voucher or on the under receipts. |
| D. Secret Services.<br>Any necessary expenditure on services of a confidential nature, the particulars of which cannot be divulged         | To be supported in the accounts by a certificate of payment given by the President and the Minister of Finance and a declaration that they have satisfied themselves that the money has been properly expended.   |
| E. Paysheets.<br>(i) Increments.   | A certificate, in terms of the Establishments Code designed to indicate that the officers concerned have earned their increments. (this certificate should be attached to every pay sheet on which a sanctioned increment is paid for the first time. The effective date of every such increment must be noted on the Pay sheet)  |

<b>Column 1</b>	<b>Column 2</b>
(ii) Salary after appointment, secondment, promotion etc.,	When these are paid for the first time. the letter conveying the relevant authority must be quoted on the Pay Abstracts, subject to the Regulations relating to Medical Examination, furnishing of security etc.
(iii) Certification of Paysheets	Before a paysheet is certified by a Certifying Officer, it should bear a certificate at the bottom of it, to the effect that the W.& O.P./Teachers' W.& O.P./PSPF Registers and Personal Emoluments Register (F.R.453), for the previous month have been completely entered up, totalled and reconciled. This is, however, in addition to other requirements relating to pay sheets.
F. House Allowances	A certificate from the Head of the Department –  (a)That the accommodation obtained is suitable and convenient, having regard to the public duties of the officer concerned; and (b)that the officer has not occupied Government quarters for the period for which house allowance is drawn.
G. Fixed Transport and Commuted Allowances.	Certificates required in terms of the Establishments code should be appended.
H. Witnesses Expenses. Vouchers for Expenses incurred by public officers required to attend courts of Justice on matters directly connected with the discharge of their public duties.	Certificate of Attendance in Courts should be appended.

- |    |   |   |
|----|---|---|
| I  | Release of Security.<br>(i) of Public Officers ;                              | Security should be released only after a “No Claim” certificate has issued.   |
|    | (ii) of Private parties   | Security to be released only on a certificate that payment or release is due in terms of the contract entered into and that it has been wholly performed.                     |
| J. | Other specific authority.   |   |
|    | (i) When specific authority is granted for any expenditure ;                  | The number and date of the letter of authority should be entered on the voucher (if convenient a copy of the authority may be attached).                                      |
|    | (ii) Where an authority has been conveyed by endorsement.                     | Authenticated copies of the applications and the endorsements, or authenticated extracts therefrom, which include, as far as possible, the whole subject, should be attached. |
| K. | Refunds to Local Authorities and amounts Quasi-Government Departments. should | Dates of credit of the to the respective funds<br><br>be indicated on the vouchers. If the item forms part of a lump sum, the sum should be quoted.                           |

**FR.238.Pay-Sheets** (1) Sanctioned rates of salaries, etc. – Salaries, wages, allowances and other emoluments must be paid in accordance with sanctioned rates, and payments should not be made otherwise on the ground that rates different from the sanctioned rates appear in the Estimates.

(2)Wages – The period for which daily paid wages are paid should not, in any circumstances, extend beyond the date of payment. In no case should money be paid to unofficial persons for distribution as wages.

(3) Fractions of cents to be excluded – Fractional parts of cents must be excluded from the gross amounts of vouchers for receipts or payments; when the fraction exceeds a half cent, it should be reckoned as one cent; and when the fraction is a half cent or less than a half cent, it should be excluded from the accounts.

(4) Authorised deductions from Salaries and Wages.-(a) The deductions which are authorized to be shown on the pay abstract are given in Appendix 7 to these Regulations ;

(b) 40 percent, limit of deductions from salary or wages for a month – The total deductions on the salary or wages of a month should not exceed 40 per cent thereof. All statutory deductions and certain deductions notified by the Treasury from time to time, are exempt from this rule. The interpretation of the term ‘salary or wages of a month’ will be as defined by the Treasury from time to time.

The following are examples of statutory deductions :

- (i) W. & O.P. Abatements ;
- (ii) Public Service Provident Fund Recoveries ;
- (iii) Income Tax Deductions ;
- (iv) Premia on Life Assurance Policies in lieu of compulsory contributions referred to in Section 8 of the Public Service Provident Fund Ordinance (Chaper 621).

The following are examples of non-statutory recoveries exempted from the authorized limit :-

- (i) Festival Advance recoveries ;
- (ii) Recovery of Salary Advance paid in terms of F.R.212(2) ;
- (iii) Recoveries on account of salary overpayments, including half-pay and no-pay leave recoveries ;
- (iv) Housing loans ;
- (v) Amounts intimated by the Commissioner of National Housing under section 10 of the National Housing (Amendment) Act, No.42 of 1958 ;
- (vi) Insurance Premia due to the Insurance Corporation of Sri Lanka and the National Insurance Corporation ;
- (vii) Deduction of Insurance Premia due in respect of Insurance policies which have been hypothecated to the Lady Lahore Loan Fund ;
- (viii) Donations to Government.

(c) Recoveries of Income Tax etc :- All departments concerned should comply with paragraph (4) of F.R.234 in remitting recoveries indicated therein.

(d) Deductions on account of Widows’, Widowers’ and Orphans’ Pensions and Public Service Provident Fund contributions are supported by Abatement Registers. These should be forwarded to the Secretary, Widows’ and Orphans’ Pension Office, and the Secretary, Public Service Provident Fund Office, at the end of the financial year ;

(e) Deductions from the salary of officers who have proceeded out of the Island on leave or otherwise, and draw their salaries abroad (through an Approved Overseas Agent or a Sri Lanka Mission Abroad), should be shown on the pay abstracts, notwithstanding such absence.

When proportionate salary for part of the month is paid to an officer before proceeding abroad, all deductions for the whole of the month, should be shown on the salary abstract for that month and recovered from the officer concerned. This procedure is necessary as the paying authorities abroad should be required to pay only the net amount of an officer's salary.

(5) The net salary or wages, or part thereof, of an employee may, at his request, be paid into his bank account. This concession will be withdrawn if the employee habitually fails or delays to furnish receipts.

(NO F.RR ISSUED UNDER Nos.239 – 244)

### **Section 3 - Certification**

**F.R.245. (1) All vouchers must be certified.** All vouchers must be certified by the Certifying Officer. The form of certificate printed on the voucher forms must be correctly completed.

(2) Duplicate Vouchers - Officers are forbidden to sign more than one voucher, authorising payment for one and the same purpose. Every additional copy should contain the word "duplicate" across the full face of it.

(3) Recording in books – Relevant particulars of all vouchers, should be recorded in the appropriate ledger under the proper Account, or Head, Programme, Project, Object Class, etc., or the Allocation.

(NO F.R. ISSUED UNDER No.246)

**F.R.247.(1) Period of validity for payments to be stated.** Vouchers, Payment Orders, etc., issued during the month of December, made payable from financial provision in the Estimates should be marked "Valid for Payment up to 31<sup>st</sup> December". All other vouchers etc., should be marked "Payable within thirty days from the date of issue".

(2) Extension of Validity – If the period of validity has elapsed before a Voucher, Payment Order, etc., is presented, no payment should be made until the period of validity has been extended.

(3) Vouchers of 'C' Class Departments to indicate the office of Payment. A

Voucher, Payment Order, etc., issued by a 'C' Class Department should indicate the Office of Payment. To give effect to this requirement the note referred to in (1) above may be extended as follows :-

-Payable within thirty days from the date of issue at -

payable before 31<sup>st</sup> of December at -

General Treasury”  
.....Kachcheri”  
.....Department”

**F.R.248 Scheduling.** (1) When a number of vouchers are presented together for payment at a Kachcheri or other Office of Payment, they must be arranged and scheduled in the same order as the Programme, Project, Object Class etc., appear in the Annual Estimates. The total on each Object Class/Object Detail (and Item, if necessary) must be extended in the Schedule, and the grand total of the schedule must appear at the bottom. The Vouchers must be numbered consecutively in the order they are listed in the schedule.

(2) Where it is convenient to draw out one Cheque, Pay Order, Bank Draft, etc., in payment of a number of vouchers, the latter may be scheduled as indicated in (1) above.

(3) In every case the schedule should also be certified.

(NO F.RR.ISSUED UNDER NOS.249-254)

#### **Section 4 – Payment of Vouchers**

**F.R.255. Office of Payment for Certified Vouchers.** (1) An Office of Payment, for the purpose of these Regulations, is an office or department where payments are brought to account. For example, the Treasury or Kachcheri is the Office of Payment for vouchers of over Rs.100, certified by a 'C' Class Department.

(2) 'A' and 'B' Class Departments – Normally, vouchers certified by 'A' and 'B' Class Departments are paid and brought to account by these departments themselves through their Imprests. However, by mutual arrangement, these departments may obtain the services of any other Office of Payment.

- (3) Payments of 'C' Class Departments – (a) The Treasury will be the Office of Payment for all 'C' Class Departments in Colombo, except those whose payments are made at the Colombo Kachcheri. The Office of Payments for 'C' Class Departments other than those in Colombo will be the nearest Kachcheri ;
- (b) Petty Cash Payments. 'C' Class Departments must make payments of Rs.100 and under, as they are able, from their Petty Cash Imprests – see F.R.369 (c) (ii);
- (c) Payment at another station – see F.R.258
- (4) Payments out of the Island – In the case of payments out of the Island – (a) if payment is made through a Sri Lanka Mission Abroad, that Office will be treated as the Office of Payment ;
- (b) When payment is arranged through an official of any foreign Government, or through any of the Approved Overseas Agents of the Government, of Sri Lanka, the Treasury will be regarded as the Office of Payment.
- (5) Transfer Payments – In the case of Transfer Payments (F.R.295), the office at which the transfer is brought to account, is the Office of Payment.

**F.R.256. (1) Specimen signatures to be sent to the Paying Officers.**

Whenever it is usual for vouchers certified in one office to be presented for payment to a Paying Officer at another Office, the specimen signatures of the officers authorized to certify vouchers should be sent to the Paying Officers, to enable them to verify the signatures on the vouchers at time of payment. The number of copies of specimen signatures required will be determined by the Paying Officers.

(2) Subsequent changes – All subsequent changes as regards the officers authorized to certify vouchers, should be notified, and fresh specimen signatures, where necessary should be sent.

(3) Signatures to be verified before payment – No payment should be made unless the signature of the Certifying Officer on the voucher has been verified, with his specimen signature.

Note : The term "Office" in this Regulations means and includes a branch office or separate unit.

**F.R.257. Payment to be made only on Certified Vouchers.** All vouchers should be certified before they are presented for payment to a Paying Officer. It is the duty of every officer passing a voucher for payment or making payment thereon, to see that a voucher accepted for payment has been duly certified by an officer who has been authorized to do so. Any payment made on an uncertified voucher will amount to an unauthorized payment and will be surcharged against the officer responsible.

**F.R.258. Payment by a 'C' Class Department in one station to a payee in another station.** (1) Payments to private parties – If a 'C' Class Department in one station has to make a payment to a person residing in or near another station, the department may issue a voucher for payment at the Kachcheri nearest to the payee's station and send it to the payee for presentation. The department should, at the same time, advise the Kachcheri on Form General 195 of the issue of the voucher. Payment should not be made by the Paying Officer until he has checked the voucher with the advice and satisfied himself as to the identity of the payee. As soon as payment is made, or at the end of 30 days from the date of the advice, whichever is earlier, the Paying Office should return the advice to the issuing department, with the date of payment inserted therein, if the voucher has been paid. The issuing department should see that the advice is duly returned by the Paying Office and that the date of the payment is recorded in its books. If the voucher has not been paid the department should make every effort to trace the payee and effect payment.

(2) Payments to Government employees – However, when a voucher is issued by a 'C' Class Department, in favour of a Government employee, it is preferable to make it payable by the department in which the payee is employed. If, however, the latter department is itself a 'C' Class Department, the procedure indicated in (1) above can be followed only if the amount payable is within the limit prescribed in F.R.255 (3)(b). If over that limit, the voucher should be made payable at the Kachcheri most convenient to the officer.

In all these cases, the provisions of (1) above relating to the advice of payment and return thereof should be followed.

**F.R.259. Claims presented by Banks for Collection.** (1) Payees sometimes present their vouchers through their bankers. In such cases, the vouchers will bear the bank's crossing stamp, and a bank memorandum usually accompanies the claims.

(2) Before payment is made on such a voucher, the Paying Officer should ensure, inter alia, that –

- (i) the voucher bears the bank's crossing stamp ;
- (ii) the voucher is receipted by the payee ;
- (iii) the voucher is certified by the appropriate Certifying Officer

The payment should be made direct to the bank with all expedition; and the date and number of the bank memorandum should be quoted on the cheque to enable the bank to identify the payment.



(3) If for any reason, the voucher cannot be paid (e.g. when it is not certified, or is not receipted by the payee), it should be returned immediately to the bank. In no circumstances should it be returned to the payee. If, on the other hand, payment on one voucher, out of a number of vouchers received together from the bank, has to be delayed for any reason, the fact should be notified to the bank when payment on the other vouchers is made.

(4) If the voucher has not been certified when received from the bank, and the Certifying Officer is himself attached to the Office of Payment, the voucher should be referred to the Certifying Officer for certification and any other action necessary before payment is made. In such cases, it is incumbent on the Certifying Officer to return the voucher to the Paying Officer without delay. But under no circumstances should the voucher be returned to the payee.

**F.R.260. Payment to Correct Party** (1) Identity of Party – Payments must be made only to the persons named in the vouchers or to their legal representatives. All precautions should be taken against payments to wrong parties. The Paying Officer should therefore, satisfy himself with regard to the identity of the payee if he calls for payment. The payee should be required to produce his/her National Identity Card. The number of the National Identity Card should be recorded on the payment voucher. In case of doubt, the payee should be identified by one or more responsible persons, acceptable to the Paying Officer, and such person should sign as witnesses to his/her identity and signature. Where the payee is unable to write, his/her mark or thumb impression should be obtained in the presence of the witnesses who will certify on the voucher, that payment was made to the correct person, and that the mark or thumb impression is bona fide.

(2) Payments to legal representatives – When payment is made to legal representatives, the authority under which the payment is made, e.g. Powers of Attorney, Letters of Administration, should be registered in the department, the Treasury (Department of State Accounts) and Audit Office. Reference to such authority should be quoted on the vouchers, except where the law permits of a declaration being substituted for Letters of Administration in cases of succession to small Estates. The legal representative should be required to produce his/her National Identity Card, and the number thereof should be recorded on the payment voucher.

(3) Under this Regulation, officers are liable to be called upon to make good any loss to Government arising out of fraud, neglect, irregular payment, payment to incorrect party, or for disregarding any special rules which are applicable.

**F.R.261.(1) Vouchers to be numbered.** All payments made should be properly recorded in the Cash Book and any other books of account prescribed for the purpose. The vouchers on which the payments are made will support the entries in the Cash Book and the debit entries in the Ledgers. The entries in the Cash Book should be consecutively numbered and these numbers affixed to the corresponding vouchers.

(2) **Number of the cheque to be quoted on vouchers.** Where payment is made by cheque, the number of the cheque should be quoted on the voucher and against the appropriate entry in the Cash Book.

(3) **Adequacy of Funds for Payments.** The Cash Book should be totalled and the balance ascertained daily. No payment should be recorded in the Cash Book, or a cheque drawn out for payment, unless there is sufficient money available. Action should be taken to ensure that sufficient money is available to meet the current as well as the impending payments, without interruption, by making an appropriate application to the relevant authority well in time for necessary funds.

(4) **Periodical reconciliation with ledgers, registers, etc.** Arrangements should be made to reconcile periodically the payment side of the Cash Book with the payment entries in the other books of account.

**F.R. 262. (1) Date of payment recorded in Cash Book.** All payments must be brought to account under the date on which payment is made. All payments brought to account in the Cash Book in a particular month should be recorded as charges in the relevant accounts in the same month.

(2) **“Paid” Stamp.** All vouchers paid and their supporting documents should be stamped with the “PAID” stamp which should bear the date of payment as recorded in the Cash Book. Unless this is done in every case, there is danger of vouchers being presented for payment a second time.

(3) **Initialling of Paid Vouchers.** Immediately after payment (in the case of a payment by cheque, at time of signing it), the Paying Officer should sign or initial the paid voucher or vouchers involved and the supporting documents, preferably on the ‘Paid’ stamp, or in a particular position specified on the document.

**F.R.263.(1) Forms of payment.** These are indicated in Appendix 6. Where the payee does not call for payment, the amount of a voucher may, when expedient, be remitted by cheque crossed “NOT NEGOTIABLE” or money order. A memorandum giving reference to the bill, nature of service performed and other particulars, if any, necessary for the identification of the payment should also accompany the remittance. The connected voucher should not be sent with the remittance to be receipted and returned, but a receipt should be called for and carefully pinned or pasted to the voucher in such a manner as to prevent it getting easily detached.

(2) **Record of cheques and money orders.** Where payment is made by cheque, records of particulars of cheques sent by post should be maintained as indicated in F.R.388. Similar records of money orders applied for and despatched should be maintained when payment is made by money order.

Note: If a payee habitually delays to furnish receipts for remittances made to him, or if difficulty is otherwise experienced in obtaining a receipt after payment, the Accounting Officer may authorize calling for a receipt before payment.

**F.R.264. Receipts required for payments.** (1) Every payment should be supported by a receipt from the payee, duly stamped where necessary, in acknowledgement of the gross amount of the Voucher, - FR 232. Only one receipt can be demanded in respect of each payment, even if such payment relates to more than one voucher. In such cases the receipt should be attached to one voucher and cross references given in all other vouchers to which the receipt relates.

(2) Any alteration in the amount expressed in the receipt should be authenticated by the recipient.

(3) Imprests and reimbursements exempted from Stamp Duty. A receipt given by an officer for money paid to him by way of Imprest, or an adjustment of an account where he derives no personal benefit therefrom, is not, unless specially required by law, chargeable with stamp duty. Payments of subsistence and other allowances, in reimbursement of expenses actually incurred, are likewise exempted.

**F.R.265. Encashing of Government Cheques at Kachcheries.**

(1) Government cheques, drawn on an official bank account, in payment of salaries, allowances and authorized advance payments to Public Officers may be encashed at a Kachcheri Bank by an officer authorized for the purpose by the Government Agent. This can be done only under specific advice on Form General 227 from the department issuing the cheque.

(2) Departments making use of this facility should furnish the Kachcheri with specimen signatures of the officers of the department authorized to sign cheques.

(4) The advice sent to the Kachcheri should be signed by two officers authorized to sign cheques. Officers responsible for preparing and certifying the advice should see that a line is drawn below the figures of the last cheque indicated on the advice.

**F.R.266. Payment to several employees on one Paylist, Paysheet, etc.**  
When payments have to be made to several employees on the same voucher, paysheet, paylist, etc. (e.g. salary advance in terms of F.R.212 (2), overtime payments to several employees, and the payment of monthly salaries and wages)

- (a) the officer paying should be satisfied with regard to the identity of the payees and be responsible for the payments. In case of doubt, a payee should be identified by one or more responsible persons acceptable to the Paying Officer, and they should sign as witnesses to the payee's signature and identify; a payee may also be required to produce his/her National Identity Card;
- (b) at the end of the day's payments, if there are any unpaid items, a statement of such items should be prepared so that the balance of cash in hand may be reconciled with the unpaid items of the pay sheets ;

Note : This should not be confused with the List of Undrawn Wages specified in F.R.290

- (c) when payment is made thereafter, the same procedure as under (a) should apply ;
- (d) when it is not practicable in the opinion of the Accounting Officer to obtain the signature of every payee, payment should be made in the presence two or more witnesses, who should identify the payees. The Paying Officer will certify that the payments were actually made. Such certificate must be countersigned by the witnesses.

**F.R.267. Receipts for salaries, wages, etc.** (1) The salary or wages of an employee should, as a rule, be paid to the payee himself and his discharge therefore obtained on the relevant paysheet or paylist. A separate receipt may be obtained in the following circumstances :-

- (a) where the employee requests payment into his bank account;
- (b) where an officer is unable to call for payment owing to distance from the Office of Payment, and his salary or wages are paid by cheque or official money order ;

Note: The following cases should also be treated as falling within this rule :-

- (i) officer on circuit;
- (ii) where, since the time of drawing up the paysheet, the officer has been transferred to another station ;
- (iii) officers on duty or on leave abroad who desire payment to be made in Sri Lanka;

(c) where an officer is ill or absent on leave and his salary or wages are sent by post, as in (b) above ;

(d) in cases falling under F.R.268

(2) Whenever a separate receipt has to be obtained, it should, as a general rule, be obtained before making the payment. However, in cases falling under (1) (a) above, a receipt may be obtained after the payment is made. This concession should, however, be withdrawn if the payee habitually delays to furnish receipts. In cases falling under (1)(b) and (c) above, a departure from the general rule of obtaining receipts before payment, may be made only with the personal authority of the Staff Officer concerned given generally or specifically.

**F.R.268 Officers absent.** When an officer, the payment of whose salary or wages is provided for in cash, cannot call for payment, owing to illness or absence on leave or for other special reasons, his salary or wages may be paid to another person duly authorized by the payee, in writing, provided that the following requirements are satisfied –

- (a) the officer concerned has furnished a receipt for the payment;
- (b) a Staff Officer has approved payment to the person authorized, after satisfying himself as to -
  - (i) the identity of the person authorized ;
  - (ii) genuineness of the letter of authority produced; and
  - (iii) the cause of absence or inability of the payee to call for payment;
- (c) the person authorized acknowledges receipt of the amount paid; and
- (d) one or more responsible persons acceptable to the Staff Officer, sign as witnesses to the signature and identity of the bearer.

The letter of authority, with the Staff Officer's orders thereon, and the acknowledgement of the person authorized by the payee, should be attached to the pay sheet or voucher along with the receipt furnished.

**F.R. 269. Life Certificate.** An officer –

- (i) absent on leave or on duty, outside the Island, whose salary is paid in Sri Lanka ; or
- (ii) on leave in Sri Lanka, whose salary is paid to another person as indicated in F.R.268;

should furnish not only a receipt for the amount paid, but also a 'Life Certificate', attested by a responsible person, to the effect that he is alive.

A staff officer may, however, waive this requirement if he is aware that the officer concerned is alive.

**F.R.270. Payment of Pensions.** Pensions too should be paid only to the payees concerned. Where, however, a pensioner is unable to call at the office of Payment, or is unable even to claim payment through an authorized representative, the Paying Officer may at his discretion, on his being furnished with a duly executed certificate, on Form Treasury and Audit 128, remit such pension by Money Order or cheque.

A pension may, at the request of the pensioner, be similarly paid into his account in the bank provided the pensioner furnishes in advance a duly attested receipt on the same form.

**F.R.271. Cash drawn out separately for payments on paylists, paysheets, etc. (1)** Whenever cash is drawn out separately for the purpose of making payments to several persons on pay sheets, pay lists, etc., the amount remaining unpaid at the end of each day, should be carefully checked with the connected documents, and both the cash and the relevant pay sheets, pay lists, etc., should be locked up in a safe or other place of security prescribed for the purpose.

(2)(a) Payments on such pay lists, pay sheets, etc., should be closed not later than 14 days from the date of commencement of payments.

(b) The amounts remaining unpaid at the end of the period indicated in (a) above, should be disposed of by crediting them to Surcharge, Revenue or other appropriate Account.

Note : Regarding un drawn salaries and wages, see F.R. 453(3) and Regulations of Section 6 of this Chapter.

**F.R.272. (1) Custody of Paid Vouchers.** All paid vouchers should be kept in safe custody in the consecutive order of their numbers until they are disposed of as in (2) below. Within that time, action should be taken to see that all vouchers are perfected and made ready for Audit. Officers having custody of paid documents should keep them under lock and key to prevent unauthorized persons having access to them. Acknowledgement should be obtained when paid documents are passed on to any officer even for official purposes. Officers responsible for the loss of any paid document may be dealt with under disciplinary Regulations. They may also be called upon to make good any financial loss to Government.

(2) Missing vouchers could be dealt under two categories as follows :

- (i) where there is evidence to support the bona fides of the payment;
- (ii) where there is no evidence to support the bona fides of the payment.

In regard to category (i) above, it will be a matter for the Auditor General to determine whether, on the evidence available, the payments can be passed in audit. In every case where the Auditor-General declines to pass the payment, the Accounting Officer should immediately make a report to the Treasury (Department of Public Finance) through the Chief Accounting Officer. In regard to category (ii), the Accounting Officer should, immediately after any vouchers have been reported lost, notify the Treasury (Department of Public Finance) through the Chief Accounting Officer, with a copy to the Auditor-General.

In the report to the Treasury, the Accounting Officer should set out the history of the case and the reasons why evidence is not available. The Chief Accounting Officer should examine the responsibility of the officers concerned and make specific recommendation with regard to the recovery, partially or fully, of the amounts paid on the vouchers reported missing.

See also note 3 to F.R.150.

**(3) Paid vouchers to be sent to Audit.** All paid vouchers should be forwarded to Audit monthly, not later than six weeks from the end of the month to which they relate. Where, however, vouchers have to be forwarded to the Treasury, Kachcheri or Head Office, for renewal of imprest or other purpose, the latter will forward them to Audit along with its own paid vouchers.

**(4) Paid vouchers that cannot be sent to Audit on due date.** Where there is a delay on the part of departments in forwarding “paid” vouchers to the Audit owing to the departments themselves requiring such documents for some immediate purpose, photo copies of such vouchers, duly certified, should be sent to Audit. It should be noted that the certified photo copied voucher is essentially an intimation that the original voucher will follow as soon as it can be released, and action must be taken accordingly. A certified photo copied voucher will in no circumstances be accepted by Audit as proof of payment.

(NO. F.R.R. ISSUED UNDER Nos.273-279)

### **Section 5 – Procedure where the Treasury or a Kachcheri acts as Office of Payment for Other Departments**

Note: The following categories of payments are dealt with in this Section :-

- (a) Payments on single vouchers
- (b) Payments on Pay lists other than monthly salaries, wages, etc.,  
(e.g. salary advance in terms of F.R.212(2)).
- (c) Payment of monthly salaries, wages, etc.

**F.R.280. Single Payments.** (1) Where the payee calls for payment.

- (a) Vouchers for single Payments, which 'C' Class Departments are unable to make out of their petty cash imprests, must be duly prepared, certified, dated and stamped with the official departmental stamp.
  - (b) If the payees can conveniently draw their money at the Treasury (Department of State Accounts) or the Kachcheri, as the case may be, the vouchers must be handed to them with instructions to present them for payment.
  - (c) On presentation for payment, the officer passing the voucher for payment must verify the signature of the Certifying Officer and satisfy himself that the voucher is otherwise in order.
  - (d) After the voucher has been duly initialed by or for the Deputy Secretary to the Treasury, or the Government Agent, as the case may be, payment will be made by the Shroff in the case of the Treasury and by the Kachcheri Bank in the case of Kachcheries.
  - (e) The Shroff/Kachcheri Bank Officer must satisfy himself as to the initials and signatures on the voucher, take due care to identify the payee by reference to his/her National Identity Card, if necessary, and obtain a receipt for the payment.
  - (f) Immediately on payment, the voucher must be stamped with the "PAID" stamp indicating the date of payment, and initialed, and the amount brought to account under the proper Head, Programme, Project, Object Class etc., of service, or the proper Account, as shown on the Voucher.
- (2) **Where the payee does not call for payment** – Where the payee does not call for payment, the vouchers must be sent to the Treasury (Department of State Accounts) or the Kachcheri, as the case may be. On the day after the presentation of the vouchers, they will be handed back, if so instructed, with a cheque or cash for the amount involved, to a representative of the department on production by him of an authority on Form General 143. The payments will then be made in the most expeditious manner possible by the department concerned, which will be held responsible for securing receipts and returning the vouchers duly completed to the paying office within the shortest possible time. If however, the department desires that a cheque or money order should be posted by the Treasury or Kachcheri to the payee, this may be done provided that –
- (a) a special request is made by the department to that effect ;
  - (b) the voucher is receipted by the payee ;
  - (c) a signed letter or memorandum addressed to the payee, is sent to be forwarded with the remittance ;



- (d) an application for a money orders, signed by the Certifying Officer of the voucher, should be attached, if payment is desired by money order. (Before forwarding the money order application to the Post Office, it should be endorsed at the Treasury or Kachcheri by one of the signatories to the cheque with which it is forwarded).

**F.R.281 (1) Payments on Paylists (other than Monthly Salaries, Wages, etc.)**

(a) When a department or a sub-office, for which the Office of Payment is the Treasury or a Kachcheri, has to make payments to a number of persons on the same paysheet, paylist, etc., (e.g.salary advance in terms of F.R. 212(2), overtime payments to a large number of persons) it is convenient to draw from the Office of Payment the full amount required to be paid in cash, so that the individual payments may be made by the department. In such cases, the certified pay lists should be delivered to the Office of Payment in sufficient time to enable the cash required to be obtained on a fixed date. The pay lists, should be accompanied by a certified schedule containing particulars of the following :-

- (i) The Heads, Programmes, Projects, Object Classes, etc., and/or the Accounts to be charged, and the amounts chargeable.
- (ii) The total of each category of recovery and manner in which it should be paid or accounted for.
- (iii) The amounts to be paid otherwise than in cash and how they should be paid.
- (iv) The balance and the manner (cash, cheque, etc.) in which it is required by the department.

The Heads, Programmes, Projects, Object Classes etc., shown in the schedule should be arranged in their consecutive order to facilitate accounting at the Office of Payment. If it is desired to obtain the cash required in particular denominations, details of the requirements should be supplied in a separate schedule.

(b) The Certifying Officer's signature on the paysheets and schedules should be verified, and adequate checks adopted, to ensure accuracy in accounting and to provide safeguards against fraud, before the schedules are passed for payment at the Treasury or Kachcheri.

(c) On the date fixed, a representative of the department concerned should be sent to the Treasury or the Kachcheri, as the case may be, with an authority on Form General 143 for the amount due. The sum claimed, together with the paylists, must be issued to the representative, and his receipt obtained after his identity has been established. The certified schedule, with the authority on Form General 143, shall be retained by the Treasury or Kachcheri, as a "Provisional Voucher", until the return of the perfected paylists by the department concerned.

(d) The sum claimed will be issued to the department in the form of cash, or a cheque or cheques, or money orders, in accordance with the particulars in the schedule. However, the Deputy Secretary to the Treasury and Government Agents, are not obliged to procure money orders, if for any reason, it is inconvenient to do so.

(2) **Return of documents.** (a) Unpaid amounts should not be retained in the hands of the officers responsible for their disbursement, for more than fourteen days after the date the money was obtained for payment (see F.R.271 (2) (a) ).The perfected paylists should be returned to the Treasury or Kachcheri, as the case may be, within sixteen days of drawing the cash therefrom.

(b) The appropriate officer at the Treasury or Kachcheri must see that the perfected vouchers are received by him within the specified time. When the perfected payroll are ultimately received, he must satisfy himself that they have been duly receipted and, where any unpaid items occur, that the amounts have been credited to Surcharge or other appropriate Account, and that receipts in support of such credits are either attached to the paylists, or referred to and certified by the Certifying Officer against such unpaid items.

**F.R.282. Payment of monthly Salaries, Wages, etc.** (1) **Delivery of Pay sheets at the Treasury or Kachcheri.** Pay sheets, pay lists, etc., for salaries and wages of a month should be delivered to the Treasury or Kachcheri, as the case may be, in the manner prescribed in F.R.281 (1), on such day of the month as may be fixed by the Deputy Secretary to the Treasury or the Government Agent concerned. Pay sheets delivered after the fixed date are liable to be held over until the following month. The required money will be issued to a representative of the department on the due date of Payment of the Salaries, Wages, etc., in the manner prescribed in F.R.281 (1).

(2) **Return of Pay sheets.** Payments should be closed on the date prescribed in F.R. 271(2)(a). The unpaid amounts should be duly disposed of and the perfected documents returned to the Treasury or Kachcheri, as the case may be, not later than two days after closure of payments thereon. The appropriate officer at the Treasury or Kachcheri should satisfy himself that the documents received are duly receipted, and that, where any unpaid salaries or wages occur, the provisions of F.R.290(1) (a) have been complied with. He should also take necessary action to obtain the perfected documents from the departments concerned in case of delay. Pending the return of the documents, the authority on Form General 143 will serve as a "Provisional Voucher".

Note : See also F.RR 290 and 453

(NO F.RR. ISSUED UNDER Nos.283-289)

## Section 6 – Unpaid Wages

Note : The provisions of F.R.R 290 and 291 of this Section do not apply to undrawn wages of staff in respect of whom the Personal Emoluments Register is maintained-See F.R.453 (3)

**F.R.290. (1) Disposal of Unpaid Wages.** The unpaid amount of the money drawn for payment of monthly wages should not be retained by the officers responsible, beyond the period prescribed in F.R.271(2) (a). As soon as it is known that no further payments will be made (i.e., on or before the end of such period), the word “UNPAID” should be written on the pay list against each unpaid item, in bold characters in red ink. Thereafter the following procedure should apply :-

(a) Where money is drawn from the Treasury or a Kachcheri and payments are made by the Department (F.R.282) –

(i) A statement will be prepared by the department, in duplicate, in convenient groups (preferably in the order they appear in the Estimates) in the Unpaid Wages Register, in the specimen form appearing in Appendix 8, leaving blank the columns that are inapplicable. Both the original and the duplicate of this statement should be certified. The duplicate should be annexed to the pay sheet see (ii) below.

(ii) The unpaid balance of money in hand, the certified duplicate copy of the statement and the perfected pay sheets, should be returned to the Kachcheri or the Treasury, as the case may be, not later than two days after the closure of payment, together with a Paying-in-Voucher giving particulars of the Accounts to which the unpaid amount should be credited.

(iii) The Treasury or Kachcheri will credit the amount as indicated in the Paying-in-Voucher.

(iv) The receipt issued should be filed of record by the department concerned in support of the statement in the Unpaid Wages Register.

(b) In cases not falling under (a) above –

(i) A List of Unpaid Wages should be prepared by the officer responsible for their disbursements, in convenient groups (preferably in the order they appear in the Estimates), in the specimen form in Appendix 9. The list should be authenticated by him.

(ii) The List of Unpaid Wages should be attached to the perfected pay sheet. The department should thereafter credit the unpaid amount to the appropriate Accounts, after verifying that :

1. the particulars given in the Unpaid Wages List agree with the particulars of the amounts shown as unpaid in the pay sheets; and
2. the amount of cash refunded is correct.

(iii) The details in the Unpaid Wages List should thereafter be entered in convenient groups in the Unpaid Wages Register, maintained in the specimen form in Appendix 9. This register should be certified by the Accountant or the Staff Officer in charge.

(iv) The Unpaid Wages Lists should be attached to the respective pay sheets and sent to the Head Office or the Audit, as the case may be.

(2) Abatements recovered to stand. The amounts credited under (1) above should be only the net amounts unpaid, the abatements and other recoveries being allowed to stand.

**F.R.291. Subsequent Payment.** When an unpaid item appearing in the Unpaid Wages Register is subsequently paid, the voucher should be drawn for the net amount only, indicating thereon that the abatements due have already been recovered and credited. The date of payment, etc., should be entered against the corresponding item in the Register and authenticated. Full reference to voucher number, etc., and month of account of original pay sheets, should be given on the subsequent voucher.

NO F.R.R. ISSUED UNDER Nos.292-294)

### **Section 7 – Transfer Payments and Inter – Departmental Transactions**

**F.R.295. (1) Transfer Payments.** Settlement of transactions between accounts or departments, other than by the transmission of money between them, shall, for the purpose of these Regulations, be referred to as Transfer Payments.

**(2) When Transfer Payments occur.** Transfer Payments occur in the settlement of inter-departmental or inter-accounts transactions, and in the adjustment of errors, in which all the accounts involved are those represented in the Treasury books.

**(3) Unsettled Transfer Payments as at 31<sup>st</sup> of December.** Transfer payments which have fallen due for settlement on or before the 31<sup>st</sup> of December of a Financial year, but which could not be settled by that date, may be incorporated in the accounts under date 31<sup>st</sup> December, until the Treasury books of that financial year are finally closed-see F.R.429.

**F.R.296. How Transfer Payments are brought to account.** (1) Up to 31<sup>st</sup> of December. "A" Class Departments will bring such Transfer Payments to account in their books and incorporate them in their monthly Summaries of Accounts rendered to the Treasury. Kachcheries will bring them to account in their cash books by Cross Entry. 'B' and 'C' Class Departments will prepare Transfer Orders on Form General 122 and forward them to the Treasury or the Kachcheri, as the case may be, to be brought to account; or deal with them as prescribed in (3) below.

(2) *After 31<sup>st</sup> of December., but before Treasury Books are closed.* 'A' Class Departments will incorporate such payments in their Summaries of Accounts or supplementary Summaries of Accounts for December and forward them to the Treasury to be received not later than the date specified in F.R.429. Kachcheries, 'B' Class Departments and 'C' Class Departments will prepare Transfer Orders for such payments on Form General 122. These Transfer Orders should be dated 31<sup>st</sup> December, and should be forwarded to the Treasury, or dealt with as indicated in (3) below, before the date specified in F.R.429.

(3) **Special Arrangements.** The Treasury may, in specified cases, issue instructions to Departments to forward their Transfer Orders direct to the department to which payment is due, in which case, the latter will acknowledge them and bring them to account. This may be done even in other cases provided the arrangement is convenient to both departments involved.

(4) **Allocations to be obtained for debits.** If the Transfer Payment gives rise to a debit to a Vote or Account controlled by another department, a prior Allocation should always be obtained – F.R.208.

(5) **Intimation of Debits and Credits.** A debit or credit raised to a Vote or Account controlled by another department, in effecting a Transfer Payment, should be immediately notified to the department concerned, indicating the exact amount involved and the month in which it was brought to account.

Note : In the case of Transfer Payments falling under (3) above, the Transfer Order will constitute the authority granting an Allocation of the amount involved.

**F.R.297.Transfer of Stores.** When stores are permanently transferred by one department to another (F.R.804), the value of such stores, calculated in terms of F.R.807 shall, if payable, be charged to the appropriate Vote or Account of the department receiving the stores. The value (other than Customs Duty, Turnover Tax and the additional charge) should be credited in terms of F.R.170. Customs Duty, and the additional charge, if recoverable, should be credited as follows :-

- (a) Customs Duty - To the relevant Sub-Item of Revenue Head 1,Sub-head 3, Item 1, “Customs”.
- (b) Turnover Tax - To the relevant Item and Sub-Item of Revenue Head 1, Sub-head 1, ”General Sales and Turnover Taxes”.
- (c) Additional charge - To Sub-Item 25 “Sundries” of Revenue Head 6,Sub-head 2, Item 8.

**F.R.298. Supplies and Services rendered by one Government Department to another.** When Supplies and Services are rendered by one Government department to another for which a charge is imposed by the department rendering the service or supply, the transaction may be settled between the two departments either by a Transfer Payment in terms of F.R. 296, or by a payment made by cheque, or money order. Where specific instructions do not exist, in these Regulations or elsewhere, regarding the manner of settlement, the arrangement most convenient to the two departments involved may be adopted so as to ensure the expeditious settlement of accounts. If payment by cheque or money order cannot be made before the 31<sup>st</sup> of December of the Financial Year, settlement of the transaction can still be effected by Transfer Payment in terms of F.R.296(2).

Note : The settlement of bills of the Procurement and Advisory Services Unit of the Ministry of Finance, Forest Department, Government Factory, Prisons Department etc., are envisaged above, unless the Treasury has prescribed a definite mode of settlement for any of them.

(No F.RR.issued under Nos 299-314)

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**CHAPTER VI****CUSTODY OF PUBLIC MONEY, ETC., IMPRESTS  
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**CHAPTER VI**  
**CUSTODY OF PUBLIC MONEY, ETC., IMPRESTS AND BANK**  
**ACCOUNTS**

**Section 1 – Security and Custody of Public Money, etc.**

**F.R.315. Responsibility of Accounting Officer for Security.** (1) Custody. It is the duty of every Accounting Officer to ensure that adequate arrangements are made for the safe custody and preservation of Public money, stamps, tickets, securities, stores, equipment or anything else of value which either belongs to Government or though not belonging to Government is kept in its permanent or temporary custody. He should also take steps to ensure that the appropriate officers furnish security.

(2) Maintenance and proper use – The arrangements envisaged above should also extend to the adequate maintenance and proper use of the articles in custody. They should also cover cases of absence on leave or otherwise of the responsible officers, changes among them (such as transfers), and questions of handing over and taking over as a result of such changes.

(3) Loss sustained by Government. If at anytime the Government sustains a loss by reason of the neglect or wilful fault on the part of any officer, in the custody or disposal of public money, stamps, tickets, securities stores, etc., he will be liable to be surcharged with the amount.

**F.R.316. Articles which must be kept in safes, strong boxes, etc.**

(1) The following articles should always be kept in safe custody in a vault, safe, strong box, strong room or other place of security, specially provided for the purpose, until they are duly disposed of :-

- (a) All public money(including cheques, money orders etc.).
- (b) Stamps, tickets of saleable value etc.,
- (c) Counterfoil books, such as licence books, receipt books and other forms having monetary value
- (d) Cheque books, Pay Order Books, Draft Books etc. and any written and unwritten loose leaves of such books.
- (e) All productions in any court proceedings, whether of monetary value or not. Where the court makes a special order for safe custody of any productions, the terms of such order should be complied with.
- (f) Anything of monetary value in Government custody as are not referred to in (a) to (e) above, whether or not they are the property of Government (e.g. Savings Bank Pass Books for security deposits, etc.).



Note 1 – Valuable Court productions, such as cash and jewellery, should always be kept in the Court safe, the key of which should be with the Registrar or other officer specifically authorized by the Judge or Magistrate.

Note 2 – In the above provisions, both unissued and currently used items are envisaged.

(2) Records of articles kept in safe custody – Records of the articles lodged in, or withdrawn from safe custody, should be maintained by the officer responsible, (e.g., a Vault Book for amounts deposited in or withdrawn from a vault; a Register of Productions for productions in court; Petty Cash Registers for Petty Cash; and the Register of Securities (Treasury 88) for Securities. Entries of deposits and withdrawals should be authenticated by an officer of staff rank, or by the Chief Clerk, if so authorized by the Accounting Officer.

(3) Methodical arrangement of articles – Articles kept in safe custody should be arranged methodically, so that an articles required may, at any time, be easily located.

(4) Small safes to be built into wall – Small safes must be built into the wall of the room where they are kept.

**F.R.317. Two locks to be provided.** As far as possible, all strong boxes, strong rooms, etc., should be provided with two locks, the key of each lock being kept in the custody of a separate officer where a large amount of money or valuables is usually kept, this should always be done.

**F.R.318. (1) Keys of safes, strong boxes, strong rooms, etc.**

(a) An officer responsible for the contents of a vault, safe, strong box, strong room etc., and/or for the custody of the key thereto, shall always keep such key in his possession. He shall carry it with him and shall not leave it in any cupboard, drawer, etc.

(b) He shall not permit the key to fall into unauthorized hands.

(c) These requirements should be observed even if the contents of the vault, safe, strong box, strong room etc., are unimportant, as at no time should it be possible for unauthorized persons to gain access to the key, lock, vault, safe, strong box, or strong room.

(2) **Non-compliance and Loss or Damage.** – Failure to comply with the above provisions will result in disciplinary action against the officers responsible. If a loss occurs at any time of articles kept in safe custody by Government, the officers concerned shall be held responsible for such loss.

**F.R.319.Duplicate Keys.** (1) The duplicate keys, of all Government safes, strong rooms, strong boxes, etc., must be treated with an anticorrosive and enclosed in sealed envelopes, with the description and details of the safe marked on the outside as follows :-

Duplicate key (1) of safe in Audit Office;  
Milner's 212 fire resisting safe;  
Registered No.2557;  
Deposited at .....on July 28<sup>th</sup>, 19.....

(2) Departments, other than the Postal, Railway and Buildings Departments, should deposit such packets with the Treasury (Department of State Accounts) for safe keeping. The Treasury will notify the registration number of each sealed packet to the department concerned, which should note it carefully for future reference.

(3) When a duplicate key is required for any purpose the application to the Treasury should contain a reference to the Treasury registration number of the sealed packet.

(4) Keys of the safes of Post Offices, Railway and Buildings Departments. – The duplicate keys of all the safes of Post Offices, the Railway and the Buildings Departments will be kept in the Head Office of the department concerned.

(5) Movement of safes – When a safe is returned by the Head of a Department to the Director, Procurement and Advisory Services Unit of the Ministry of Finance, the keys (both original and duplicate), should also be forwarded to him. If the duplicate keys are deposited at the Treasury, they should be called for and sent. Similarly when a safe is obtained from the Director, Procurement and Advisory Services Unit of the Ministry of Finance or is transferred from another department, the Head of the Department to whom the safe is issued should see that both the original and duplicate keys are received with the safe, and that the keys are handled by authorized officers only. Both keys should be tried and the duplicate should be dealt with as indicated in the above paragraphs.

**F.R.320. Loss of Key.** If a key is lost, the fact must be reported forthwith to the Treasury (Department of State Accounts), the Chief Accountant, Ceylon Government Railways, the Post Master General or the Director of Buildings as the case may be. Any expenses incidental to the loss (such as in altering the lock or transferring the safe to a distant station), will have to be borne by the officer responsible. Any alteration to the lock of a safe, or the making of duplicate keys, should be done under strict supervision, as follows :-

- (a) Railway Department and the Department of Posts – at their own workshops.
- (b) All other departments – at the Government Factory

**F.R.321. Annual Verification of Sealed Packets of Duplicate Keys.**

A Register of duplicate keys should be maintained at the Treasury, the General Post Office, the Railway Department and the Buildings Department for all duplicate keys sent to them for safe-keeping. At the end of each financial year, the Deputy Secretary to the Treasury, in the case of the Treasury and the Head of each Department, in other cases, should appoint a board of verification consisting of two officers, who are not connected with the division, branch or section which maintains the Register or has custody of the packets containing the duplicate keys. These officers shall –

- (a) verify the particulars given on the sealed packets with those given in the Register;
- (b) see that the seals are intact and that the packets are kept in the order of their entries in the Register.

The Board should render a report to the Deputy Secretary to the Treasury in the case of the Treasury and to the Head of the Department, in other cases. In their report the Board should indicate, inter alia, the deficiencies, if any, they have detected. They should also make recommendations regarding any packets which, in their opinion, should be re-sealed by the department, division or branch where they were originally sealed, either because the seals are damaged or because such packets have been under seal so long, that it would be salutary for the departments, division or branch to try the duplicate keys on the locks again, and put them under fresh seals. The Deputy Secretary to the Treasury or the Head of the Department, as the case may be, will consider the report and take suitable action. Whenever any duplicate keys are placed under fresh seals, fresh entries should be made for them in the Registers, with cross references to the original entries, denoting the fresh entry made. The registration numbers pertaining to the new entries should be communicated to the department, division or branch concerned.

**F.R.322 (1) Articles held in safe custody to be available for verification at any time.** (a) Every Officer in charge of cash, stamps, tickets, securities or any other article held in safe custody, should be able at any time to account for the whole of the amount of such cash, stamps, etc., in his charge. For this purpose, it is essential that he should always have his records posted up-to-date, and compare the book balance with the physical balance.

(b) Where money has been handed over to an Accepting Officer, the receipt issued by him should be produced as evidence of such disposal. In the case of payments made, the cash books and paid documents be produced for verification.

(c) In the case of stamps, tickets, etc., meant for sale, the officers responsible should be able to account for the whole of their value in the form of money and/or the stamps, tickets, etc.

(2) ***Private money, etc., not to be kept in Government Safes, strong boxes, etc.*** – No public officer should keep or allow to be kept in any Government safe, etc., under his charge, anything that does not belong to Government, or is not in its custody, or anything except that which by virtue of his office, he is bound to receive and account for.

Private money or anything else found in a Government safe, etc., in contravention of this Regulation is liable to be confiscated and the value credited to Revenue.

(3) **Temporary accommodation of funds of Departmental Societies -** Temporary accommodation of funds of a departmental society (such as a Thrift Society), may be permitted in Government Safes, by the Head of the Department, at the risk of the society concerned, provided such funds are withdrawn the next working day.

**F.R.323. Borrowing, advancing or lending public money prohibited.**

(1) No public money shall be made use of by Public officers in any way whatsoever for private purposes; nor will any officer borrow, advance, or lend, any sum for which he is answerable to the Government. The lodging of public money to a private account, or the borrowing of public money from a Government Officer, is also strictly prohibited.

It must be clearly understood that the Government regards the act of lending or borrowing public money for private purposes, or the lodging of public money to a private account, as a most serious offence, and that an officer who commits any of these offences will be liable to prosecution and to dismissal from the Public Service.

(2) Cashing of private cheques from Government money, is also strictly prohibited.

**F.R.324. Checks by issuing officers on money issued for disbursements.** Whenever a sum of money is issued to any officer for the purpose of meeting official payments (e.g., Sub-Imprest, or issues in terms of F.R.271) his acknowledgement for the sum issued should invariably be obtained. The officer to whom the money is periodically or finally accounted for should, before accepting the accounts, take steps to examine and check them, and to ensure that the balance returned is correct.

**F.R.325. Periodical Checks.** (1) Complete verification of money, etc.- A complete surprise verification of all cash and stamps should be carried out at least once every month, at irregular intervals.

(2) Checks on other articles in safe custody – In the case of all other articles held in safe custody, a surprise test check of a few items selected at random, should be carried out once every month.

(3) Results to be reported – The checks referred to in (1) and (2) above, should be carried out in every department, sub-office, or other distinct unit of a department (e.g., a post office, hospital and school), by an officer delegated for the purpose, who is not himself directly or indirectly in charge of the cash, stamps or articles involved. The results of these checks should be reported to the Accounting Officer. Copies of the reports, under (1) above, should be forwarded to the Auditor-General.

Note – In the case of Imprests, Petty Cash Imprests and Sub-Imprests, F.R.372 applies. Regarding Kachcheries – see F.R.541.

**F.R.326. Remittance of money.** (1) Whenever large sums of money are conveyed from one place to another or from one department or office to another, the remittance must be accompanied by a shroff or an officer of the department concerned, and also by an adequate police escort. The other provisions of Section 2, Remittances, in Chapter IX, should also, where appropriate, be complied with.

(2) The strength of the escort required is usually laid down by the Treasury (Department of State Accounts), and depends on the amount of money carried and the area and distance covered.

(No. F.R.R. Issued Under (Nonnel Point) Nos.327 & 328)

**F.R.329. Counterfeit Notes and Coins.** (1) When it is suspected that a note or coin, tendered to a public officer in Colombo, is counterfeit, information should be given immediately to the Officer-in-Charge of the Counterfeit Currency Bureau, Criminal Investigation Department Colombo, and the tenderer and the note or coin (uncut) should be handed over to him. At an outstation, information should be given to the nearest Police Station, and the note or coin (uncut) and the tenderer should be handed over to the Officer-in-Charge thereof. Where it is considered that a tenderer has acted bona-fide, and there is no ground for suspicion, the tenderer may be let off, with the authority of a Superior Officer, wherever available. The statement of the tenderer should however be recorded, and his name, address and other particulars together with the note or coin (uncut) should be forwarded direct to the Deputy Inspector-General of Police, Criminal Investigation Department, Colombo.

(2) When counterfeit notes and coins are received and the tenderers cannot be traced, the notes or coins (uncut) should be sent direct to the Officer-in-Charge, Counterfeit Currency Bureau, Criminal Investigation Department, Colombo.

(3) Courts should send to the Chief Accountant, Central Bank of Sri Lanka, for disposal, under registered cover, all forged currency notes and counterfeit coins that come into their possession. The Court case number must, in every instance, be quoted in the covering letter, which should also state that the notes and coins are sent in terms of this Regulation.

(No.F.RR.Issued Under Nos.330-339)

## **Section 2 – Counterfoil Books**

Note – The term “Counterfoil Book” is used in these Regulations to indicate books

containing forms which have any financial or monetary significance, or are issued on payment of fees or charges. (Such books, even if the forms are written out in original and copy in one operation, fall into this category). These forms are usually serially numbered.

The Counterfoil books may be –

- (a) departmental (in which case they are not supplied by the Treasury).
- (b) those supplied by the Treasury, in terms of F.R.340. The term “Counterfoil Books”, when used without qualification in these Regulations, applies to both (a) and (b) above.

### **F.R.340. (1) Counterfoil Books Supplied by the Treasury.**

(a) Counterfoil Books containing forms for Pay Orders, receipt forms, etc., and for licences, permits, etc., for which fees are payable, are stocked in the Treasury (Department of Public Finance); and departments requiring them should apply to the Treasury (Department of Public Finance) and not to the Government Printer. Applications should be made for sufficient Counterfoil Books of Forms required for twelve months, taking into account the stocks in hand.

Supplementary applications should not be made; but if, owing to unavoidable circumstances, the need for a Supplementary application arises, it should be forwarded to the Treasury (Department of Public Finance) two months before the books are required.

The Treasury (Department of Public Finance) will take action to ensure that sufficient stocks of Counterfoil Books are obtained from the Government Printer to meet the needs of all Government Departments.

(b) Whenever the Treasury issues Counterfoil Books to a department, a copy of its Advice Note of Issue, giving particulars of the books issued, should be forwarded to the Auditor-General for verification of the entries made by the department in its Register of Counterfoil Books in terms of F.R.341.

**F.R.341. Register of Counterfoil Books.** (1) Every department and branch of a department must maintain a register on form G.A. – N 20 to record the receipts and disposals of Counterfoil Books indicated in F.R.340. A separate section of the register should be opened for each kind of book.

(2) Particulars of departmental Counterfoil Books should also be recorded in the same register, or in a separate register on Form G.A.-N20.

**F.R.342.(1) Custody.** Departments obtaining Counterfoil Books are responsible for their safe custody and proper use (see F.R.316); and they should not accommodate, from their own stocks, other departments which have exhausted their supplies.

(2) **Books to be kept intact.** Counterfoil Books should not be cut or divided.

(3) **Spoilt Forms.** When a form is spoilt it must not be destroyed but must be pinned to its duplicate, or to its counterfoil.

(4) **New or Obsolete Forms** – See F.R.R. 642 and 643

(5) **Disposal of completed books of receipt forms or Counterfoil Books.** Subject to the following rules Counterfoil Books which are completely used should be retained by each department and destroyed five years after the date of issue of the last form thereof :-

(a) If such books contain cancelled stamps, they should be retained for five years after any refund due has been made.

(b) Any book or books which are connected with a pending investigation should be preserved in safe custody until the investigation is over. If there is any doubt as to whether any book or books are really connected with a pending investigation, the Auditor-General may be consulted.

(c) The Authority to destroy Counterfoil Books is not vested in the officers in charge of Divisional, District or Branch Offices of a Department. They should therefore not destroy Counterfoil Books but return all used books to the issuing office.

(d) Destruction must be authorized by, and carried out in the presence of, a Staff Officer authorized for the purpose, the date of destruction being recorded in the Register of Counterfoil Books, against the numbers relating to the books destroyed, and authenticated by the Staff Officer.

(e) In the case of Counterfoil Books in which any forms are missing or lost, the books should not be destroyed until action in terms of F.R.343 is complete.

(6) Partly used Counterfoil Books – Partly used Counterfoil Books which are no longer required by a department should be disposed of in the following manner :-

(a) If they are Counterfoil Books issued by the Treasury, they should be returned to the Treasury (Department of Public Finance). Divisional, District or Branch Offices should however, return such books to their Head Offices to be forwarded to the Treasury (Department of Public Finance).

(b) If they are departmental Counterfoil Books, they should be returned to the Head Office of the department concerned.

Such books may be re-issued. If, for any reason, they cannot be re-issued, every unused form (both foil and counterfoil, or original and copy, as the case may be), should at once be effectively cancelled by means of a rubber stamp, or otherwise, so that the word “cancelled” will appear across the face of the forms and they cannot be used again. They should then be retained for a period of five years, after the date of issue of the last form used, and destroyed, subject to the rules laid down in (5) above.

**F.R.343. Loss of used or unused Counterfoil Books or Forms.** Loss of used or unused Counterfoil Books, or forms in Counterfoil Books, is a very serious matter which should be dealt with by the department concerned in the following manner, quite apart from disciplinary action that may be necessary against the officers responsible:

(a) The department should ascertain how the loss occurred and take necessary steps to avoid a recurrence thereof.

(b) If the Counterfoil Books contain forms on which documents such as licences, permits and certificates are issued on payment of fees or charges, the case should be dealt with as a loss under F.R.102. The maximum value that could possibly have been realized by the issue of such documents on the lost forms, at rates prescribed for such issues, shall, for purposes of F.R.105 (1), constitute the Maximum Recoverable Value.

(c) If the lost forms are not of the type contemplated in (b) above and

(i) It is ascertained that they have been put to improper use with resultant financial loss to Government, such financial loss should also be dealt with as a loss under F.R.102, the Maximum Recoverable Value in such a case being the ascertained financial loss ;



(ii) the department is satisfied that the forms have not been put to improper use, or that the Government has not suffered a financial loss, no surcharge need be imposed.

(d) When the final order regarding the loss is received (see F.R.109), the books or forms may be written-off, by making suitable entries in the Register of Counterfoil Books and authenticating such entries.

(e) A copy of every order issued in terms of (c)(ii) or (d) above, should be sent to the Auditor-General and to the authority which issued the Counterfoil Books.

(No. F.RR Issued Under Nos.344-349)

### **Section 3 – Boards of Survey on Cash, Stamps, etc.**

**F.R.350. Boards of Survey on Cash, Stamps Securities, etc.** (1) Treasury Cash, etc., and Stamps of the Commissioner-General of Inland Revenue :-

(a) On or about the 15<sup>th</sup> of December each year, the Secretary to the Ministry of Finance will appoint two separate Boards of Survey, one to verify the cash and bank balances and securities in the custody of the Deputy Secretary to the Treasury, and the other to verify the stamps, etc., in the custody of the Commissioner-General of Inland Revenue.

(b) The two Boards will conduct their survey after the close of business on the last business day of the financial year, or before the commencement of business on the first day of the new financial year. Each of these Boards will consist of two officers. The instructions to these Boards will be issued on forms T.A.117 and 133.

(2) Kachcheri cash, stamps, etc. – On or about the same date the Secretary to the Ministry in the charge of the subject of District Administration will appoint Boards, each consisting of two officers selected from the following officers, for the purpose of examining and counting the actual contents of the Kachcheri vault and shroff's chest at each Kachcheri. The senior officer from among those selected should be nominated Chairman of the Board. The instructions to the Board will be issued on form G.A. – N 21. If two officers from among those mentioned below, are not available for appointment, the Government Agent will suggest to the Secretary the best arrangements possible :-

Superintendent of Health Services.  
 Medical Officer  
 Superintending Engineer  
 Executive Engineer  
 Superintendent of Police  
 Assistant Superintendent of Police  
 Inspector of Police  
 Superintendent of Surveys  
 Assistant Superintendent of Surveys  
 Divisional Forest Officer  
 Assistant Conservator of Forests  
 Registrar, District Court  
 Chief Clerk, Magistrate's Court  
 Jailor  
 Registrar of Lands  
 Postmaster  
 Assistant Commissioner of Co-operative Development

(3) Boards for Surprise Verifications – Similar Boards of Survey may be appointed, from time to time, to hold surprise surveys at the Treasury, the office of the Commissioner-General of Inland Revenue and Kachcheries.

(4) Boards for destruction of soiled stamps and/or stamps withdrawn from circulation – The Commissioner General of Inland Revenue should, whenever necessary, apply to the Treasury (Department of Public Finance) for the appointment of a Board of Survey for the purpose of verifying and destroying soiled stamps and stamps withdrawn from circulation. Full particulars of such stamps should be provided in making the application.

**F.R.351. Nomination of Officers.** (1) In appointing an officer to a Board of Survey, the Head of Department of that officer should be consulted. Any officer who is appointed to undertake a verification, must give it precedence over all other duties.

(2) An officer who is appointed to a Board of Survey must immediately inform the Deputy Secretary to the Treasury, or the Secretary to the Ministry in Charge of the subject of District Administration (through the Government Agent, concerned) as the case may be, if, for any unavoidable reasons, he is unable to serve on the Board, so that another officer may be appointed.

(3) The Deputy Secretary to the Treasury, the Commissioner-General of Inland Revenue and the Government Agents should arrange to be present on the day of verification in their respective offices.

**F.R.352.Duties of Board.** (1) The Board appointed to verify Treasury cash etc., must count all the cash in the vault and in the hands of the Shroff and verify all securities with the list thereof kept by the Deputy Secretary to the Treasury. The Boards appointed to verify the Kachcheri cash, stamps, etc., should similarly count all cash and stamps, and verify all securities at the Kachcheri.

(2) The Board, in counting all cash in the vaults and in the hands of the shroff, should satisfy themselves that unpaid amounts, if any, held by the shroff, on vouchers transferred to Subsidiary Registers, are also taken into account. They must then verify that the actual balances found agree with the balances as shown by the Cash Book and cash and bank balance books, and, in the case of stamps, with balances shown by the stamp account, and stamp register or stock book.

(3) The Board appointed to verify the stamps in the custody of the Commissioner General of Inland Revenue, should count all the stamps and other documents of monetary value in the vault of the Commissioner General of Inland Revenue, and verify that the actual balances found agree with the balances shown in the books maintained for the purpose.

**F.R.353.(1) Time** – The Board must assemble at the office of verification not later than 8.30 a.m. on the first business day of January.

(2) **Cash transactions not to be suspended** - No cash transactions shall take place before the meeting of the Board. However, cash transactions must not be suspended while a verification is being held, except when absolutely necessary.

**F.R.354.(1) Currency Notes.-** With the exception of bundles of notes in sealed packages with the manufacturer's seals intact, every note in every bundle of currency notes must be counted by the Board. Taking a few notes from a bundle stated to contain a specified number, counting these, and passing the remainder to a Shroff or his subordinate to count, will not be sufficient compliance with this requirement.

(2) **Coins** – The number of bags of coins of each denomination must be counted, and one bag in every ten (or two bags in every ten, if the number of bags of any one denomination does not exceed 50), should be selected at random. All the selected bags must be weighed against one another, and the lightest bag thus ascertained must be counted. The count must be made by the members of the Board. If that count shows a deficiency, the next lightest bag should also be counted, and so on, until a correct count is obtained. It will be found that used coins weigh considerably less than unused, and if the bag actually counted contains mostly used coins, the Board should make a count of any other weighed bag which in their opinion contains coins fairly representative of different degrees of use. Where machines are used for counting they should be tested before use.

(3) **Sealing of bags verified** – Any bag of coins which has been verified must be sealed and labeled. Each label should show the denomination of the coin, the amount, and the date of verification, and should be signed by the members of the Board.

(4) **Unopened sealed boxes** – In the case of money in unopened boxes, or stamps, etc., in unopened packets, the value of the contents as marked on each box or packet may be taken as correct for the purpose of the survey, provided the seals are intact.

(5) **Scales** – The scales to be used by the Boards of Survey should be tested in advance by an Examiner of Weights and Measures and his certificate should be made available to the Board.

**F.R.355. when survey lasts more than one day.** Every endeavour should be made to complete the verification of cash and stamps in one continuous sitting. However, should it become necessary to have an interval between sittings, the keys of all vaults, chests, boxes, etc., containing the cash and stamps, must be locked up in a place of security, in a chest or box, which must be sealed by the members of the Board, and such seal must, under no circumstances, be broken except in the presence of the Board on resumption by them of the work of verification.

**F.R.356. Statement of balances.** The Chairman of the Board must, after the actual counting has taken place obtain –

(a) in the case of the Treasury, statements from the Director, General, Department of State Accounts, giving the balances at date as shown by his books, and a further statement in explanation of any differences that may exist between the balances on current account as shown by the Banks and those shown by his books. The balances on current accounts and on fixed deposits must be shown separately in the statements. The amount of fixed deposits must be checked by the Board with the amounts appearing in the books of the Deputy Secretary to the Treasury, and with the amounts appearing in column 1 of the Register of Securities. Certificates of the amounts of the balances at date to the credit of the Deputy Secretary to the Treasury must also be obtained from the banks.

(b) in the case of the Commissioner General of Inland Revenue, statements from him giving the balances of stamps, etc., at date, as shown by his books.

(c) In the case of a Kachcheri, statements from the Government Agent on form G.A.-M.35, giving the balances at date, as shown by his books, of cash and stamps respectively; and where a bank

account is maintained, a further statement in explanation of any difference that may exist between the balance as shown by the bank and that shown by his books. A certificate of the amount of the balance at date to the credit of the Government Agent must also be obtained from the Bank.

**F.R.357. Report to Auditor-General.** On completion of the counting of the cash, stamps, etc., and the verification of securities, the particulars and certificates as provided in Form T.A., 118, Form C.S.43 or Form General 147, as the case may require, must be filled up, and, after being duly signed by all members of the Board, must be forwarded, with the bank certificates and the other statements mentioned in F.R.356 to the Auditor General. The date and hour at which the verification is begun must be inserted in the statement.

Note- The necessary forms will be supplied in duplicate to the Board by the Deputy Secretary to the Treasury, or Government Agent, as the case may be.

(No F.R.R. Issued Under Nos.358 – 364)

#### **Section 4 – Imprests**

**F.R.365. Imprests.** (1) Definition of Imprest – The term Imprest is used in these Regulations, to indicate a sum of money placed by the Treasury at the disposal, of a department, or an individual public officer, to be utilized for making authorized payments during the financial year for which it is issued.

(Note – See F.R.371 (1) for definition of a Sub-Imprest).

(2) To whom granted- All Accounting Officers (other than the Deputy Secretary to the Treasury and Government Agents), and, in special cases, individual public officers, are provided with Imprests for making their payments.

(3) Fresh Imprest granted for each financial year – Except in cases falling under F.R.373 (3) and (4), a fresh Imprest is granted to a department at the beginning of every financial year; and, therefore, such money should not be used to meet payments, of another financial year.

(4) **Settlement of Imprests** – All Imprests should be accounted for to the Treasury (Department of State Accounts) which granted them.

**F.R.366.(1) Imprest Authority and Limit of Imprests.** The Imprest Authority (F.R.91) is issued by the Treasury at the beginning of each financial year. This indicates the aggregate amount of money required by each department for making all its payments during that financial year (excluding Transfer Payments). This is referred to as the “Limit of Imprest” of that department.

(2) **Maximum amount granted at any one time** – The maximum amount of Imprest money which a ‘B’ or ‘C’ Class Department may hold at any one time, is fixed by the Treasury – see F.R.369 (b) and (c). If for any reason, the maximum so fixed should be increased, application should be made to the Treasury (Department of State Accounts). But the amount of Imprest money which an ‘A’ Class Department may hold at any one time, is not predetermined, although the Treasury has the right to prescribe a maximum.

(3) **Treasury’s right of withdrawal** – The Treasury has also the right to recall, at any time, any sum of money from any Imprest granted.

**F.R.367. Fixing of the Limits of Imprests.** (a) The Treasury obtains, before the beginning of each financial year, an estimate of the money required by each department and officer, to whom an Imprest is to be issued during such financial year. This estimate, modified where necessary, will be the Limit of Imprest of the department/officer concerned.

(b) Direct receipts of ‘A’ Class Departments are treated as forming part of their Imprests, and are therefore taken into account in ascertaining the Limits. Thus the Limit of Imprest indicated in the Imprest Authority shows the aggregate amount of -

- (i) money that a department or officer receives from the Deputy Secretary to the Treasury; and
- (ii) in the case of an ‘A’ Class Department, the money it receives directly, less any sums remitted from time to time to the Treasury on account of collections in excess of current requirements – see also F.R.182(2). If the direct receipts of the department are less than the money required, for its current requirements, the Limit of the Imprest will be the total of its direct receipts plus the monies received from the Treasury.

(c) When the Imprest Authority is issued, the Limit of Imprest should be noted and action taken to ensure that it is not exceeded, unless a Supplementary Imprest Authority is obtained.

**F.R.368. Supplementary Imprest Authority.** If, during the course of the financial year, it is anticipated that the 'Limit' prescribed in the Imprest Authority will be exceeded, action should be taken to obtain an increase of the 'Limit' by an application made to the Treasury (Department of State Accounts), through the Chief Accounting Officer concerned, explaining the reasons for the increase. The Treasury will then issue a Supplementary Imprest Authority and intimate the increased 'Limit' to the department or officer concerned. The new 'Limit' should be noted and action taken to ensure that it is not exceeded.

**F.R.369. Classification of Departments for purposes of Imprests.** For the purpose of granting Imprests, departments are divided into three groups –

- (a) 'A' Class Departments – These departments are continuously kept in funds by the Treasury. Applications for funds are made by these departments as and when necessary, without submitting Certified Schedules of Payments already made. The amount applied for and granted varies according to current requirements, and is paid into the department's bank account. These departments are permitted to utilize their direct receipts also as part of their Imprest. Officers of the Audit Department will generally be attached to 'A' Class Departments for the purpose of a continuous audit of their account;
- (b) 'B' Class Departments – A fixed sum of money is initially paid into the bank account of each department of this Class, for meeting its payments therefrom. Once every month, or more frequently, if necessary, a Certified Schedule of Vouchers is sent to the Treasury (Department of State Accounts) along with the following documents-
  - (i) Application for renewal of credit on Form General 103;
  - (ii) Certified Summary of Debits;
  - (iii) Bank Balance Certificate;
  - (iv) A Bank Reconciliation Statement showing the list of uncashed cheques ;
  - (v) Certificate to the effect that the vouchers in support of payments have been sent direct to the Auditor-General;
  - (vi) A statement showing the position of the Limits of the Imprest Account at the date of application.

The Treasury will replenish the bank account of the department with an amount equivalent to the total of the Schedule submitted. This is known as the Renewal of Imprests. The relevant paid vouchers should be forwarded by the department, direct to the Auditor-General, together with a certified copy of the Schedule of Vouchers. 'B' Class Departments are not permitted to credit their bank accounts with direct collections.

## (c) 'C' Class Departments -

(i) Payments over Rs.100 : 'C' Class Departments make their payments of over Rs.100 through a Kachcheri or the Treasury. For this purpose each 'C' Class Department is assigned to one of the Kachcheries or to the Treasury – see F.R.255 (3). Vouchers certified by these departments are presented for payment at the usual Office of Payment, where they will be brought to account. The collections of these departments are paid into the Kachcheri or the Treasury, as in the case of 'B' Class Departments;

(ii) Petty Cash Payments : 'C' Class Departments will make their payments up to Rs.100 from the Petty Cash Imprests issued to them by the Treasury. Renewal of Petty Cash Imprests should be obtained from the usual office of Payment once every month or more frequently, if necessary, forwarding on each occasion a Certified Schedule of Vouchers along with –

1. A certified Summary of Debits
2. Vouchers relating to the payments
3. Applications for Renewal of Credit on Form General 103.

Note : Appendix 10 contains a list of 'A' and 'B' Class Departments. All other departments are 'C' Class Departments.

**(No F.R. Issued under No 370)**

**F.R.371. Sub-Imprests.** (1) Subjects to the provisions below, an Accounting Officer may issue a part of his own Imprest to any of his subordinates. Such re-issue is referred to in these Regulations as a Sub-Imprest. However no part of an Imprest granted by the Treasury to an officer, other than an Accounting Officer, should be re-issued to another, without the express authority of the Treasury (Department of State Accounts).

(2) A Sub-Imprest may be granted by an Accounting Officer

(a) for defraying petty expenses – in which case it is usually referred to as a Petty Cash Sub-Imprest. This should not normally exceed Rs.100; however, a Chief Accounting Officer, may at his discretion, authorize a Petty Cash Sub-Imprest up to a maximum of Rs.5,000 to any officer working under the direct supervision of a Staff Officer. Where a larger Petty Cash Sub-Imprest is considered necessary, the authority of the Treasury (Department of State Accounts) should be obtained.



- (b) as an “ad hoc” Sub-Imprest – not to exceed Rs.20,000 in each case ;
- (c) as a continuous Sub-Imprest to a Sub-Officer for meeting all its payments.

The grant of Sub-Imprests under (b) and (c) above, should be limited to Staff Officers. A Sub Imprest under (b) should be settled immediately after the completion of the purpose for which it is granted. Any scheme of granting Sub-Imprests under (c) above should be approved by the Director General, Department of State Accounts, and application for this purpose should be made to him through the Chief Accounting Officer. Such Imprests should, as far as possible, be paid into a bank account, or to a deposit account at a Kachcheri.

(3) A payment from a Petty Cash Sub-Imprest should not exceed Rs.500 except in the Treasury or in a Kachcheri where a payment up to Rs.1,000 may be made.

(4) No Sub-Imprest should be used for purposes for which it would have been improper for the Accounting Officer himself to have used it. An Accounting Officer may, however, at his discretion, further limit the scope of the use of a Sub-Imprest.

(5) A Paying Officer will account for his Sub-Imprest in the manner and in the terms and conditions laid down by the Accounting Officer at the time of its issue. The balance of a Sub-Imprest should be surrendered to the Accounting Officer at any time prescribed by him ; and, in any case, not later than the 31<sup>st</sup> of December of the financial year in which the Sub-Imprest is issued. When surrendering the balance, the paid vouchers in hand since the last renewal should also be brought to account. Steps should be taken to ensure that all vouchers paid from a Sub-Imprest in the month of December are brought to account well in time to be incorporated in that month’s account.

(6) The rule that money granted on an Imprest for a particular financial year should not be utilized to make payments of another financial year applies also to money granted on Sub-Imprests.

**F.R.372. Imprests and Sub-Imprests to be frequently checked.** The Imprest or Sub-Imprest in the custody of each department or office must be checked at irregular intervals, but not less than once every month, by the Head or Local Head of Department or other officer delegated for the purpose. The results of such verification should be recorded in the case of –

- “A” Class Department Imprests – on Form Treasury and Audit 135.
- “B” Class Department Imprests – on Form Treasury and Audit 136.
- “C” Class Department Imprests – on Form Treasury and Audit 137.

The completed form, after any further action required has been taken, must be filed of record and should be available for reference. Where the verification is carried out by an officer other than the Accounting Officer, the completed form must be submitted to the latter before it is filed.

**F.R.373. Surrender of Imprests.** (1) Balance of Imprest to be surrendered on the 31<sup>st</sup> of December – Except in cases provided for in (3) and (4) below, the balance in hand of an Imprest on the 31<sup>st</sup> of December, should be surrendered to the Treasury (Department of State Accounts), on that date.

(2) Special authority required for late surrender – Whenever a department (other than those referred to in (3) and (4) below), finds it impossible to surrender the balance in hand of its Imprest on the 31<sup>st</sup> of December, the Treasury (Department of State Accounts) may, in exceptional circumstances, grant authority to surrender the balance later. No part of such balance should be utilized to make payments of the subsequent financial year.

(3) Petty Cash Imprest of ‘C’ Class Departments – (a) In the case of the Petty Cash Imprests of ‘C’ Class Departments, the balance in hand on the 31<sup>st</sup> December, need not be refunded to the Treasury at the end of the financial year, unless the Imprest is no longer required.

(b) Each ‘C’ Class Department should renew credit of paid vouchers in hand on the 31<sup>st</sup> of December, and retain the whole amount of the Imprest in cash on the 1<sup>st</sup> of January. The Accounting Officer of every ‘C’ Class Department should forward to the Director General, Department of State Accounts, Treasury, on the 1<sup>st</sup> of January, a certificate, under his personal signature, that he has himself checked the Imprest, and that he has the whole of it in his hands, in cash.

(4) Imprests of Sri Lanka Missions Abroad – In the case of Sri Lanka Missions abroad, the unexpended balances of their Imprests on the 31<sup>st</sup> of December should be retained by them and treated as part of their Imprest for the ensuing financial year. But a bank certificate, showing the balance in the local bank account at the close of business on the 31<sup>st</sup> of December, should be forwarded immediately by each Sri Lanka Mission Abroad to the Director General, Department of State Accounts, Treasury, together with a statement reconciling such balance with that shown in the cash book.

Vouchers paid from a Petty Cash Sub-Imprest should also be brought to account before closing accounts on the 31<sup>st</sup> of December. The Petty Cash balance should be verified and a certificate to that effect, under the hand of the Head of the Mission, should also be forwarded to the Director General, Department of State Accounts, along with the Bank Balance Certificate and the Reconciliation Statement.

Note: Transfer Payments may continue to be made under date 31<sup>st</sup> December even after the surrender of Imprest, until the closing of Treasury Books – See F.R.295.

**(No.F.R.R. Issued under Nos.374-379)**

**Section 5 – Bank Accounts**

**F.R.380. Treasury authority to utilize Bank Services.** (1) The Deputy Secretary to the Treasury may avail himself of the services of the Central Bank or any other Bank in the Island for the custody of public money either on current account or on deposit.

(2) The Deputy Secretary to the Treasury may authorize Heads of Departments and other Government Officers to open official accounts in any bank approved by him, and to limit the amount of public money that should be kept in such bank. Where an officer maintains official accounts in more than one bank, the Deputy Secretary to the Treasury may direct the proportion and manner in which such accounts shall be used.

**F.R.381. Opening of Bank Accounts.** (1) Application to be made to the Treasury – Application to open an official bank account should be made through the Chief Accounting Officer to the Treasury (Department of State Accounts), explaining the necessity for opening the account, and giving full particulars, including the following :-

- (a) Name of bank in which account is to be opened;
- (b) Title of account;
- (c) Designations and other particulars (salary, etc.), of officers authorized to operate on the account.

(2) Specimen Signatures. (a) When authority has been granted to open a new bank account, the name, designation, and four specimens of the signature of each officer who is authorized to sign cheques on the account, must be sent to the Bank concerned through the Treasury (Department of State Accounts). The list of specimen signatures, which should also contain the specimen signature of the Head of the Department himself, should be signed personally by him.

(b) Any change or additions to the list should be notified to the bank, and such communication should be signed personally by the Head of Department concerned. The prior approval of the Treasury (Department of State Accounts) should, however, be obtained where the change of addition is not the result of a transfer of officers.

(c) When the Head of the Department is transferred, or any other change takes place in respect of that post, the fact should be notified by the Chief Accounting Officer to the Treasury (Department of State Accounts). The Chief Accounting Officer should also forward a certified copy of the letter of appointment and specimens of the signature of the new Head of Department. The Treasury will forward these to the Bank.

(3) Officers authorized to sign cheques should furnish security – see Section 10 of Chapter XIV.

**F.R.382. Deposit of moneys in Bank.** All money deposited in the Bank, whether in cheques or cash, must be sent to the bank accompanied by a bank Paying-in-Slip, duly filled in, in foil and counterfoil. It is the duty of the officers responsible to see that an acknowledgement is obtained from the bank for sums deposited. On return of the counterfoil of the Paying-in-Slip they should satisfy themselves that it bears an acknowledgement from the bank and its official stamp.

**F.R.383 Moneys paid direct to Banks.** (a) Where moneys are paid by the Public direct to the credit of the Department's bank account, blank forms of Paying-in-Vouchers must be supplied to the bank, and the bank officials should be asked to have the vouchers filled up by persons paying in, and to send the paying-in Vouchers with their statements. Receipts for such payments on the usual form must be prepared from these vouchers. It is the duty of the officers concerned to see that Paying-in-Vouchers received from the bank have been duly perfected in all respects before they are classified for purposes of accounting. If, in any case, the bank fails to send such a voucher, a voucher on the proper form must be made up in the department.

(b) Whenever a Government Department pays money into the bank account of the Treasury or the Kachcheri, the appropriate Paying-in-Voucher form should always be used.

**F.R.384. Receipt and custody of Cheque Books.** (1) Cheque Books should be placed in safe custody in charge of an officer specially delegated for the purpose, who should count the cheque leaves of each cheque book as soon as it is received from the bank, before he acknowledges receipt thereof.

(2) All cheque leaves should be crossed "NOT NEGOTIABLE.....& Co.," Banks should be requested to supply "Order" cheques. Where the word "Bearer" is printed it should always be effectively deleted and the word "Order" substituted therefore ; (See also F.R.388 (3) regarding special crossing: "Account payee only").

Note : The words “ not negotiable” do not remove the transferability of the cheque in any way but merely afford protection to the drawer in that any person who negotiates the cheque should be in a position to vouch for the correctness of the endorsement on the cheque and also the identity of the payee. In the event of payment being made on an incorrect endorsement, i.e., by the endorsement of a person other than the actual payee, the person through whose account the cheque was negotiated will be held pecuniarily responsible to the drawer for the proceeds of the cheque in question.

(3) Particulars of each cheque book received, such as the date of receipt, the number of cheque leaves and the printed numbers relating to each book, should be recorded in a Register. Space should also be provided in this Register for the purpose of recording the date of issue of each book to the office for purpose of writing cheques, the date on which the last cheque in the book was written, and the date of destruction of the counterfoils.

(4) Steps should be taken to ensure that cheques or cheque books are handled only by authorized officers.

(5) When cheque books have to be conveyed from one building to another, from one floor to another, or between places far apart, they should be placed in a locked box and conveyed by a permanent officer.

**F.R.385. Payments by cheque.** (1) Payments of Rs.500 and over.- (a) When a bank account is kept, payments of rupees five hundred and over must not be made in cash.

Excepting – In cases where the payee is unable to sign, or makes a special request for payment in cash; a staff officer may authorize payment in cash, after establishing the payee’s identity – See F.R.260.

(b) A number of payments could sometimes be made by drawing out one cheque, e.g. -

- (i) salaries of staff or pensions. In these cases a cheque for the aggregate amount of the payments involved is drawn. The cheque is cashed and the individual payments are made in cash;
- (ii) one cheque is drawn in favour of the bank when several payees having their accounts in the same bank are paid.

(2) Cheques under Rs.10 not to be drawn. Payments of amounts under Rs.500 may also be made by cheque; but the drawing of cheques for sums under Rs.10 should, as far as possible, be avoided.

**F.R.386. Issue of Cheques.** (1) Cheques to be correctly drawn. Cheques should be drawn correctly taking care not to leave space for fraudulent interpolations before or after words and figures written out by the drawer. Written words and figures should commence as close as possible to printed words and figures; and a line should be drawn to fill any space left after what is written. The form for stating an amount in words should be :

“Rupees.....only” or “Rupees .....and cents .....only”.

Whenever the payee is denoted by his designation, it should be written in full and abbreviations are prohibited, e.g., the abbreviations “P.M.G.” or “G.M.R.” should not be used for “Postmaster General” or “General Manager of Railways”.

In writing the date, the month should be inserted in words. Cheques should be prepared in indelible ink, or on a cheque-writer. Ball point pens should not be used for writing cheques.

(2) *Payments to payees’ accounts* – Where a cheque has to be drawn in favour of a bank to the credit of payees’ accounts, the accounts may be stated on the body of the cheque or on its reverse and duly authenticated by the Paying Officer. If the details of the accounts are shown in a separate statement, forming an annexe to the cheque, such statement should be referred to on the body of the cheque and the statement itself authenticated by the Paying Officer. Further, such statement should bear a distinct reference to the cheque to which it is the annexe.

(3) *Voucher number to be quoted* – The number of the voucher should be quoted on the counterfoil of each cheque drawn.

(4) *The period of validity* – The validity of all cheques issued should be restricted to thirty days from the date of issue. A clear indication of this should be given on the face of the cheque. Wherever possible the bank may be requested to have this printed on each cheque leaf. It is possible to grant an extension of validity in terms of F.R.391.

(5) *Signing of Cheques* – Cheques should be signed by two officers whose specimen signatures have been sent to the bank. (See F.R.381)

Cheques should be signed preferably in the special indelible ink used for writing of cheques. Ball point pens should not be used for signing cheques.

(6) *Open Cheques* – All cheques must be made payable to order and be crossed. (See F.R.384 (2) ). The specific authority of a Staff Officer is required for the purpose of issuing an open cheque. To ‘open’ the cheque, the crossing should be cancelled by an endorsement on the body of the cheque to the effect “Crossing Cancelled”. Two officers authorized to sign cheques should certify the endorsement, as close as possible to the crossing.

(7) Spoilt and cancelled cheques and counterfoils of cheques – When a cheque is spoilt it must be effectively cancelled. A cheque cancelled for this or any other reason must be affixed to the counterfoil and retained in the cheque book.

Counterfoils of cheque should be held in custody and destroyed after they are passed in Audit, or at the end of five years from the date of the last cheques in the particular cheque book.

**F.R.387.Overdrafts prohibited.** The Paying Officer should always ensure that the bank balance is adequate to meet all his payments made by cheque. No official bank account must be overdrawn.

**F.R.388. Posting of cheques** (1) A record of all cheques sent by post should be maintained in every department showing the following particulars in respect of each cheque –

- (a) Date of cheque ;
- (b) Number of cheque ;
- (c) Bank on which it is drawn ;
- (d) party to whom forwarded ;
- (e) Amount of cheque ;
- (f) Reference to voucher number ;
- (g) Date of dispatch ;
- (h) Date of acknowledgment of payment ;
- (i) Initials of officer responsible for dispatch.

Where the voucher has already been receipted at the time of despatch of cheque, the fact will be suitably indicated under column (h).

(2) “Open” cheques (See F.R.386 (6) ) should not be sent by post.

(3) All cheques, irrespective of the amount, must be sent by registered post, duly crossed, as a precaution against loss. When it is known that the payee has a bank account, cheques in his favour should be crossed “Account payee only”. All cheques drawn in favour of Departments, Local Authorities, State Corporations and Institutions and other Statutory Boards should always be crossed “Account payee only”.

**F.R.389. Handing Over of Cheques.** (a) A cheque must not be handed over to a payee unless he is properly identified (See F.R.260). “Open” cheques should be handed over only by a Staff Officer after the proper identity of the payee has been established.

(b) A written acknowledgement should be obtained of every cheque handed over, indicating the number and the amount of the cheque, whether crossed or uncrossed, the bank on which it is drawn, the voucher number, and date of handing over.

**F.R. 390. Cheques and Cheque Books to be locked up daily.** (a) At the close of business each day, the cheque books should be lodged in a safe or other place of security, only after the officer responsible has satisfied himself that all the unused cheque leaves are intact and that the number of cheques leaves taken out of the book corresponds to the number of cheq issued during the day.

(b) Any cheques taken out of the book, but not posted or handed over to the payees, should also be lodged in safe custody.

**F.R. 391, Extension of validity of a cheques.** (a) The period of validity of the cheque which has not been posted to bank for payment, may be extended for a period not exceeding thirty days from the date of amendment, by suitable endorsement on the cheque. The endorsement should be signed by two of the officers authorized to sign cheques.

(b) Before extending the periods of validity of a cheque, the cash book and the counterfoil of the cheque should be examined to ensure that the cheque has not already been cancelled, or treated as a lost cheque, or that payment has not been stopped thereon.

(c) The extension of validity should be noted in red ink-

(i) in the counterfoil of the cheque;

(ii) against the appropriate item of the list of uncashed cheques in the Bank Reconciliation Statement of the previous month (F.R. 395)

and initialed by the officers signing the endorsement on the cheque.

**F.R392. Cheque in Lieu.** (a) Cancellation of cheque- Where a payee returns a cheque which is so defaced that it is not likely to be honoured by the bank on presentation, a fresh cheque in lieu of the returned cheque may be issued after scrutinising it carefully to ensure that it has not been already paid by the Bank. The original cheque should be effectively cancelled and filed of record. The particulars of cancellation and issue of fresh cheque in lieu should be noted as indicated in (c) below.

(b) Cheque Lost. If a payee reports that a cheque has been lost, or cannot be traced, a fresh cheque in lieu thereof may be issued only after-

(i) Verifying by reference to the Cash Book, Bank Reconciliation Statement and Bank Statement, that the cheque has not so far been paid;



- (ii) Obtaining the confirmation of the bank that the cheque in question has not been paid within last thirty days, and will not be paid if presented thereafter; and
- (iii) Obtaining a Letter of Indemnity in the subjoined form.

Particulars of issue of fresh cheque in lieu should be noted as indicated in ( c ) below.

( c ) Particulars to be noted. Whenever a cheque is cancelled or lost, and a fresh cheque in lieu is issued, the following action should also be taken-

- (i) cross reference should be made in the respective counterfoils;
- (ii) columns 5,6 and 7 of the List of Uncashed Cheques (see F.R.395 (d) ) of the last Bank Reconciliation Statement, in which the cheque appears as unpaid, should be completed;
- (iii) a suitable note should be placed in red ink in the Cash Book, against the original entry relating to the cancelled cheque; and
- (iv) a new entry under the date of issue of fresh cheque should be inserted in red ink in the current Cash Book, giving particulars of new cheque issued and cross reference to original cheque, but leaving money columns blank.

#### FORM OF INDEMNITY BOND

##### **Indemnity Bond for Cheque (F.R.392)**

In consideration of the ..... (Head of Department) issuing me a cheque in lieu of the ..... Bank cheque No. .... of ..... 19, drawn by him in my favour for Rupees ..... (Rs. ....) only, which has been lost, I, the undersigned hereby guarantee and agree to hold the said ..... (Head of Department) his successors and assigns harmless and indemnified from and against all consequences that may arise from his so doing and from payment of the original cheque and from and against all losses, charges and expenses in connection with the said cheque.

Signature (Over a Rs. 2.00 stamp)

Address: .....

Witnesses:

1. ....
2. ....

**F.R. 393. Stoppage of payment on a cheque.** (i) If for any reason, payment on a cheque issued is stopped, the Bank should at once be notified and a confirmation obtained from it that the cheque has not been paid within the last thirty days, and will not be paid if presented thereafter. No such cheque should be later revalidated, either by rescinding the stoppage or by the extension of its period of validity. The fact of stoppage should be noted as in the case of a cancelled cheque. See F.R.394 (b)

(2) A fresh cheque can be issued in lieu of such cheque only in the following circumstances :-

- (a) if the original cheque becomes available, at any time;- in which case the relevant provisions of F.R.392 (a) shall apply;
- (b) where the original cheque is not available, if the relevant provisions of F.R. 392 (b) are satisfied. But if for any reason, and Indemnity Bond cannot be obtained, the matter should be reported to the Treasury, (Department of State Accounts) and a direction obtained.

(3) When no cheque is issued in lieu of a "stopped" cheque, credit for the amount involved should be taken in terms of F.R. 394 ( c ) and (d), after the Bank's confirmation under (1) above is received, or, if the original cheque itself becomes available. In the latter case, the cheque should be carefully scrutinised to ensure that it has not already been paid, cancelled effectively and filed of record.

**F.R. 394. Cheques cancelled with no cheque issued in lieu.** If for any reason, a cheque has to be cancelled and no cheque in lieu is issued, the following action should be taken :-

- (a) The cheque should be scrutinised before cancellation, as indicated in F.R. 392 (a), and filed of record;
- (b) Particulars of cancellation should be noted as follows :-
  - (i) on the counterfoil of the cheques;
  - (ii) against the relevant item in the list of uncashed Cheques of the latest Bank Reconciliation Statement; (See F.R. 395 (d) );
  - (iii) against the relevant entry in the Cash Book.
- (c) The value of the cancelled cheque should be treated as an amount received by the department, credit being taken to the appropriate accounts. Cross references should be made between the original payment entry and the new receipt entry ;

- (d) A receipt for the amount should be issued in favour of the Head of the Department;
- (e) If for any reason, a payee does not require payment and returns a cheque, it should be immediately cancelled effectively by the Staff Officer opening the tappal, before action is taken as in (b) and (c) above. In such cases the receipt should be made out in favour of the payee of the cancelled cheque.

Note: See F.R. 393 (3) regarding a "stopped" cheque for which no cheque in lieu is issued.

**F.R. 395 Preparation of Bank Reconciliation Statement.** (a) Bank Statements and Balance Certificates.-Statements showing the daily receipts and payments in the bank account are sent by the bank to the department concerned, either daily, weekly, fortnightly, or monthly, as requested by the department. The bank will also supply the department with a certificate of the bank balance whenever required. These statements and the Bank Certificate should be used for the preparation of the Bank Reconciliation Statement.

(b) Necessity for a Reconciliation Statement- The balance, according to the Bank Statements or Bank Certificate, may not agree with the balance as appearing in the department's cash book, as some of the cheques already issued by the department, may not have been presented to the bank for payment, before the date of the Bank Certificate. Similarly, cheques, money orders, etc., which have been paid into the Bank account by the department, may not have been realised before the date of such Certificate. In order to reconcile the balance according to the Cash Book of the department, with the balance as shown in the Bank's Certificate, a statement known as a Bank Reconciliation Statement, should be prepared. It should be certified by the Paying Officer concerned, and made available to Audit for inspection.

(c) Monthly Bank Reconciliation Statement- Every department which maintains a bank account should prepare a Bank Reconciliation Statement as at the end of each month, before the 15<sup>th</sup> of following month. "B" Class Departments should in addition prepare a Bank Reconciliation Statement every time a renewal of imprest is applied for - See F.R. 369 (b).

- (d) **List of Uncashed Cheques-** For the Purpose of the Bank Reconciliation Statement a list of cheques, drawn by the department but not cashed as at the end of the relevant month, should be prepared on the following form :-

**LIST OF UNCASHED CHEQUES AS AT .....**

**Bank .....**

**Title of Account .....**

(1) Date of Issue	(2) No. of Cheque	(3) Amount Rs. Cts.	(4) Date of Re- validation	(5) Date of Stoppage or Cance- llation, if any	(6) No. of Cheques, if any issued in lieu	(7) Initials of Staff Officer	(8) Date of Payment of Cheque
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(e) List of unrealized remittances - Cheques, Money Orders, etc., remitted to the bank but which, at the time of preparing the Bank Reconciliation Statement, have not been realized, should also be separately itemized;

(f) Delays in Reconciliation - The Paying Officer concerned should bring to the notice of the Accounting Officer any delays in the preparation of the monthly Bank Reconciliation Statement and take such steps as are necessary to avoid the recurrence of such delays;

(g) Whenever items of such uncashed cheques against which notes of revalidation, stoppage, cancellation, or issues of fresh cheques in lieu, have been noted, are brought forward from a previous list of uncashed into a subsequent list of uncashed cheques, in a new Bank Reconciliation Statement, the officer certifying the new statement should ensure that the notes relevant to such times are also brought forward into the new statement. He should also initial against the appropriate item in Column 7 of the list;

(h) Bank Reconciliation Statement should invariably be prepared by an officer or officers, who have no connection with the banking of collection, the writing out of cheques or the maintenance of the cash book.

**F.R. 396. Action to be taken on outstanding cheques.** (a) In this Regulation the term 'outstanding cheque' indicates a cheque, the period of validity of which has expired;

(b) The payee of each 'outstanding cheque' should be addressed as soon as possible after the period of validity has expired, requesting him to return the cheque for revalidation. If the cheque is returned by the payee, it should be revalidated and returned without delay;

(c) if there is no response to the letters sent to the payee, a further letter should be sent under registered cover, requesting a reply within two weeks;

(d) If the cheque remains uncashed for more than six months from the date of issue or from the last date of revalidation, whichever is later, and no reply to the letters has been received, the following action should be taken :-

- (i) Obtain confirmation of the bank that the cheque will not be paid if presented thereafter;
- (ii) Treat the cheque as cancelled and proceed as in F.R. 394 (b);
- (iii) Note the amount of the cheque as a liability in the appropriate ledgers.

## CHAPTER VII

**ACCOUNTING**

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**ACCOUNTING \*****Section 1 - Treasury Accounting**

**F.R. 410. Incorporation of all Accounts in Treasury Books** - The Treasury incorporates in its books not only its own receipts and payments, but also all the transactions of other Government Departments, effected either in Sri Lanka or abroad, except those specifically excluded by the Deputy Secretary to the Treasury. For this reason, the classification and sub-division of transactions of a Government department must accord with the classifications and sub-divisions of accounts in the Treasury books. Transactions not related to these classifications and sub-divisions cannot be incorporated in the Treasury books.

Departments should be carefully note the provisions of the Regulation s that follow, maintain their accounts accordingly and render them to the Treasury in the manner prescribed.

**F.R. 411. Departmental Accounts to correspond to Accounts kept at the Treasury** - The titles of the Accounts maintained in the books of Government departments should correspond to the titles under which those accounts are kept in the Treasury Books, and, therefore, all the Accounts appearing in Kachcheri Abstracts, Summaries of 'A' Class Departments, Certified Schedules of Payments of 'B' and 'C' Class Departments, vouchers, and any other accounting documents should bear correct titles, as appearing in the Treasury Books. Failure top comply with this Regulation will result in errors, and in discrepancies between the departmental and Treasury Books.

**F.R. 412. Refund and Surcharge Accounts** - (a) Refund Account. Refunds from Revenue are not debited direct to revenue Account. They should be accommodated under Refund Account and so intimated to the Treasury in all accounting documents.

(b) Surcharge Account - Credits arising out of recovery of expenditure from Monetary Provision under Part 1 of the Estimates during the financial year of payment (see F.R. 170(3) are not directly credited to Expenditure Account; but should be accommodated under Surcharge Account in all accounting documents sent to the Treasury.

(c) The Treasury will make necessary transfers from Refund Account and Surcharge Account, to Revenue Account and Expenditure Account respectively, in the Treasury Main Ledger . The Subsidiary Books of the Treasury 9(see F.R. 423) will however indicate, monthly, the net figures relating to Revenue under each Sub-head, and Expenditure under each Object Class.

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\* Accounting relating to Advance Accounts and Foreign Aid are dealt with in Chapters VII and XI respectively.



**F.R. 413. (1) Authorised Imprests (Treasury) Account.-** When the Treasury grants funds to a department on account of Imprest, the amount involved will be debited in the Treasury Main Ledger to the Authorised Imprests (Treasury) Account referred to in FR 423 (2) and in the Treasury Imprest Ledger to the appropriate Subsidiary imprest Account. The other entries in these accounts are derived from the periodical accounts rendered to the Treasury by the department concerned.

(2) Advances to Public Officers (treasury) Account - Loans granted to Public Officers by departments will be accounted for through the medium of Advance Accounts which fall within the category of Special Advance Accounts indicated in F.R. 501 (c). The rules relating to the granting of loans will be laid down by the Ministry of Public Administration/Treasury from time to time. The manner in which these loans are accounted for is laid down in F.R. 485.

(3) Advance Accounts - These are either separate a distinct Main Ledger Accounts of the Treasury, or are incorporated in the Total Account entitled "Authorised Advances (Treasury Account)" in the Treasury Main Ledger. In the latter case the individual Advance Accounts are maintained in the Treasury Advance Ledger as accounts subsidiary to the Total Account. The Advance Accounts separately maintained in the Treasury Main Ledger are usually those administered by the Treasury, or are otherwise important enough to be so dealt with.

Examples of Advance Accounts appearing in the Main Ledger are -

1. Insurance Fund for Government Undertakings Account
2. General Stores Account.
3. Food Purchase and Distribution Account.
4. Prison Industries Account.
5. Advances to Public Officers (Treasury) Account (see Sub-Section (2) above).

**F.R. 414. Deposits. (1) Accounting for Deposits.-** Deposits are normally brought to account through the following Total Accounts in the Treasury Main Ledger :-

Type of Deposit	Total Account
(a) Deposits received at Kachcheries	through the General Deposits (Kachcheries) Account.
(b) Deposits received in all other Departments including the Treasury	through the General deposits (Treasury) Account.

The Subsidiary Accounts pertaining to General Deposits (Kachcheries) Account are maintained in the respective Kachcheries. Those pertaining to General Deposits (Treasury) Account are maintained in the Deposit Ledger of each departments, as well as in the Deposit Ledger of the Treasury.

(2) Exceptions to (1) (a) and (b) above. - The Treasury, may, in exceptional circumstances, agree to the opening of a separate Main Ledger Account for particular deposits, instead of accounting for them through the Total Accounts referred to above. The Treasury may also authorize the Kachcheries, in certain circumstances, to operate on the General Deposits (Treasury) Account, whenever this is considered necessary, notwithstanding (1) (a) above.

(3) Authority for opening new Deposit Accounts. The authority of the Treasury (Department of State Accounts) is necessary to open a new Subsidiary Deposit Account under General Deposits (Treasury) Account. The opening of new Subsidiary Accounts under General Deposits (Kachcheries) Account requires authority as follows :-

- |  |   |
|--|---|
| (a) For opening a new Class I Deposit Account (see FR 569) for a general or non-specific purpose.    | Authority of the Director, General Department of State Accounts Treasury, (Deposit Accounts for relief of distress can however be opened with the authority of the Government Agent). |
| (b) For opening a new Class I Deposit Account for the Sub-Impret of a Branch Office of a department. | Authority of the Director, General Department of State Accounts Treasury - E.R 371(2).  |
| (c) Other Deposit Accounts at Kachcheri  | Authority of the Government Agent.  |

Treasury and the Government Agents should authorize the opening of a new Deposit Account only when it is absolutely necessary, and after careful inquiry. The number of accounts should be kept within manageable limits to enable regular reconciliation with the main accounts and to prevent abuses, frauds, etc. No Deposit Accounts should be opened for any purpose which is not strictly official.

(4) The provisions of the Regulations in Section 3, Chapter IX, Kachcheri Accounts, also apply, mutatis mutandis, to the Deposit Accounts relating to other departments.

**F.R.415. Kachcheri Remittance Account.**- (1) When the Treasury provides a Government Agent with additional funds, it will debit the amount to "Kachcheri Remittance Account". When the Government Agent receives the Remittance he shall credit the amount to "Kachcheri Remittance Account". When the Government Agent receives the Remittance he shall credit the amount to "Kachcheri Remittance Amount", and bring it to account accordingly in his Monthly Abstract of Receipts to the Treasury. Similarly, if the Government Agent pays any money to the Treasury or to its bank account, will be debited by him to "Kachcheri Remittance Account", and brought to account accordingly to his Monthly Abstract of amount Payments. The Treasury, when it receives the amount, will credit it to "Kachcheri Remittance Account".

(2) Money remitted to the Treasury by a Kachcheri, in terms of F.R. 187, should be brought to accounts at the Kachcheri as debits to "Kachcheri Remittance Account". The Treasury will credit the same Account when it receives the amount.

**F.R. 416. Rendering of Accounts by Departments.** - (See also F.R. 545.)  
 (1) 'A' Class Departments. Every 'A' Class Department should forward a "Summary of Accounts" to the Treasury. These Summaries would show, as debits, the aggregate of the amounts charged to each account during the month. Such debits would include both money payments and Transfer Payments. (see FR 295). The aggregates of the money payments would be shown as credit to the Imprest Account of the department, and the Transfer Payments will be included as credits to other accounts. The collections of the department would be shown as a debit to the Imprest Account, credit being given to Revenue or other Account involved.

(2) 'B' Class Departments.- (a) In respect of their money payments, 'B' Class Departments should obtain a renewal of Imprest from the Treasury. The Treasury will debit the appropriate Subsidiary Imprest Account and renew the Imprest. The certified Summaries of Debits will be brought to account in the Treasury, debiting the various Accounts involved and crediting the appropriate Subsidiary Imprest Accounts.

(b) In respect of Transfer Payments the relevant Regulations of Section 7 of Chapter V apply.

(c) As regards the collections of these departments, see F.R. 177 and 234 (3).

(3) 'C' Class Department.- (a) In respect of payments made from their Petty Cash Imprests, 'C' Class Departments should obtain renewals from their usual Office of Payment. The Certified Summary of Debits will be brought to account by the Office of Payment and incorporated in its own monthly accounts.

(b) Other certified vouchers of 'C' Class Departments will be paid and brought to account at the Office of Payment at which they are paid.

(c) In the case of Transfer Payments, the Regulations of Section 7 of Chapter V apply.

(d) As regards the collections of 'C' Class Departments see F.RR 177 and 234 (3).

(4) *Presentation.*- The total amount debited or credited to each Main Ledger Account of the Treasury should be clearly indicated. Where the Treasury maintains Subsidiary Books in respect of any such Account (see F.R. 423), the Subsidiary Accounts involved should also be stated, along with the amount to be posted to each of them, the aggregate being shown against the Main Ledger Account.

Note.-Special instructions will be issued by the Treasury to Heads of Sri Lanka Missions Abroad in regard to the rendering of their Accounts.

**F.R. 417. Arrangement in the Submission of Accounts-** Every accounting documents forwarded to the Treasury should clearly indicate the month to which it relates. The order in which the accounts should appear therein is as follows:-

(a) Debits:

- (i) Expenditure Account;
- (ii) Refund Account;
- (iii) General Deposits (Treasury) Account;
- (iv) Authorised Advances (Treasury) Account;
- (v) Other Accounts.

(b) Credits:

- (i) Surcharge Account;
- (ii) Revenue Account;
- (iii) To (v) as for Debits.

Note.- Examples of accounting documents, referred to above, are-

- (a) Summaries of Accounts of 'A' Class Departments.
- (b) Schedules of Payments and Summaries of Debits of 'B' and 'C' Class Departments.
- (c) Abstracts of payments and Receipts of Kachcheries.
- (d) Vouchers.
- (e) Transfer Orders.

**(No F.RR. Issued Under Nos. 418 & 419)**

**F.R. 420. Treasury Books.-** The following books, inter alia, will be maintained by the Director General, Department of State Account :-

- (a) Main Books :
  - 1. Cash Book;
  - 2. Main Ledger;
  - 3. Journal.
  
- (b) Subsidiary Books :
  - 1. Revenue Ledger;
  - 2. Expenditure Ledger;
  - 3. Sub- Votes Ledgers;
  - 4. Advance Ledger;
  - 5. Imprest Ledger;
  - 6. Deposit Ledger;
  - 7. Subsidiary Journal
  
- (c) Other Records :
  - 1. Treasury Securities Register;
  - 2. Various Abstracts prepared for posting up the accounts into Ledgers.

**F.R. 421. The Treasury shall maintain the following records relating to receipts and payments :**

- (a) *Receipts and payments by the Chief Shroff, Treasury.-*
  - (i) Register of Daily Cash Receipts on Form Treasury 111. This book should record the daily receipts in chronological order.
  - (ii) Payment Register on Form, Treasury 103. This should record all payments by the Shroff each day.
  - (iii) Daily Balance Book on Form Treasury and Audit 80. This should record the total daily receipts and payments and the balance in hand. This book will be checked by the Accountant at the end of each day and the balance checked with the actual cash in hand.
  
- (b) *General Treasury Daily Cash and Bank Balance Book.-* This book must be kept in Form Treasury 100 to record the total of daily receipts and payments by each Bank and by the treasury Shroff and also the actual balance at the end of each day. This book must be regularly checked with the Bank Statements and Bank Pass Books and the Shroff's Daily Balance Book by an Accountant.

(c) *General Treasury Main Cash Book* .- The Cash Book incorporates all daily receipts and payments by the Shroff as well as by the Banks. The entries will be numbered consecutively on each side of the book and these numbers affixed to the corresponding supporting vouchers. The Cash Book will be balanced and reconciled monthly with the actual balances in Banks and with the Shroff. A statement showing the daily classification of receipts and payments is prepared at the Treasury and the total receipts and total payments in this statement are compared with the corresponding totals in the Cash Book.

(NO F.R. ISSUED UNDER No. 422)

**F.R. 423. Treasury Main Ledger.** (1) The in Ledger contains -

- (a) Total Accounts for which there are Subsidiary Books of the Treasury; and
- (b) Other Accounts for which there are no Subsidiary Books.

(2) The following are some of the Total Accounts of the Main Ledger for which Subsidiary Books are kept. The latter are indicated against the Total Account named below.

Total Account in the Main Ledger	Subsidiary Books
(i) Expenditure Account	<ul style="list-style-type: none"> <li>(a) Expenditure Ledger recording Expenditure under the different Programmes of Part 1 of the Annual Estimates, classified under "Personal Emoluments" and "Other Charges".</li> <li>(b) Sub- Votes Ledgers, kept under the Object Classes of each Programme.</li> </ul>
(ii) Revenue Account	Revenue Ledger- recording Revenue under the different Revenue Heads, Sub-heads, Items and Sub-items.
(iii) General Deposits (Treasury) Account	General Deposit Ledger, where bsidiary Deposit Accounts are separately maintained. (See F.R. 414).
(iv) Authorised Advances (Treasury) Account	Advanced Ledger, where Subsidiary Advance Accounts are separately maintained. (See F.R. 413 (3) ).

- |  |   |
|--|---|
| (v) Authorised Imprests<br>(Treasury) Account            | Imprest Ledger, where Subsidiary<br>Imprest Accounts are separately<br>maintained |
| (vi) Sundry Security Deposits<br>and Investments Account | Treasury Securities Register.   |
| (vii) Advances to Public<br>Officers Account             | See F.R. 485.   |

(3) The Deputy Secretary to the Treasury may decide to open other Total Accounts in the Main Ledger, and maintain corresponding Subsidiary Books therefore.

**F.R. 424. Treasury Journal.**- All postings into the Treasury Main Ledger will be from the Treasury Journal. The figures entered in the Journal are recorded from-

- (a) monthly Abstracts prepared at the Treasury, summarizing the receipts and payments of the Treasury, the Kachcheries and the Approved Overseas Agents;
- (b) Summaries of 'A' Class Departments, Accounts of 'B' Class Departments and Miscellaneous Accounts.

**F.R. 425. Abstracts for posting up Subsidiary Books.**- (1) The Treasury also prepares monthly separate Abstracts incorporating the transactions which affect the accounts maintained in each of the following Subsidiary Books :-

- (i) Revenue Ledger,
  - (ii) Expenditure Ledgers and Sub- Votes Ledgers,
- and these books will be posted up from such Abstracts.

- (2) The Treasury may also prepare suitable Abstracts considered necessary for entering up its other Subsidiary Books.

**F.R. 426. Closing of Treasury Books monthly.**- Standing instructions are issued by the Director General, Department of State Accounts, in regard to the period of time within which departments should render their accounts to the Treasury each month. They should, therefore, submit their monthly accounts before the specified date. Delay on the part of a department in forwarding its accounts for a month may result in the exclusion of such accounts from the accounts of the Treasury for that month.

**F.R. 427. Reconciliation of Departmental Books of Account with Treasury Books.**- (1) In the case of accounts maintained by departments under Object Classes of a Programme/Project, the total expenditure for each month, as appearing in the departmental Appropriation (Votes) Ledgers, should be reconciled by each department regularly with the figures appearing under the relevant month in the corresponding Treasury Subsidiary Books.

This will enable departments to expedite the preparation of their Appropriation Accounts (F.R. 150).

(2) Every department should also reconcile monthly, with the accounts maintained in the Treasury books, the following Accounts maintained in its own books :-

- (a) Advance Accounts;
- (b) Imprest Accounts;
- (c) Deposit Accounts; and
- (d) Any other Accounts for which corresponding Accounts are maintained in the Treasury books.

(3) Any discrepancy between the Treasury and departmental figures should be immediately investigated. If the discrepancy is due to an error of the Treasury, the fact should be promptly brought to the notice of the Director General, Department of State Accounts, in order to adjust his books. If, on the other hand, the discrepancy is the result of an error of the department itself, action should be initiated to rectify the error. If, however, another department is responsible for the error, it should be requested to take action immediately to effect an adjustment. The matter should be pursued until this is done.

(4) Unless the adjustments referred to in (3) above are effected before the date specified in F.R. 429, they cannot be incorporated in the accounts of the Treasury for the relevant year. The department or departments concerned will be held responsible for the errors, and for not rectifying them in due time.

Note 1. To facilitate reconciliation, the Treasury (Department of State Accounts) issues to certain departments (such as the Sri Lanka Mission Abroad) the figures recorded in its books.

Note 2. Besides the reconciliation of departmental accounts with the accounts maintained in the Treasury Books, individual or separate accounts should be reconciled periodically with the respective Total or Control Accounts of the department. (e.g., the outstanding balance of advances paid, or of Sub- Imprests granted to individual officers, should be reconciled periodically during the financial year with the relative main accounts of the department).



**F.R. 428. Quarterly Publication of Accounts.**- A trial balance of the Main Ledger will be prepared quarterly, and a statement of the balances of the accounts, summarised in convenient groups, will be prepared by the Director General, Department of State Accounts, and signed by the Deputy Secretary to the Treasury. This will form the general statement of Assets and Liabilities of the Treasury, as appearing in its Books of Account, at the end of the quarter. The statement will be published in the Government Gazette, along with classified statements of Revenue and Expenditure, up to the end of the quarter.

**F.R. 429. Closing of Treasury Books- Annually.**- (1) The Director General Department of State Accounts, will notify the department, towards the end of each financial year, the date by which the Treasury books of account for the financial year will be finally closed.

(2) All accounting documents, such as Summaries of accounts, transfer orders, etc., forwarded to the Treasury after 31<sup>st</sup> of December, but meant for incorporation in the accounts of the financial year which ended on that date (see F.R. 295 (3) ), should be dated 31<sup>st</sup> December, and should be forwarded to the Treasury before the date specified in (1) above. These documents should, in addition, bear, in a conspicuous position, a very clear indication of the financial year to which they relate. They will be brought to account at the Treasury under 31<sup>st</sup> December of that financial year.

(3) All departments should ensure that outstanding Railway Bills, bills of the Procurement and Advisory Services Unit of the Ministry of Finance, and any other bills, which are rendered by one Government department to another, and have to be settled by Transfer Payments, are settled before the date prescribed in (1) above. Similarly all adjustments, of errors, etc., due to be made within the financial year, should also be made and brought to proper account, before the specified date. Very serious notice will be taken of any delays or other lapses on the part of officers responsible for these transactions.

**F.R. 430. Annual Publication of Treasury Accounts.**- The treasury will publish, as a Sessional Paper, as soon as possible after the end of the financial year, a statement of the Assets and Liabilities, as disclosed in the Treasury books, as at 31<sup>st</sup> December, together with the following:-

- (a) a statement of investments, showing the amount of stock held on the last day of the year, together with the actual cost and the market value at that date;
- (b) a statement of the outstanding amount of funded debt or loans, and of any sinking funds;
- (c) such other statements as may be necessary, in the opinion of the Deputy Secretary to the Treasury.

The statement of Assets and Liabilities and the other statements will be published under the head of the Deputy Secretary to the Treasury, and certified by the Auditor-General.

**F.R. 431. Treasury Investments in Securities.** (1) Purchase of Securities.- Securities purchased by Government will be brought to account at their cost price, which will be debited to an Investments Account at the Treasury. Financial Provision will be included in the Estimates under Head "Miscellaneous Services" to authorise the investment of Government cash balances in "gilt" edged securities, and for the sale and realisation of such securities, as and when necessary.

(2) Sale of Securities - gains or losses.- When securities are sold, the proceeds of sale will be credited to the Investments Account, and any resultant gain or loss, determined by comparison with the cost price of the securities sold, will be credited to the Consolidated Fund, or charged thereto as Expenditure, accordingly as a gain realized or loss sustained. Financial provision for meeting a loss, if sustained, will also be made in the Estimates under Head: "Miscellaneous Services".

(3) Register of Investments.- Full particulars, in respect of each security held by the Government, should be recorded in a Register of Investments which should show, inter alia, the face value, cost price, amount realized by sale, and the resultant gain or loss. A record of the quarterly or half-yearly dividends received, giving the date of receipt in each case, should also be maintained in the Register of Investments.

(4) Annual Valuation.- At the close of each financial year, each of the securities held Government will be valued at the current middle market price on the last working day of the year, or the nearest day preceeding, in respect of which market valuations are available. These particulars will be published in detail along accounts of the Treasury.

(5) Securities held on behalf of other Funds.- In the case of securities which are held by the Government on behalf of other funds, and are reflected in the Treasury books, gains or losses on sales will accrue to or be debited against, the relevant fund. The annual valuation shall be made at the close of each financial year, as indicated in paragraph (4) above.

(6) Transfer between Funds.- When securities in the custody of the Government are transferred from one fund to another, they shall be transferred at the current middle market price at the date of transfer.

**(No F.R.R. Issued Under Nos. 432-444)**

## Section 2 - Books, Registers, etc. in Departments

**F.R. 445. Books for general use.-** (1) The following books are prescribed for general use:-

- (i) Cash Book and /or Petty Cash Book;
- (ii) Departmental Appropriation (Votes) Ledger (Form General 138);
- (iii) Register of Cheques, Money Orders, etc., received. (Form G.A.M. 83);
- (iv) Register of Counterfoil Books (Form G.A. - N20) - (See F.R. 341);
- (v) Audit Query Register;
- (vi) Inventory Book (Form General 44);
- (vii) Catalogue of Books;
- (viii) Register of Consumable Stores;
- (ix) Personal Emoluments Register/s;
- (x) W.&O.P. Register;
- (xi) P.S.P.F. Register

(2) Department will however keep such other books of account as may be necessary for their particular requirements.

(3) The books of account of departments whose methods of accounting are laid down in departmental codes or manuals, duly approved by the Treasury, will be kept in accordance with the Rules prescribed therein.

**F.R. 446. Cash Book and Petty Cash Book.** (1) Subject to the following provisions, the Cash Book will contain entries in respect of all receipts and all payments:-

- (a) Unless otherwise provided, money received at an office, which is not an accepting Office is not entered in the Cash Book, but in separate records as indicated in F.R. 177 (4). However, money received at such office, on account of Imprest (or Sub-Imprest), should be entered as receipts, and the payments made there from, as payments, on the respective sides of the Cash Book.
- (b) All money received at Kachcheries should be entered on the receipts side of the cash Book, and brought to proper account. Thereafter, remittances to the Treasury, in terms of F.R. 187, should be entered in the Cash Book, as a payment, and brought to account as a debit to "Kachcheri Remittances Account."
- (c) In any department in which owing to the large number of items of receipts or payments, subsidiary Cash Book or Shroff 's Cash Books are maintained, each item of receipt or payment, as the

case may be, should be individually recorded in such subsidiary Cash Book or Shroff's Cash Book, along with relevant particulars. At the end of each day, after the necessary verifications and checks have been carried out, the totals should be extracted and posted in the main Cash Book.

(2) Cash Books must be written up-to-date, in chronological order of the receipts and payments, and totaled and balanced daily. The entries should be numbered consecutively, and the same numbers affixed to the corresponding supporting documents. The numbers of the receipts issued for sums paid in should also be quoted in the Cash Book. The Supervisory of Staff Officer responsible should sign the Cash Book. His signature will be taken as testifying to the correctness of all entries and of the cash balances.

Note: If convenient, separate series of consecutive numbers may be used for-

- (a) Cash receipts/payments.
- (b) Cross entry receipts/payments.
- (c) Cheques, etc. receipts/payments.

e.g: In a Kachcheri it may be necessary to provide two series of numbers on the receipt side of the Cash Book; one for all money receipts (cash as well as other forms of money), and the other for Cross Entry receipts; and three series of numbers on the payments side ; one for cash payments, one for cheque payments, and the third for Cross Entry payments.

Fresh series of consecutive numbers may commence at the beginning of each month, after the balance of the previous month has been brought forward.

(3) Petty Cash Book.- Money received on account of Petty Cash Imprest alone, and payments made therefrom, should be entered in the Petty Cash Book. Other receipts, and disposals thereof, will be dealt with as in (1) above.

**F.R. 447. Departmental Appropriation (Votes) Ledger.-** (1) Purpose.- A Departmental Appropriation (Votes) Ledger must be kept in every department on Form General 138, in order to enable the Head of a Department to control his expenditure under the various Object Classes/Object Details etc., of the Estimates. The account must show not only the amount expended but also the liabilities incurred, in order that the exact amount available for expenditure at any time may be known.

(2) *Provision under Object Classes Object Details and Items.*- As soon as the Estimates for the financial year are received, a separate account must be opened in the Appropriation (votes) ledger, for every Object Class object Detail and Controlled Item of the Estimates, on which the department incurs expenditure. Where the department considers necessary, a separate account may be opened in respect of any item other than controlled items too. The provisions under each Object Class, Object Detail and Item, (see F.R. 10) must be posted in the proper spaces at the head of each page and authenticated by a Staff Officer. The number of pages allotted to each Object Class etc., must be sufficient to contain all probable entries for the financial year. If new Object Classes, Object Details, etc., are afterwards authorized by Supplementary Estimates or otherwise, similar accounts must be opened, entries made and authenticated.

(3) *Additional Provision.*- If additional provision is authorised under an existing Object Class, Object Detail etc., the amount of such additional provision must immediately be entered up in red ink in the proper space, and added to the original provision. Similarly, such provision should be deducted from original provisions of the particular Object Class, Object Detail etc., in which savings are anticipated. In all cases a reference must be made, in both pages of the accounts affected, to the authority granting such transfer. Such entries should be invariably authenticated by a Staff Officer.

(4) *Commitments (liabilities).*- Subject to the provisions of (5) below, all Commitments must be entered on the left-hand side of the account immediately they are incurred. Every entry must show generally the description of the commitment, and a reference must in all cases be made to the Order, Indent, Requisition, Contract, correspondence or other document relating to the service. If the actual cost of the article or service is not known, the estimated cost must be entered. As soon as a payment is made on account of a commitment, the original entry must be ruled through and a fresh entry made in a new line, showing the balance, if any, of the commitment. The column "Total Commitments Outstanding", (i.e. Commitments other than Deferred Commitments), must be filed in at the end of each month, and will represent the total of the items of commitments which have not been ruled through and transferred to the expenditure side of the account.

(5) *Deferred Commitments (liabilities) (F.R. 94 (3)).*- These should be entered in a separate column or in other suitable manner in the Appropriation (votes) Ledger of the year in which they are incurred. They may also be dealt with in a separate Register specially kept for the purpose. In either case, they will not affect the financial provisions of the year in which they are incurred. These commitments should be carried forward to the Appropriation (votes) Ledger of the subsequent year or years in which they are expected to materialise and dealt with there as ordinary commitments in terms of paragraph (4) above.

(6) *Payments and Charges.*- Payments charged to the provision under each Object Class/Object Detail etc., should be entered up on the right hand side of the account, the number of the relevant schedule, abstract, or voucher being quoted in the column provided for that purpose. The total of payments for each month should be added up after drawing a line. The cumulative monthly total would then be entered in the column headed: "Total" which will represent the total of all such payments.

(7) *Balance provision.*- The account must be balanced as at the last day of each month. For this purpose the totals of the columns "Outstanding Commitments" (i.e. Commitments other than Deferred Commitments) and "Total" must be added together, and entered in the column provided for the purpose. This figure represents the Payments, and Outstanding Commitments. The amount of refunds or recoveries pertaining to payments made from provision in the earlier financial year should be entered in red ink in the "credits" column. The balance available for expenditure must be entered in the column "Provision available".

(8) *Closing of the Account.*- At the end of the financial year, the account will be closed and the unspent balance of the provision, which should be entered in the appropriate column, will lapse.

(9) *Any outstanding commitments* must be carried forwarded to the Appropriation (Votes) Ledger of the following financial year, as commitments against corresponding provision of that year.

**F.R. 448. Distribution among local Representatives.**- Accounting officers may, when necessary, allocate to each of their local representatives, portions of their total Votes, and each local representative must open departmental Appropriation (Votes) Ledger Accounts for the Allocations granted to him. Thereafter F.R. 449 (1) and (2) shall apply.

**F.R. 449. Accounting for Allocations.** (1) Department granting the Allocation.- A Department which grants an Allocation to another department or local representative should at once note it in the Appropriation(votes) Ledger, and other appropriate book of account where necessary, as a commitment or as a reduction from provision, and the sum involved cannot be used for any other purpose unless the Allocation is later reduced or cancelled.

As soon as the expenditure intimations referred to in (2) below are received, the particulars should be noted in the Appropriation (Votes) Ledger, and the appropriate book of account.

(2) Department or officer receiving an Allocation.- (a) The department or officer to whom an allocation is granted will enter up the sum involved in the Departmental Appropriation (votes) Ledger, and other book of account, as provision available for expenditure. Expenditure may the reafter be incurred from the Allocation, subject to the terms of F.R. 145 (3). Any such expenditure

should be dealt with, by the department or officer incurring the expenditure, in the same manner as any other expenditure, but the department or authority which granted the Allocation should be notified in terms of F.R. 208 (3).

(b) An allocation should not be exceeded under any circumstances without the prior approval of the department or authority granting it.

Note.- The provisions of the above Regulation, Nos. 448 and 449, may also be applied in granting allocations from sources other than Votes. (e.g. Allocations may be granted from the "Maximum Limit of Expenditure during the Financial Year" in the case of an Advance Account.

**F.R. 450. Statement of Committed Expenditure.-** Every Accounting Officer should, before the 10<sup>th</sup> of each month, submit to his Chief Accounting Officer, on form Treasury 170, a Monthly Statement of Committed Expenditure for the previous month, in respect of each Programme under his control.

This statement will enable the Chief Accounting Officer to watch the progress of expenditure of the department.

Note.- See also F.RR 208 (3) and 449 regarding Statements in respect of expenditure from Allocations granted.

**F.R. 451. Register of Cheques, etc.-** A register of cheques, money orders, etc., (Form G.A. - M 83) must be kept in every department and branch of a department to record sums received. Their disposal should be subsequently noted against each item and authenticated by the appropriate Staff Officer. In the Case of stamps received on account of licences, the number and date of licence, on which the stamps are affixed, should be quoted in the register.

**F.R. 452 (1) Audit Query Register.-** An Audit Query Register must be kept in every department, showing the date of receipt of all letters and queries received from the Auditor General, and the date on which a reply was sent. The duplicate copies of queries received from the Auditor General should be filed in serial order along with copies of replies sent.

(2) Admission of Incorrectness.- When an incorrectness in a payment or charge is admitted and money is paid in, a certified copy of the receipt should, whenever possible, be forwarded with the reply to the query. If the receipt is not sent, the exact date of credit should be given, and if the sum was credited with a larger sum should be mentioned as well as the date of its credit.

Note.- See also F.R. 117 regarding Right of Appeal to the Deputy Secretary to the Treasury.

**F.R. 453. The Personal Emoluments Register.-** (1) Every department, other than those envisaged in (6) below, should maintain a Personal Emoluments Register in Form Treasury and Audit 17 (or in other suitable form) in the manner prescribed below. A separate register should as far as possible be maintained for each financial year. Separate sections thereof (or separate registers if more convenient) should be maintained for staff, other than casual daily -paid labour paid, from-

- (a) Personal Emoluments;
- (b) Advance Accounts; and
- (c) Any other source.

The purpose of this register should be to see that, in the case of all staff, other than casual daily - paid labour-

- (i) the sanctioned cadre of a department under each class and/or grade is not exceeded;
- (ii) the payments are made in accordance with sanctioned scales of salary, the rates of wages, etc;
- (iii) a record is maintained of-
  1. payments made to (and if necessary the recoveries made from) every officer; and
  2. other particulars necessary or helpful in determining the amounts to be paid.

(2) *Manner in which the Personal Emoluments Register should be maintained.-* The following instructions should be strictly complied with in regard to maintenance of the Personal Emoluments Register-

(a) the Register should readily show the numbers of the sanctioned cadre (i.e., the approved number of posts appearing in the Estimates or varied in terms of F.R. 71), in each class and/or grade, and the appropriate salary scales, along with any special particulars relating to such classes, grades and salary scales. The names of the officers paid should appear below such particulars and the following should be noted against each name:-

- (i) annual salary of officer;
- (ii) dates of appointment, confirmation, increment, marriage, retirement, resignation, interdiction, reinstatement, occupation and vacation of Government quarters, dismissal, death, etc.;
- (iii) all relevant particulars which affected the salary, allowances, etc., of an officer, when the spouse is employed.



Sufficient space should be left between names in the Register, to accommodate the above particulars relating to each officer and to provide for changes referred to in (b) below.

- (b) The names listed should be serially numbered and, if there are any vacancies, the numbering continued so as to indicate the full sanctioned cadre. When an officer is transferred, his serial number need not be struck off; but the name should be struck off. The name of the incoming officer should be noted just below the name of the officer transferred; and the same serial number assigned to him, the date of transfer and/or the assumption of duties, as the case may be, being noted against the appropriate name;
- (c) Under normal circumstances, the Personal Emoluments Register should be maintained in the order of the Positions and Categories as appearing in the Programme Employment Summary of the Estimates;

If, however, a separate pay-sheet is prepared in respect of each institution (e.g. schools), and the Positions and Categories in the Estimates are not according to the institutions, the Personal Emoluments Register may, if convenient, be maintained with the names appearing in the order in which they appear in the different pay-sheets; but the numbers paid under each Position/Category on the several pay sheets should be reconciled every month with the total number, as appearing in the Establishment Records and in the Estimates, under each Position and Category. For this purpose suitable arrangements should be made to forward monthly statements of the numbers paid under each Positions and/or Category on the several pay sheet to the Establishments sections of the department.

- (d) The particulars of salary, wages, etc., paid to each officer, should be noted against his name under the month of payment. If the amount of salary or wages paid is different from the amount paid the previous month, the difference should be explained by footnote or otherwise ( e.g., when the officer is on half-pay or no pay);
- (e) A line should be drawn across the space left against the name of an officer, for any month or months in which he is not paid salary, on account of transfer, retirement, etc., so that no entries can be made thereafter. Similarly when a new officer assumes duties, a line should be drawn across the space against his name, up to the month in which he is paid his first salary in the department;

- (f) When a new appointment is made to fill a vacancy, the name will be noted against the first vacant number (see paragraph (b) above), quoting authority for the appointment or the number and date of the letter of appointment (or transfer), and the date of assumption of duties. Every such entry must be initial (Treasury) Account led by the officer making it, and the Staff Officer concerned;
- (g) When a new Register is opened and particulars in the old Register are transferred to the new one, every entry so made in the new Register should be verified by an officer other than the person who entered it and a note indicating the names of the officers who wrote up the Register and checked the entries should be made in a conspicuous position on the opening sheets of the Register. The officers concerned should sign this note;
- (h) Complete cadre control records should be carefully maintained in the Establishment Sections of Departments, and a monthly reconciliation between the number of officers paid under each Position or Category, and the numbers appearing in the cadre control records of the Establishments Sections should be made in order to ensure that the number of officers paid is correct;
  - (i) Certificate: A certificate should be provided by the Certifying Officer at the bottom each pay abstract, to the effect that he has verified and found that the Personal Emoluments Register has been completely entered up, totalled and reconciled, for the previous month;
  - (j) Surcharges : These should be entered against the appropriate name under the month of recovery in red ink; but a cross-reference should be made to the month in which the overpayment occurred, and vice versa;
  - (k) Arrears: Similar procedure as in (j) above should be followed in recording the payment of arrears of salary of wages (i.e., cross-reference should be made in the month of payment of arrears, to the months in respect of which the arrears are paid, and vice versa).
- (3) *Accounting for unpaid Salaries and Wages.* -
  - (a) The Shroff or other officer responsible for cash disbursements should, after payment on the pay sheet is closed, write the word "UNPAID" against each unpaid item on the pay sheet and thereafter prepare a statement showing the following particulars to enable the officers maintaining Personal Emoluments Registers to enter up unpaid amounts against the names of the officers concerned;

- (i) the name of each unpaid person and the unpaid (nett) amount;
- (ii) the page of the pay sheet on which the name appears and the number or other particulars which would enable the name to be easily found and identified;
- (iii) the aggregate of the unpaid amounts;
- (iv) the date of credit and the account/s to which the amount/s were credited;
- (v) The receipt for the credit and/or its serial number (as required).

This statement should be signed by the Shroff or other Officer responsible for the disbursements.

- (b) The officer responsible for the maintenance of the Personal Emoluments Register will enter up the surcharges from this list, in terms of paragraph 2 (j) above, after it has been checked with the pay sheets, to ensure that the full sum provided thereon has been correctly accounted for.

(4) The Personal Emoluments Register/s should be forwarded to Audit, as soon as possible, after the end of the Financial Year, unless other arrangements are made in consultation with the Auditor-General.

(5) If in any department, Personal Emoluments Registers are not maintained owing to the existence of an alternative system of maintaining Pay Records, such systems should provide for methods of control required to achieve the objects indicated in (i), (ii) and (iii) of (1) above.

**F.R. 454 Other Books.** (1) Inventory Book.- Every department and sub-office of a department, for which there are no special Stores Rules prescribed, (F.R. 763), should keep an Inventory Book in Form General 144 (F.R. 751 (1), in which should be recorded the receipt and issue of every article of Government property and stores. Distribution lists should be separately maintained for unrecorded issues to various branches of officers (F.R. 754 (3) ).

Note.- Articles of Government property and stores envisaged above, include the following; furniture, office and other equipment, fixtures and fittings (such as wash basins, water taps, fixed equipment), maps, etc., but exclude consumable stationery and printed forms.

(2) Inventories of Electrical Fittings.- inventories of all Electrical Fittings, apparatus etc, in Government Buildings, should be prepared and maintained by the respective department - see F.R. 751 (2).

(3) Catalogue of Books.- A separate register in the same Form (Gen. 44) should be maintained for books and other publications of value, such as Hansard, New Law Reports, Legislative Enactments, Government Regulations, Sessional Papers, Departmental Reports, Annual Publications, etc. A list showing the distribution of the publications among various branches and officers should also be maintained.

### **Section 3 - Adjustment of Errors**

**F.R. 460. Adjustments in the Accounts of the year in which the errors occurred.** (1) Errors in accounts may be rectified by adjustment, which should be made as soon as they are detected, and before the closing of the Treasury Books for the financial year in which the errors occurred. Errors not so rectified will remain an incorrect charge or credit, as the case may be, in the Accounts of that year.

(2) All adjustments should be made by Transfer Payment and brought to account in the manner prescribed in F.R. 296.

**F.R. 461. Errors detected in a subsequent financial year.** (1) Where it has not been possible to comply with the requirements of F.R. 460 (1), and errors are detected after the closing of the Treasury books for the financial year in which they occurred, they may be adjusted in the accounts of the subsequent financial year, subject to the following provisions :-

- (a) Part 1 - General Estimates.- Where the error has been a debit to an incorrect Object Class of the Estimates and the correct debit should have been to another Object Class, an adjustment need not be made in the accounts of the subsequent financial year. But notes should be inserted against the relevant Object Classes in the Appropriation Accounts of the Programme or Programmes affected by the error;
- (b) Adjustment Debits.- Where the adjustment under this Regulation gives rise to a debit to corresponding Monetary provision in the current year's Estimates, the provisions of F.R. 115 apply;
- (c) Adjustment Credits.- Where the adjustment under this Regulation gives rise to a credit to offset an erroneous debit to Monetary provision in the Estimates of a previous financial year, the credit should be to Revenue (F.R. 170 (3) );
- (d) Where an adjustment under this Regulation affects an Advance Account, the provisions of F.R. 515 should also be followed.

(2) Responsibility for non-adjustment of errors in due time in terms of F.R. 460 (1).- The possibility of rectifying an error in a subsequent financial year, in terms of this regulation, does not in any way minimise the responsibility of an Accounting Officer for inaccuracies in his accounts. The error will be commented on by the Auditor-General in his Annual Report and dealt with by the Committee on Public Accounts.

**Section 4 - Security Deposits for Government Contracts,  
Arrack Rents, Issue of Licences, etc.**

**F.R. 465. Cash Security Deposits.** (a) When money is obtained or tendered as a security deposit, it must be lodged to the credit of an appropriate deposit account.

(b) *Deposits lodged in the General Treasury or a Kachcheri.* - Departments, which use the Treasury or the Kachcheri as their Accepting Office, should lodge their deposits in the name of the Head of the Department concerned. Such deposits will be withdrawn on his responsibility. A statement of balances of each deposit account, at the end of each financial year, should be forwarded to the Treasury Department of State Accounts), or the Kachcheri concerned, for purposes of verification.

(c) *Lien* .- In order to establish a lien in favour of the Head of the Department, or other officer, requiring the security, a bond must be taken in every case in Form General 112.

**F.R. 466. Interest when payable.** Government admits no liability to pay interest in respect of deposits of security, save and except in the following circumstances:-

- (i) If the depositor asks the Head of the Department concerned, in writing, to place money security in the National Savings Bank, or in a fixed deposit in an approved bank, the interest allowed by the bank will be paid to the depositor;
- (ii) If he deposits Government stock or securities, the interest earned during the period of its deposit will be paid to the depositor.

**F.R. 467. Receipts for Money Security.** The receipt of any security lodged must be in the following form :

“Received from .....the sum of  
Rs. ....Cts. ....being account  
of security .....”

**F.R. 468. Security Deposits tendered other than in Money.** (1) ‘A’ Class Departments.- If security required by a 'A' Class department is furnished in the forms of a deposit in the National Savings Bank, or a fixed deposit in any other bank, it must be in the name of the Head of the Department, a lien on the amount being secured to Government. The Savings Bank Books and Deposit Receipts for all such deposits must be retained in safe custody in the department. The total receipts and total withdrawals of such security should be brought to account, through the monthly Summaries of Accounts, as indicated in (3) below.

(2) 'B' and 'C' Class Departments, and Kachcheries.- Such security, when furnished to 'B' and 'C' Departments and Kachcheries, should be made in the name of the Deputy Secretary to the Treasury, the Savings Bank Book, or Fixed Deposit Receipt, being lodged in safe custody in the Treasury (Department of State Accounts), which will bring to account monthly the total receipts and total withdrawals in the manner prescribed in (3) below.

(3) Accounting.- The lodgement, renewal or withdrawal of each security deposit, furnished other than in money, should, in the first instance, be entered in a Register of Securities (Form Treasury 88). The total amount of such deposits received into custody during each month should be debited to the Account entitled : "Sundry Security Deposits and Investment-Account" and credited to "General Deposit Account - Sundry Security Deposits and investments". Similarly, the total amount of deposits withdrawn during each month should be debited to the "General Deposits Account Sundry Security Deposits and investments", and credited to "Sundry Security Deposits and Investments Account".

This procedure is adopted in order that the value of such deposits and securities may be included in the Treasury Accounts.

**F.R. 469. Seizure of Deposits.** Whenever a notice issued by a Court is served on the Head of a Department, seizing money or a deposit which is in his custody, or in the custody of the Treasury and requesting that the money or deposit be withheld, subject to the further orders of such Court, he should immediately forward the notice to the Attorney-General, together with full information as to the circumstances in which the deposit was made, and any mortgage or document relating to the deposit. In the meantime a note should be made in the Deposit Ledger, and the deposit should not be returned to the depositor, even if it is due to be refunded.

**(No. F.R.R. Issued Under Nos. 470 - 474)**

### **Section 5 - Collections of the Land Settlement Department**

**F.R. 475. Classification.** Moneys received by the Land Settlement Department will fall under one or other of the following categories :-

- (a) Moneys paid in accordance with settlements arrived at under the Waste Lands Ordinances and Land Settlement Ordinance;
- (b) Moneys paid as purchase amount of Lands sold or settled outside the Waste Lands Ordinances and Land Settlement Ordinance;
- (c) Moneys paid as rent of Crown Lands.

**F.R. 476. Receipts by the Commissioner of Title Settlement.** (1) The Commissioner of Title Settlement and his Assistants must issue receipts in Form Settlement 43 for all sums paid to them. Such sums must be embodied daily in the Cash Register of the Commissioner of Title Settlement or his Assistants to whom payment is made. The amount collected must be paid to the credit of the Consolidated Fund at the earliest opportunity at the nearest Kachcheri or at the Treasury.

- (2) The dates of credit to the Consolidated Fund of moneys paid to the Commissioner of Title Settlement as rent of land will be communicated by him to the Revenue Officers, with a statement showing all particulars, to enable the latter to prepare lease bonds.
- (3) The dates of receipt of moneys by the Commissioner of Title Settlement and his Assistants, as shown in their Cash Registers will be the dates of credit which will be inserted in the applications for the title plans and title deeds by the Commissioner of Title Settlement.

**F.R. 477. Receipts by Revenue Officers.** When Revenue Officers receive sums which fall under any of the three categories specified in F.R. 475 they must credit them at once to the of the Consolidated Fund and advise the Commissioner of Title Settlement on Form Settlement 70.

**F.R. 478. Refunds of Land Settlement Collections.** (1) Refunds of sums already paid to the credit of the Consolidated Fund on account of Land Settlement Collections may be made either by-

- (a) the Revenue officers; or
- (b) Commissioner of Title Settlement and his Assistants.

(2) In the case of (a) of (1) above, the vouchers of the Refunds will be sent by the Commissioner of Title Settlement to the Revenue Officers for payment, duly certified, headed, dated, and stamped with the official departmental stamp. When the payments have been made, the Revenue Officers will notify the Commissioner of Title settlement of the date and other details of the Refunds. In the case of (b), the Refunds may be made from the collections of the Commissioner of Title Settlement and his Assistants, and the receipted vouchers furnished to Audit after the close of the month, together with the Cash Registers and receipt books of the Commissioner of Title Settlement and his Assistants, for that month.

**F.R. 479. Ledger.** (1) The Commissioner of Title Settlement is responsible for seeing that all moneys due in respect of the three categories mentioned in F.R. 475 are properly brought to account. For this purpose a Ledger Account of such money received will be kept by him. The Ledger will show the office and the date of credit to the Consolidated Fund, and in the case of a Refund, the date of refund also.

(2) For each village in respect of which moneys are paid on account of settlements under the Waste Lands Ordinances and Land Settlement Ordinance, a Village Land Ledger in Form G.A.- A 90 will be opened by the Commissioner of Title Settlement, and a record of such receipts of their disposal will be kept in it.

**F.R. 480. Statements.** 'All Revenue Officers must send to the Commissioner of Title Settlement monthly statements showing the total of the receipts and the total of the Refunds. "Nil" statements must be sent when there are no transactions. The Commissioner of Title Settlement must forward these statements to Audit with his Cash Registers.

**(No F. RR. Issued Under Nos. 481 - 484)**

### **Section 6 - Miscellaneous**

**F.R.485. Advances to Public Officers Account.** (1) Loan Accounts.-

Every department which is authorised, in terms of the Appropriation Act, to operate an Advance Account for the purpose of granting loans and advances to its employees, shall maintain a separate Advance Account in the departmental books. This Advance Account falls within the category of Special Advance Accounts- F.R. 501 ( c). This Account will serve as a departmental Total Account for the separate accounts of authorised loans and advances granted to the employees of the department. In the Treasury books of account a corresponding Advance Account will be opened in the appropriate Subsidiary Ledger. The accounts in this Subsidiary Ledger will be represented in the Treasury Main Ledgers by a single Total or Control Account. The title of this account is : "Advances to Public Officers Account" Debits and Credits raised to this account should also indicate the relevant Subsidiary Account of the Treasury, by mentioning the name of the department and the Item number of the Advance Account, as appearing in Part II of the Estimates thus:

"Advances to Public Officers-Department of Civil Aviation (Item No. 24501)".

It should however be noted that this number may change from year to year.

(2) Authority.-Normally, every department (including Kachcheries) will be provided with authority under the Appropriation Act, for the operation of an Advance Account for granting loans to its employees, in terms of regulations and instructions issued by the Treasury. If such authority is not provided in the Act in respect of any department, the Treasury will issue special instructions indicating the manner in which loans and advances granted, and recoveries effected by such departments, should be brought to account.



(3) **Reconciliation of Accounts.-** Every department shall reconcile monthly, the total debits, the total credits and the balance in its Advance Account, with the aggregate of debits and credits and balances of the individual loan accounts.

F.R. 427 should also be complied with.

(4) **Transfer of Officers.-** When an officer is transferred from one department to another, the balance still due from the officer should be paid by the latter department to the former, treating the balance so paid as part of a loan granted by the new department; and continue to make the recoveries due from the officer. The documents relating to the loan should also be transferred to the new department.

**F.R. 486 Cheques dishonoured.- Accounting.** (1) *'A' Class Departments and Kachcheries at Banking Stations.* (a) *Reversal of entries.-* When a cheque, paid into the bank account of an 'A' Class Department, or a Kachcheri at a banking station, is dishonoured, the original debit in the Cash Book should be reversed by making an entry on the payment side of the Cash Book and debiting the amount to "Authorized Advances - Cheques Returned Uncashed Account". (A Kachcheri should debit "Authorized Advances (Kachcheries) - Cheques Returned Uncashed Account:"). The original credit granted to Revenue or other Account is thereby allowed to remain unaffected;

(b) *Calling for fresh remittance.-* The amount is treated as an advance against the person from whom it is due, until it is recovered. Apart from the other action required in terms of F.R. 189, a fresh payment, preferably in cash, should be immediately called for from the person concerned;

(c) *Receipt for fresh payment.-* When the amount is recovered, it should be treated like any other receipt and entered on the receipts side of the Cash Book, credit being given to the Advance Account debited under (a) above, thus closing that account. The receipt for the fresh payment should not be drawn out in favour of the payer, but in favour of the Head of Department himself, and filed of record. A separate acknowledgement of the remittance in lieu of the dishonoured cheque, may be sent to the payer;

(2) *Kachcheries at Non - Banking Stations.-* (a) As provided for in F.R. 187, money received other than in cash, by a Kachcheri at a non-banking station, is paid into a Bank Account of the Treasury in Colombo. If a cheque so dealt with is dishonoured, the bank into which it was paid will return the cheque to the Kachcheri concerned, and debit the Account of the Treasury in the bank's books. The Kachcheri should make no entries in its own Cash Book but should take immediate action to recover the amount from the payer, and also take action as indicated in (1) (b) above. The Treasury will meanwhile debit the amount to

“Authorised Advances, Treasury- Cheques Returned by Banks Uncashed Account”.

(b) When the amount is recovered it should be entered in the Register of Cheques, Money Orders, etc. No entry should be made in the Kachcheri Cash Book, nor should a new receipt be written up; but the amount should be forwarded to the bank to the credit of the Treasury Account. The Treasury will credit the amount, in its books to "Authorised Advances, Treasury-Cheques Returned by Banks Uncashed Account";

(c) The Kachcheri will receive from the Treasury a receipt for the amount in due course.

(3) 'B' and 'C' Class Departments.- When a cheque, paid in by a 'B' or 'C' Class Department, to the Treasury or a Kachcheri, is dishonoured, appropriate action, as indicated in (1) or (2) above, will be taken by the latter. The department which paid in the dishonoured cheque to the Treasury or Kachcheri shall be responsible for the recovery of the amount due on the cheque.

(4) irrecoverability.- In case of irrecoverability of the amount of a dishonoured cheque, the following action should be taken :-

(a) If a service has been performed or a supply rendered on the cheque, the case should be dealt with under F.R.R. 102 or 113, as the case may be;

(c) In other cases the entries should be reversed, if no loss has occurred to Government.

**F.R. 487 Contingencies Fund Advances- Method of Accounting.**(1) When an advance from the Contingencies fund is authorized, the Treasury will open a new subsidiary Deposit Account with the following journal entry and notify the department concerned:

Contingencies Fund Account ..... Dr.

To : General Deposit Account- Contingencies

Fund Advance, No. ....Account.

(2) Any expenditure incurred by the department on account of the new service, pending the grant of supplementary provision for such service, should be debited to the aforesaid Deposit Account. In all vouchers, schedules, renewals of Imprests, summaries of accounts and other accounting documents, departments should indicate fully the title of this Deposit Account, whenever any debits or credits are raised to that account. The serial number of the account should invariably be quoted.

(3) As soon as the Supplementary Estimate (see F.R. 78 (e) for the service is passed and the Special Warrant is issued, the department concerned should make the following transfers :-

The unspent balance in the Deposit Account should be transferred to Surcharge Account as follows:-

General Deposit Account – Contingencies Fund

Advance No .....Account .....Dr.

To: Surcharge Account (indicate the Head, programme, Project, Class etc. under which the Supplementary Estimate has been obtained).

This will close the Deposit Account, and enable the transfer of the full sum, as follows, from Expenditure Account to Contingencies Fund A/c.

(a) The full amount of the advance should be replaced in terms of Article 151 (3) of the Constitution, by the following transfers :-

Expenditure Account (Head .....Programme ..... Project .....Object Class ..... of the Supplementary Estimate) ..... Dr.

To : Contingencies Fund Account. 1

After (a) and (b) above have been effected, the resultant balance of provision, will be available to the department for further expenditure during the Financial Year.

(4) If the Supplementary Estimate for the replacement of the advance obtained from the Contingencies Fund is not passed before the end of the Financial Year in which it is granted, the balance that remains unspent in the Deposit Account at the end of the Financial Year in which it is granted, the balance that remains unspent in the Deposit Account at the end of the Financial Year, may be utilised for expenditure during the following Financial Year, until the Supplementary Estimate is passed.

(5) 'A' Class Departments will bring to account the transactions under (2), (3) and (4) above, through their monthly Summaries of Accounts. 'B' and 'C' Class Departments will send certified Transfer Orders to the Treasury.

**F.R. 488. Advances granted to public Officers for traveling on Duty in Sri Lanka.** (1) Authority.- Token provision is made by the Treasury in the Annual Estimates under Head "Miscellaneous services" for the payment of advances to meet traveling expenses in Srilanka. These are in the nature of

personal advances to be settled in full by the officers concerned when they submit their claims for the traveling expenses incurred.

(2) Record and Recovery.- The officers responsible for granting these advances should maintain adequate records to indicate the advances granted and the recoveries made, along with other relevant particulars. They should ensure that these advances are recovered in full from the appropriate traveling claims submitted by the officers concerned. If the traveling is not undertaken within a reasonable time of the grant of the advance, or if traveling claims submitted by the officers concerned. If the traveling is not undertaken within a reasonable time of the grant of the advance, or if traveling claims are not submitted within a reasonable time (A month under ordinary circumstances, is a reasonable time), after the Journey of the officer, action should be taken to recover the advance in full from the salary of the officer concerned in one lump sum.

Officers who draw such advances are specially enjoined to settle them without delay. Serious notice will be taken of any delay or other lapse on the part of any officer in the settlement, in full, of an advance granted to him.

(3) Advances granted by Departments other than Kachcheries.-

Advances granted by 'A' and 'B' Class Departments need not be brought to account through their Summaries or Schedules of Payments. These advances will be treated as Imprest cash balances in hand of these departments. A similar procedure will apply to 'C' Class Departments if the advances are made out of their Petty Cash Imprests. If an officer to whom such an advance has been granted, is transferred to another department before the advance is recovered, the full amount should be recovered by the latter department and remitted by cheque to the former.

(4) At Kachcheries.- (a) A Kachcheri which grants such an advance will bring it to account under "Authorised Advances (Kachcheries)- Public Officers Traveling Expenses of" in its monthly Abstract of Payments. The recovery should be credited to the same account;

(b) When an advance is paid to an officer prior to his transfer to another station, particulars of such advance should be intimated promptly to the department or Kachcheri to which he is transferred requesting it to effect recovery and to forward a cheque for the full amount so advanced. All recoveries in this respect should be credited to the account from which the advance was made. Before any credit is accepted, the corresponding debit should be verified.

**(No F.R. Issued Under No. 489)**

**F.R. 490. Property passing to the State in Settlement of Debt to Government.**

(a) When the title to any immovable property passes to the State either in full or part settlement of a debt to Revenue, the Treasury, (Department of Public Finance) should be consulted with regard to the manner in which the settlement of the debt should be brought to account;

(b) Should the property be subsequently sold by Government, the sum realized should be credited to the Consolidated Fund as an ordinary sale of State land or property, as the case may be, without reference to the particular item of Revenue on account of which the property passed to the State;

(c) This regulation does not apply to cases in which property is taken over non-payment of irrigation rates, or other debts to the State, if the property is redeemable on payment of the debt.

**F.R.491. "Letter H" Account.** (a) Every department or office, which is not an Accepting Office, should prepare and render to the Auditor General a monthly statement in Form "Letter H", on or before the 15<sup>th</sup> of the month following that for which it is due. (This does not apply to departments falling under F.R. 182 (2);

(b) On the receipt side of this statement must be entered every item of the Collections of the department during the month, in the chronological order of the date of collection. On the payment side must be entered the amounts paid into the Accepting Office, and the date of each such payment. Every entry on the payment side must be supported by the receipt issued by the Accepting Office, the number of which should also be quoted.

**F.R. 492. (1) Rendering of Accounts to Audit.** The Treasury, as well as all Kachcheries and other departments of Government, will render their accounts to Audit monthly, as soon as possible, after the close of the month to which they relate.

(2) Old Documents.- Documents relating to accounts may be destroyed in accordance with instructions issued by the Deputy Secretary to the Treasury from time to time. Pay Abstracts should, however, be retained for a period of 35 years by Audit.

**F.R. 493. Fines imposed on Government Officers.** (1) Disposal of Fines.- All fines for absence without leave, or for late attendance, must be credited to Revenue, Head 6,- Sales and Charges, Sub-head 3, Regulation Charges, Item 1, Fines and Forfeitures, Sub-Item 5, Other. But those imposed for neglect of duty in other respects may be paid to the credit of departmental fine funds, where such funds have been constituted by Law. If no such funds exist, such fines too should be credited to Revenue as aforesaid.

(2) Quarterly statement.- A statement of departmental fines must be forwarded to the Auditor-General quarterly in Form General 48.

Note.- See also provisions of the Establishments Code (Volume II) regarding fines.

**F.R. 494. Annual Return of revenue recovered in Stamps.** (1) Departments should maintain a record of all Revenue recovered by them in the form of stamps. A specimen of a form which may be used for this purpose is provided below. It may be modified, where necessary, to suit the particular requirements of each department. The record should be as accurate as possible, and care should be taken to avoid the same item of Revenue being recorded more than once. The entries in the record should be checked by a responsible officer in the department as and when they are made.

(2) A return of all Revenue collected in the form of stamps, other than those referred to in (3) and (4) below, should be prepared at the end of each financial year and forwarded to the Treasury (Department of Public Finance), before the 31<sup>st</sup> of December. The following particulars should, inter alia, be included :-

- (a) the purpose for which the Revenue was received;
- (b) classified summary showing how the total amount collected during the financial year should be credited to the various Heads, Sub-heads, Items, and Sub-Items of Revenue.

(3) The above provisions do not apply to Stamp Duty recovered or payable in Civil (including Testamentary) proceedings, in respect of which separate instructions exist in F.R. 605. However, stamps received for purpose other than Civil proceedings (e.g. Binding fees) should be dealt with in terms of (1) and (2) above.

(4) Departments which call for applications for examinations held by them, and obtain the services of the Commissioner of Examinations for conducting such examinations should, immediately after the date of closing of applications for each such examination, intimate to the Commissioner of Examinations, the total amount of fees collected in the form of stamps for that examination. The following particulars should, inter alia be supplied to the Commissioner of Examinations:

- (a) Name of Examination;
- (b) Total amount of fees recovered in stamps;
- (c) Head, Sub-head, Item and Sub-Item of Revenue to which the amount would have been credited, if it was paid in cash.

Note.- Examination Fees :

- (i) recovered other than in stamps;
- (ii) recovered in stamps, in any case where the services of the Commissioner of Examinations is not obtained for conducting the examination,

Should not be included in the return to the Commissioner of Examinations.

(5) The Commissioner of Examinations will incorporate the particulars received by him in terms of (4) above, in his own return of Stamp Revenue forwarded to Treasury (Department of Public Finance) in terms of paragraph (2) above.

(6) Where there is no specific Sub – head, Item Sub –Item of Revenue in the current Estimates of Revenue to accommodate Revenue received by a department in the form of stamps, the collections should be shown in the return forwarded to the Commissioner of Examinations or the Treasury, as the case may be, as a credit to :

- (a) Revenue Head 6, Sales and Charges, Sub-head 5, Department of Examinations-Examination and other Fees- in the case of Examination Fees; and
- (b) Revenue Head 8, Other Current Transfers, Sub-head 1, Domestic, Item 2, Household, Sub-Item 8, Sundries- in other cases.

(7) Departments should furnish to the Treasury, “NIL” returns, at the end of each financial year, if they have not collected any Revenue in the form of stamps.

Form referred to in F.R. 494 (1)

#### RECORD OF STAMP REVENUE

Date	Particulars	Value of stamps affixed  Rs.c.	Head, Sub-head, Item, Sub-Item of Revenue to which the amount would have been credited if paid in cash	Initials of officer making the entry/entries	Initials of officer checking the entry/entries

(No. F.R.R. Issued Under Nos. 495-499)

CHAPTER VIII  
**ADVANCE ACCOUNTS**



## CHAPTER VIII

## ADVANCE ACCOUNTS

**F.R.500. (1) Authority and Scope.** Advance Accounts are authorized by the Appropriation Act and provided for under Part II of the Annual Estimate (see F.R.17). Their financial operations are subject to the provisions of Appropriation Act.

(2) Receipts and Payments of Advance Accounts.- Within the prescribed Limits. (see F.R. 17 (2) ), both receipts and payments of each activity conducted on an Advance Account are accounted for under the appropriate Advance Account. This expedient brings the financial transactions of the activity into a single account, as far as the Treasury is concerned.

(3) Advance Warrants.- No debit should be raised to an Advance Account, provided for in the Annual Estimates, unless an Advance Warrant, or Special Advance Warrant containing provision for the activity, has been issued by the Minister of Finance (see F.R.90).

(4) All Capital Expenditure for the Activity should be met from specific Monetary Provision in the Estimates and should not therefore be debited to the Advance Accounts Replacement of capital assets should be dealt with as indicated in F.R. 509.

(5) Rendering of Accounts.- In the Treasury books the transactions of an Advance Account Activity are recorded by way of debits and credits to the relevant Advance Account. For this reason, when the transactions of an Advance Account Activity are brought to account by departments for incorporation in the Treasury books, they should be shown as debits and/or credits to that Advance Account.

**F.R. 501. Types of Advance Account Activities.** The type of activity, conducted under each main category of Advance Accounts (see F.R.17), is indicated below:-

- (a) Stores Advance Accounts.- These are in the nature of suspense accounts. The cost of Stores required by a department, including incidental expenses, such as the cost of transport and handling, is first met from the relevant stores Advance Account. When issues are made to departments, or sections of departments, the full value is recovered from appropriate provision in the Estimates (or from the activity to which the stores have been supplied) and credited to the Stores Advance Account Normally, Stores Advance Account are not expected to result in losses, nor are they worked on a profit. Abnormal losses, such as marine losses, and loss by fire, are recovered from specific financial provision made under the relevant object Class of the relevant Head of Expenditure in Part 1 of the Estimates.

- (b) **Trading and Manufacturing Advance Accounts.-** These are made use of for the purpose of carrying on certain activities on a commercial basis. The recurrent expenses of the activity are charged to the Advance Account. The proceeds, by way of sale or otherwise of the products of the activity, are credited to the Advance Account.
- (c) **Special Advance Accounts.-** These accounts are used to pay recoverable advances for specific purposes, other than those referred to in (a) and (b) above. They are a convenient way of accounting for loans to Government Officers or members of the public, part payments of claims, and payment on behalf of institutions and other Governments. These accounts are not expected to result in losses. Full recovery should be made in terms of the conditions authorising the original payment.

**F.R. 502. Books, Records, etc, for Control.** (1)BOOKS AND RECORDS. In respect of each Advance Account Activity, Accounting Officers should see that-

- (a) adequate records are maintained to ensure that there are no excesses in respect of the Maximum of limits of expenditure, maximum limits of the debit balance, maximum limits of liabilities and no shortfall on the minimum limits of receipts prescribed by Parliament without proper authority – F.R. 503 :
- (c) adequate steps are taken to ensure that-
  - (i) amounts due are promptly collected;
  - (ii) satisfactory progress is made in the working of the activity;
  - (iii) proper books of account are maintained to record all transactions relating to the commercial aspect of the activity.

The Treasury (Department of Public Enterprises) may, in certain cases, prescribe the minimum requirements in this connection; but, as proper records have to be maintained to suit the requirements of each individual activity, Accounting Officers should act with care, and obtain the assistance of the Chief Accounting Officers, the Auditor General and the Treasury (Department of Public Enterprises) in difficult circumstances.

Note.- Where no specific form is prescribed for the control of Limits, Form General 138A (Appropriation (Vote) Account) may be utilized with suitable modifications. The Maximum Limit of Expenditure during the financial year, the minimum Limit of Receipts to be credited to the Account during the financial year and the Maximum Limit of the Debit Balance should be carefully noted. The Maximum Limit of Liabilities, if any, should be noted on the left hand side of the form.

The debit balance brought forward from the last financial year should also be noted, as this is taken into account in ascertaining the Maximum Limit of Debit Balance.

Both debits and credits to the Advance Account will be recorded as they occur. It should be noted that credits, although taken into account in ascertaining the Maximum Limit of Receipts and the Maximum Limit of Debit Balance should not be taken into account in ascertaining the Maximum Limit of Expenditure of the financial year.

(2) Fixed Assets Register.- A Fixed Assets Register should also be maintained in respect of each Advance Account Activity. In it should be recorded full particulars relating to each fixed asset, such as its cost, description, date of acquisition (or completion), annual rate of depreciation, location, etc.

Detailed instructions regarding Accounting for Fixed Assets are given in Appendix 11.

**F.R. 503. Excesses/Shortfalls of Limits prescribed for Advance Accounts.**

(1) Ascertainment of Excess/Shortfall.- For the purpose of ascertaining whether or not there is an excess/shortfall on the prescribed Limits of an Advance Account, the following types of transaction should not be taken into account :

- (a) erroneous or incorrect debits and credits;
- (b) debits and credits raised in adjustment of erroneous or incorrect/entries;
- (c) debits raised for the transfer of profits F.R. 510;
- (d) credits necessary for the transfer of provision to meet working losses – F.RR 511 & 512.

(2) Variation of Limits.- The Limits prescribed for each Advance Account are fixed with due regard to the capacity of the department concerned, the scale of operations envisaged, and the extent to which the Government can provide funds for the expenses of the activity. Departments are therefore strictly enjoined to keep within the prescribed limits and avoid excesses/shortfalls on them.

The Appropriation Act, however, empowers the Minister of Finance, with the approval of the Government, to vary or alter by Order, any of the Limits prescribed for an Advance Account. Any such Order takes effect from a date specified therein and should be obtained in advance when it is known that an excess/shortfall would occur on any prescribed Limit. If, for any unavoidable reason, authority could not be obtained before an excess/shortfall occurred, the application seeking an Order should expressly indicate the date from which the Order should take effect. Such application must be received in the Treasury not later than December 31<sup>st</sup> of the Financial Year. No such Order shall have effect unless it has been approved by Parliament by Resolution.

Such applications, other than those relating to Advance Accounts in respect of advances to Public Officers, should be by a Cabinet Memorandum setting out clearly the reasons why the excess/shortfall could not have been foreseen. In the case of Advance Accounts in respect of Advance to Public Officers, such applications should be in the form of a Memorandum addressed by the Minister concerned to the Minister of Finance.

(3) Unauthorised Excesses/Shortfalls on Limits.- When an excess/shortfall is not covered by authority, it will be the subject of comment by the Auditor-General.

**F.R. 504. Quarterly Statements and Provisional Accounts to be prepared.** (1) To enable Chief Accounting Officers and Accounting Officers to acquaint themselves with the progress of a Trading Advance Account Activity, departments should prepare, as at the end of each quarter, the following statements, and forward them to the Chief Accounting Officer (with a copy to Auditor-General) before the 15<sup>th</sup> of the month following the quarter :-

- (a) a Statement of trade debtors;
- (b) a Statement of trade creditors;
- (c) a Statement of finished goods;
- (d) a Statement of raw materials, stores and supplies;
- (e) s Statement relating to the prescribed Limits of the Advance Accounts

The statements at (a) (b) (e) above should be prepared substantially on the specimen forms prescribed in Appendix 12.

(2) At the end of each quarter a provisional Profit and Loss Account should also be prepared, which may be used as the basis of action in term of F.R. 511 (b).

**F.R. 505. Monthly Test Checks of Stocks and Stores.** A complete physical verification of a few items of stocks and stores, with the balance in hand in the Stock Ledgers, should be made, at irregular intervals, but not less than once every month.

The result of such verification, and whether action has been taken under the relevant Financial Regulations regarding any discrepancies, should also be reported along with the statements indicated in F.R. 504.

**F.R. 506 Preparation of Annual Accounts.** (1) The following statements of accounts relating to the financial year should be prepared and certified by the Accounting Officer concerned, before the 30<sup>th</sup> April of the following financial year.-

- (a) In the case of manufacturing activities :
  - (i) Manufacturing Account.
  - (ii) Trading Account.
  - (iii) Profit and Loss Account.
  - (iv) Balance Sheet.
- (b) In the case of trading activities :
  - (i) Trading Account.
  - (ii) Profit and Loss Account.
  - (iii) Balance Sheet.
- (c) In the case of Stores Advance Accounts :
  - (i) Stores Receipts and Issues Account.
  - (ii) Balance Sheet.
- (d) In the case of Special Advance Accounts (See F.R. 501 ( c)), a statement reconciling the total of the balance of individual accounts with the balance of the Advance Account.

A special certificate should be appended to the relevant statements that the value of stocks-in-hand, and the existence of fixed assets, have been verified by a Board of Survey appointed for the purpose under F.R. 507.

(2) The statements should be forwarded through the Chief Accounting Officer to the Auditor-General for examination. In the case of (a), (b) and ( c) above, the statements will be certified by the Auditor-General after examination, and forwarded to the Treasury for publication, where necessary.

When the statements are meant for publication. They should be accompanied by a “Foreword” on the lines of an Annual Report, briefly explaining the following aspects of the activity :-

- (a) The progress of the activity and main achievements during the year;
- (b) Any abnormal or unusual items in the Profit and Loss Account and Balance Sheet;
- (c) Any other points of note.

The “Foreword” should be signed by the Accounting Officer.

**F.R. 507. (1) Verification of Stores and fixed Assets as at 31<sup>st</sup> December.**

(a) Except where specific Treasury approval has been granted for any other method of stock verification, a physical verification of stocks-in-hand on 31<sup>st</sup> of December each year should be made for the purpose of bringing into the annual accounts the value of stocks-in-hand.

- (b) Stocks-in-hand should be valued at-
  - (i) cost or market price, whichever is lower, in the case of Trading and Manufacturing Advance Accounts, and
  - (ii) cost, in the case of Stores Advance Accounts.

**(2) Verification of the Existence of Fixed Assets.** The actual existence of every fixed asset should also be verified on 31<sup>st</sup> of December, and its condition noted. A statement pertaining to these assets should be prepared and forwarded to Audit along with the annual accounts.

**(3) Board of Survey.** For the purpose of (1) and (2) above, the Accounting Officer will appoint a Board of Survey on the lines indicated in F.R. 756, on or about the 15<sup>th</sup> of December of each year. The Board will report to the Accounting Officer, as soon as possible after 31<sup>st</sup> of December, indicating ;

- (a) the existence and valuation of stocks-in-hand, as at 31<sup>st</sup> of December, which should be incorporated in the Annual Accounts, and
- (b) the existence of the fixed assets of the activity, and the condition of each of them.

**(4) Discrepancies.** Action as regards :

- (a) any discrepancies between the quantity recorded in the books of accounts and that actually available in stock ;
- (b) any discrepancy between the book value of stock-in-hand and their valuation by the Board ; and
- (c) the non-existence, or discrepancy in the value, of fixed assets.

will be taken independently by the Accounting Officer in terms of F.R. 757. However, the Accounting Officer should take into consideration the fact that discrepancies in the value of the stocks-in-hand may arise as a result of the application of the provisions of (1) (b) above.

*Note.* – As regards unserviceable stores held in Advance Accounts, the procedure laid down in the Regulations of Section 4 of Chapter XI will apply. It should, however, be noted in this connection that the Board of Survey for the condemning of stores held in Stores Advance Accounts has to be appointed by the Chief Accounting Officer (F.R. 756).

**F.R. 508. Loss of Fixed Assets, Stores, Materials, Stock-in-Trade, etc. of Advance Account Activities.** These should be dealt with as indicated in F.R.R. 102 to 110. A statement relating to such losses should be appended to the Profit and Loss Account as indicated in F.R. 110 (2).

**F.R. 509 Depreciation and Replacement of capital Assets.** (1) Depreciation of the Capital Assets of the Activity, ascertained in terms of (2) below, should be annually charged to the Profit and Loss Account and credited to a Depreciation Reserve Fund Account. Before the closing of Treasury Books for the financial year, the amount of this depreciation will be remitted to the Treasury to the credit of "General Deposit Account – Depreciation Reserve Fund". The amount so paid will be carried in the books of account of the activity as an asset and shown in the Balance Sheet. The replacement of depreciated assets will be met from the Deposit Account. It should be noted that any part of the Reserve created in respect of a particular asset should normally be utilised for replacement of that asset only. If, however, the amount lying in deposit is found to be insufficient, provision should be made in the Annual Estimates, or funds should be obtained by Supplementary Estimates or Virement Procedure.

(2) Depreciation should be ascertained on the "Fixed Percentage on the Reducing Balance" basis. If, however, there is any difficulty in the application of this method, the Treasury (Department of Public Enterprises) should be consulted.

(3) The replacement cost will, in addition, be shown under the relevant capital project in the Annual Estimates, but no monetary provision will be made. Such replacement cost will be shown by a footnote indicating that it will be met from the Depreciation Reserve Fund.

**F.R. 510. Profit and Loss Account and Hypothetical Charges.** (1) The Annual Profit and Loss Account (or the Income and Expenditure Account, as the case may be), shall contain the appropriate items of income and expenses recorded in the books of account of the Advance Account Activity. Interest payable at rates annually notified by the Treasury on advances made by Government, should also be included. The balance of this Account would reveal the profit or loss of the activity for the year.

(2) "*Nett Profit*". The credit balance of the Profit and Loss Account will represent the "nett profit" of the activity, and should be credited to –

- (a) the appropriate Head, Sub-head, Items and Sub-Items of Revenue. whenever the Annual Estimates of Revenue contain a specific Sub-head Item, Sub-Item of Revenue to accommodate the profits of a particular activity;
- (b) Revenue Head-4- "Receipts of Trading Enterprises", Sub-head 4"Other", Item1- "Nett profits from Advance Account Activities (Trading)", in all other cases.

(3) *Hypothetical Charges*. – However, there exists a number of items of expenses which a private commercial undertaking would normally incur, but which an Advance Account Activity does not usually pay for. Such items are listed in Appendix 13 and are, for the purpose of these Regulations, referred to as "Hypothetical Charges". In order to indicate the extent to which Hypothetical Charges, if paid for, would affect the profit or loss of the activity for the year, a Memorandum Hypothetical Charges Account should be appended to the Annual Profit and Loss Account.

**F.R. 511. Provision to cover Working Losses in Advance Accounts.** (a) Provision to cover expected working losses in Advance Account Activities should be made in the Annual Estimates (See F.R. 15).

- (b) When the activity is expected to reveal a loss, and
  - (i) If the Provisional Profit and Loss Account reveals a loss, the Monetary Provision for the loss, existing in the Estimates of the financial year to which the accounts relate, should be debited with provision therefore does not exist in the Annual Estimates; or
  - (ii) the loss is in excess of the provision in the Annual Estimates.

a Supplementary Estimate should be presented before the end of the financial year, if savings are not available under the Head of Expenditure.

**F.R. 512. Working Losses in Manufacturing and Trading Advance Accounts.**

(1) *Provisional Profit and Loss Account-*

- (a) In the case of Manufacturing and Trading Advance Accounts, departments should prepare, before the end of January each year, a Provisional Profit and Loss Account for the previous financial year, in respect of each activity conducted by them.
- (b) the loss reflected in the Provisional Account, and the Advance Account credited. This should, however, be done before the Treasury books for that financial year are closed. In the accounts of the activity the amount so appropriated from Monetary Provision will be accommodated to the credit of an "Appropriation of Provision Account", until action as in (2) below is taken.



(2) *Final Profit and Loss Account and Appropriation of Provision Account –*

- (a) *Treatment of loss reflected in Final Profit and Loss Account, -*  
The loss reflected in the Final Profit and Loss Account of the activity should be transferred to the debit of the "Appropriation of Provision Account" which will show a credit balance, if the amount transferred from Monetary Provision in the Estimates in terms of (1) (b) above, is more than the loss transferred from the Final Profit and Loss Account.
- (b) When the "Appropriation of Provision Account" shows a credit balance, the whole of such credit balance should be credited to Revenue Head 8, "Other Current Transfers", Sub-head 1, "Domestic", Item 2 "Household", Sub-Item 8, "Sundries".
- (c) If the "Appropriation of Provision Account" shows a debit balance, it is because the amount appropriated from Monetary Provision, under (1) (b) above, is less than the actual loss of the activity for the year. In such a case, Supplementary Provision to cover the balance should be obtained. – See F.R. 513.

**F.R. 513. Unauthorised Working Losses.** (a) An Unauthorised Working Loss, in respect of an Advance Account Activity, is one which has not been settled fully, before the end of the financial year to which the loss relates, by the application of provision already existing in the Estimates, or by Supplementary Provision.

(b) Unauthorised working losses will be reported on by the Auditor – General to Parliament, and will be examined by the Committee on Public Accounts. Supplementary provision should be made, for such amount of the loss as has been passed by the Committee on Public Accounts. A brief description of the details and a reference to the recommendations of the Committee on Public Accounts should be given against this provision.

**(No F.R. Issued Under No. 514)**

**F.R. 515. Adjustments relating to the Accounts of a previous Financial Year.**

(1) *Advance Account provided for in the current Estimates.-* If an adjustment affects the balance of the Profit and Loss Account of the year of adjustment, a note explaining the adjustment should be appended to the accounts.

(2) *Advance Account not provided for in the current Estimates.*

(a) When an Advance Account, operated on in previous years, but not provided for in the current Estimates, is yet open in the Treasury books (i.e. the debit or credit balance of the Account has

yet to be closed, or finally disposed of), debits and credits may be raised with the authority of the Treasury (Department of Public Enterprises), in the following circumstances:-

- (i) In adjustment of erroneous debits and credits already made.
- (ii) For the transfer of profits to Revenue.
- (iii) For the closure of the Account.
- (iv) For the transfer of provision appearing in the Estimates, to meet working losses.

A statement showing the particulars of such debits and credits should be forwarded to the Auditor-General at the end of the financial year.

(b) When the Advance Account is closed in the Treasury Books, the adjustment of errors detected later should be effected as follows:-

- (i) If the adjustment would have required a debit to the Advance Account if it was still open in the Treasury Books, the debit should now be to specific provision in Part I of the Estimates.
- (ii) If the adjustment would have required a credit to the Advance Account if it was still open in the Treasury books, the credit should now be to Revenue.

**(No. F.R.R. Issued Under Nos. 516 and 517)**

**F.R. 518 Winding-up of an Advance Account Activity.** (1) Order to wind up activity:- When Government has decided to close down an activity, all steps necessary to stop production (i.e. by completion of work in progress, stopping purchases, reduction of staff, etc.), should be actively pursued in such a manner that the interests of Government are not adversely affected. Thereafter action should be taken to cease production and manufacture, as early as possible; but normal sales to clear residual stocks should continue. Action necessary to wind up the activity should be taken simultaneously.

(2) *Financial authority to continue the Advance Account for winding-up operations.*-

(a) In the financial year in which it is decided to wind up the activity, debits and credits to the Advance Account may continue to be accommodated, as the activity would already be provided for in Part II of the Annual Estimates. In order to continue winding-up operations in the following financial year, the activity should continue to be authorised in Part II of the Annual Estimates, and debits and credits arising out of such operations should be accommodated in the Advance Account. If a loss is anticipated during this stage of winding-up, such loss should be provided for in the Annual Estimates, in terms of F.R. 173). It should normally be possible to complete the process of winding-up during this financial year, and every effort should be made to do so.

(b) As soon as the winding-up accounts for the financial year following that in which the decision to wind up was taken are certified by the Auditor-General, a Supplementary Estimate should be submitted for such amount as may be required to settle the debit balance, if any, outstanding in respect of the Advance Account in the Treasury Books, as at the end of that year. A credit balance, if any, should be settled by transferring it to Revenue.

(3) Authority for winding-up operations in the financial years following the first financial year, after decision to wind-up is taken. (a) If for any reasons, winding-up proceedings cannot be completed within the first financial year following that in which the decision to cease operations is taken, it should be ensured that the activity is wound up in the next financial year.

(b) However, no provision should be made in Part II of the Annual Estimate to continue the advance Account. No further debits or credits, other than those in respect of adjustment of errors, and for closing the Account in the Treasury Book, can, therefore, be raised to the Advance Account, even if it has not yet been closed in terms of paragraph (2) (b) above.

(c) For this purpose of continuing winding-up operations, where necessary, specific provisions should be made in Part I of the Estimates of the Departments concerned to meet any outstanding liabilities and winding-up expenses-e.g. salaries of staff. The proceeds of realisation of assets, if any should be credited to the appropriate Sub-head/Item of Revenue Head 9, "Sales of Capital Goods."

(4) *Preparation of Accounts.* - In respect of the year in which the closure decisions is taken, two sets of accounts should be furnished, one set for the period from the commencement of the financial year to the date of decision of closure, and the other for the rest of the financial year. The former should be presented in terms of F.R. 506. In respect of the latter period, paragraph (5) below will apply.

(5) *Preparation of Accounts of periods after the date of decision to wind-up.* - The following accounts, specimen forms of which are in Appendix 13A, should be prepared, in respect of:

- (a) the period commencing from the date of decision to wind-up, to the end of the particular financial year, and
- (b) the financial year following that in which the decision to wind-up was taken:
  - (i) A Statement of realisation of assets.
  - (ii) A statement of settlement of liabilities.
  - (iii) A Profit and Loss (Adjustment) Account and a Profit and Loss (Disposals) Account.
  - (iv) A Receipts and Payments Account.

*Note- 1.* The Profit and Loss (Adjustment) Account is the medium by which,

- (a) assets omitted from previous Balance Sheets can be brought to account (e.g. Sundry Debtors in respect of sales effected in previous years), and
- (b) liabilities incurred in previous years and omitted from previous Balance Sheets can be admitted in the accounts.

of the period under review. In the case of (a), the "Assets Accounts" will have to be debited and the Profit and Loss (Adjustment) Account credited with their value, while in the case of (b), the amounts will have to be credited to the claimants' accounts and debited to the Profit and Loss (Adjustment) Account. The balance of this account should be transferred to the Profit and Loss (Disposals) Account, which will show the manner in which the outstanding profit or loss has been disposed of during the period.

*Note 2. -* Where provision has been made in the Annual Estimates of Expenditure to meet a loss, the loss revealed in the Profit and Loss (Disposals) Account, should be debited to such provision. Where such provision has not been made, the Accounting Officer will take necessary steps to have the loss covered by specific Monetary Provision.

*Note 3. -* Assets such as lorries, furniture, equipment, etc., should be disposed of in accordance with normal regulations, after ascertaining from other departments whether they require these assets for their own use. If they can be so transferred, the appropriate provision of the receiving departments should be debited with their value, the corresponding credit being to the appropriate Sub-head/Item of Revenue Head 9, "*Sales of Capital Goods*".

(6) Statements to be furnished from the second and subsequent financial years, following that in which the closure is applied. The following statements of accounts should be furnished in respect of the operations in terms of paragraph (3) (c) above:

- (i) A statement showing in detail, the assets as appearing in the previous Balance Sheet, the amount realised in respect thereof during the year of account, and the value of any assets remaining unrealised at the end of the year. (Total amount realised as shown in this statement would have been credited to Revenue).

- (ii) A statement showing in detail, liabilities as appearing in the previous Balance Sheet, the amount settled during the year of accounts and the balance outstanding at the end of the such year. (The total payments appearing in this statement would have been debited to financial provision in Part I of the Estimates).
- (iii) A statement showing salaries and other expenses of winding-up, during the year of account. (This amount too would have been debited to financial provision in Part I of the Estimates).

(7) *Foreword.* – In the Foreword (FR 506 (2)) to the winding-up accounts, a statement containing the following information should be given-

- (a) The progress made in winding-up during the period under review;
- (b) What remains to be done, and when it is hoped to complete the winding-up;
- (c) The reasons, if any, for the delay in its completion.

**(No F.RR Issued Under Nos. 519 – 529)**

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## CHAPTER IX

**KACHCHERI ACCOUNTS**

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## CHAPTER IX

**KACHCHERI ACCOUNTS****Section 1 – General Regulations**

**F.R. 530. Delegation.** A Government Agent, in his capacity as Accounting Officer may, except when otherwise specified by Law or Regulation, delegate to his Accountant or other suitable officer, any of the financial duties imposed on him. He may also place the Office Assistant or Extra Office Assistant in general charge of the financial operations of the Kachcheri, and assign to him any of the duties specified in F.R. 144.

**F.R. 531. Kachcheri Accounting Manual.** The Regulations in this Chapter deal with only the general matters relating to the Financial aspects of the work at Kachcheries; but the Chief Accounting Officer of the Ministry in charge of the subject of District Administration, may, with the approval of the Treasury, prescribe Rules relating to the details of procedure in the financial operations of Kachcheries. Such Rules will be embodied in a general Kachcheri Accounting Manual, and shall be supplementary to, but not in substitution for, or repugnant to, the Financial Regulations.

Amendments to the Rules of the Kachcheri Accounting Manual may, as and when required, be issued by the Chief Accounting Officer of the Ministry in charge of the subject of District Administration, with the approval of the Treasury.

**F.R. 532 Maintenance of complete list of books of account in use.** The Accountant or other officer delegated under F.R. 530 should maintain a list of all the books, registers, etc., pertaining to the accounts of the Kachcheri, including the books of the shroff and his assistants.

(2) The Checking Officer referred to in F.R. 540 and 541, shall, whether or not he is the same person as the officer referred to in (1) above, maintain a complete list of the books, Subsidiary Registers, etc., in use by the shroff and his assistants, and see that they are submitted to him for examination during his daily verifications, as well as during the surprise verifications. In the case of the Subsidiary Registers, he should specially record in his list the class of payment for which each Register is maintained. If, in a single Subsidiary Register, separate sections are opened for different classes of payment, particulars thereof should also be recorded in the list.

**F.R. 533. Books of Account.** The following books, *inter alia*, should be maintained at a Kachcheri:-

1. General Cash Book	...	Form General 58
2. Shroff's Cash Book	...	Form G.A. – N 1
3. Receipt Book	...	Form General 172
4. Shroff's Subsidiary Register/s	...	Form G.A. – N 17 (for payment of salaries, pensions and other payments on pay lists)
5. Shroff's Circuit Cast Book	...	Form G.A.–N18 (when on circuit only)
6. Bank Balance Reconciliation Book	...	Form G.A. – M 31 (at banking stations only)
7. Daily Balance Book	...	Form G.A. – N 4
8. Vault Book, or register of cash in Kachcheri Vault	...	Form G.A. – M 49
9. Classification Book	...	--
10. Abstract Book/s	...	--
11. Register of Cheques, Money Orders, etc.	...	Form G.A. – M 83
12. Kachcheri Deposit Ledger	...	Form General 69
13. Supplementary Ledgers	...	Deposit Form G.A. – M 39
14. Shroff's Stamp Account Book ...	...	Imprest Form G.A. – M 71
15. Shroff's Petty Cash Imprest Account Book	...	--
16. Vault Stock Record of Stamps received and issued	...	Form General 68

The Kachcheri Accounting Manual deals with other books of account in use at kachcheries.

**F.R. 534. Receipts.** (1) Cash can be received at a Kachcheri only on days on which the Kachcheri Bank does not operate. On such occasions only, the Shroff or his Assistant shall receive cash – See F.R. 165 (1).

(2) Money received by post, and money paid at a Kachcheri in a form other than cash, should be dealt with as in F.R. 165 (2), and ultimately passed down to the shroff through the register in Form G.A. – M 83 along with the prepared paying-in-voucher. The shroff should not accept any cheques, money orders, etc., until they have been entered in this register.

(3) All receipts at a Kachcheri should be supported by appropriate paying-in-vouchers (see F.R. 183), which should be dealt with by the shroff.

(4) All money receipts should be duly entered both in the Shroff's Cash Book and in the General Cash Book.



(5) The disposal of money received at a Kachcheri is as indicated in F.R. 187.

**F.R. 535. Payments.** (1) All cash payments at a Kachcheri must be made only by the shroff, or his Assistants. Such payments should be made on certified vouchers which are passed for payment by one or more officers at the Kachcheri, duly authorized for the purpose. Subject to the provisions of F.R. 537, every payment made by the shroff should be entered in the Shroff's Cash Book, and the paid vouchers passed on, immediately or at short intervals, to the General Cash Book Section of the Kachcheries for recording them in the General Cash Book.

(2) The vouchers for payment by cheque are not passed on to the shroff, but to the appropriate officer or officers to draw out cheques. Hence they are not entered in the Shroff's Cash Book.

(3) However, every payment made, whether in cash, by cheque or by Cross Entry should be duly entered in the General Cash Book. (See F.R. 446).

**F.R. 536. Kachcheri payments made through Additional Government Agents in charge of Divisions.** Additional Government Agents in charge of Divisions who also function as Divisional Secretaries of Provincial Councils, should ensure that funds entrusted to them by Government Agents for Kachcheri payments should not be mixed up with the funds of the Provincial Councils in their custody.

For this Purpose, when a Kachcheri payment has to be made to any party through an Additional Government Agent who functions as a Divisional Secretary to a Provincial Council, the Government Agent should draw a cheque in favour of the Additional Government Agent, and sent it to him together with the connected documents. An advice on Form Gen. 227 should also be sent to the Bank by the Government Agent to enable the Additional Government Agent to encash the cheque and effect payment.

The Additional Government Agent should return the paid documents to the Government Agent immediately after payment is made. Additional Government Agents should strictly ensure that cheques received by them for this type of payment should be encashed by them and not credited to any Bank Account in respect of Provincial Council Funds.

**F.R. 537. Vouchers transferred to and accounted for under the Shroff's Subsidiary Registers.** (1) When a number of persons have to be paid on the same paysheet, paylist, etc. (e.g. salaries, wages, pensions, monthly advance of salary, overtime payments), a Provisional Voucher (usually on Form General 143) for the total amount to be paid in cash

together with a cheque in favour of the Shroff for the amount should be sent to the shroff along with the relevant paysheet, payroll, etc. He will encash the cheque and enter the amount in the receipts column of the Shroff's Cash Book.

*Note.-* In the General Cash Book the Transfer Payments involved will be brought to account under the "Cross Entry" column and cheque payments under the appropriate column.

(2) The shroff will enter the full amount payable in cash under the payment column of the Shroff's Cash Book and transfer the amount to the appropriate Subsidiary Register in which it will appear as a receipt. The Provisional Voucher referred to in (1) above will support the payment entry in the Shroff's Cash Book, and will be passed on to the Cash Book Section of the Kachcheri along with other vouchers in terms of F.R. 535 (1).

(3) *Shroff's Subsidiary Register.* (a) The Shroff's Subsidiary Register shall contain a separate section for each class of payment, e.g. salaries, civil pensions etc., or a separate Subsidiary Register may be maintained for each such class. The receipt entries in this Register should be made with sufficient details relating to each voucher in order to enable the entries to be readily identified with the relevant documents.

(b) Every payment made on the relevant paysheet, payroll, etc., will be entered up in the Shroff's Subsidiary Register, until the lapse of time indicated in (4) below. Payments made by money orders should also indicate the number, date and office of payment of the relevant money orders.

(4) Payments on vouchers transferred to the Shroff's Subsidiary Register under (2) above, should be closed not later than 14 days from the date of commencement of payments.

(5) On the expiry of the period indicated in (4) above, the balance of money on unpaid items in the vouchers should be credited to the appropriate accounts. In order to close the accounts in the Shroff's Subsidiary Register, in respect of such a voucher, the unpaid balance will be entered up on the payment side of the Shroff's Subsidiary Register, and as a receipt in the Shroff's Cash Book, the necessary paying-in-voucher being drawn up by the appropriate subject clerk. The numbers of the receipts issued should be quoted against the relevant entries in these books. Notwithstanding the provisions of F.R. 540 (3), the subject clerk responsible for the preparation of each paysheet, payroll, etc., should invite the attention of the shroff if it is not returned completed within the date prescribed in (4) above, and report the matter to the Government Agent or other officer delegated for the purpose, in case of a delay of more than two days. When he receives

the vouchers, he should ascertain, whether it is the correct document, whether any unauthorized alterations have been made, that the unpaid items are properly brought to account, that the receipt for the unpaid balance credited is attached, and that the Regulations relating to unpaid Salaries and Wages, etc. (Chapter V, Section 6) are, *mutatis mutandis*, complied with. The documents will then be passed to the appropriate officers to be dealt with along with other paid vouchers.

**F.R. 538. Classification Book.** A ruled Classification Book must be kept for all receipts and payments. In it must be recorded every item under its appropriate heading. This book must be posted from the receipt and payment vouchers by an officer other than the one who keeps the Cash Book. The grand totals of receipts and payments each day should be reconciled with the totals of the General Cash Book. The entries in the Classification Book must be checked with the receipt and payment vouchers by a responsible officer delegated for the purpose.

If necessary, separate Classification Books may be kept for receipts and for payments.

**F.R. 539. Abstract Books.** The totals of the Classification Books must be carried into two Abstract Books (one for receipts and the other for payments), the grand totals for each day being compared with the totals on the respective sides of the Cash Book. The entries in the Abstract Books must be checked with the Classification Book by the Officer delegated under F.R. 530, whose initials must be affixed to the daily totals, after he has himself compared them with the Cash Book totals.

**F.R. 540. Checking of Cash Books and money daily at the close of business.**

(1) *Balancing of Books and Preparation of Cash Summary.* – As soon as the cash transactions close for each day, the shroff must balance the Shroff's Cash Book and the Subsidiary Register (or Registers, if more than one is kept), and prepare, in the Shroff's Cash Book, a Cash Summary so as to include not only the balance as appearing in the Shroff's Cash Book, but also the balance in each of the Subsidiary Registers.

(2) *Checking of Shroff's Cash Book.* – The Government Agent, or the officer/s delegated by him for the purpose (hereinafter referred to as the Checking Officer) will:

- (a) Check the entries in the Shroff's Cash Book with the -
  - (i) entries in the General Cash Book;
  - (ii) counterfoils of all receipts issued during the day;
  - (iii) paying-in-vouchers; and
  - (iv) vouchers paid in cash by the shroff during the day;

- (b) When a payment is supported by a Provisional Voucher on which the Shroff draws money from the Bank, (See F.R. 537), ensure that these are properly entered up in the Shroff's Cash Book as receipts, and initial and date such entries;
- (c) Where cheques for encashment have been issued to the Shroff to augment his cash balance, verify that they have been entered and accounted for as a receipt by the Shroff.

(3) *Daily Checks on the Shroff's Subsidiary Register/s.*- In respect of the Shroff's Subsidiary Registers, the Checking Officer should:

- (a) initial, as required in (2) (b) above, the receipt entries;
- (b) when payment on a paysheet, payroll, etc., has been closed, as indicated in F.R. 537, insert in the Register, against the receipt entry, appropriate to that paysheet or payroll, the date on which payment is closed, and initial thereat;
- (c) verify, by reference to other receipt entries in the Registers, that the shroff does not, at any time, retain in his hands, any paysheets, paylists, etc., for more than the number of days prescribed in F.R. 537 (4);
- (d) examine the payment sides of the Registers and see that they have been regularly entered up. He should also check up a number of entries therein with the paysheets, payroll, etc.

(4) *Checking of the Cash Summary.*- The entries in the Summary should be checked against the relevant totals in the shroff's Cash Book as well as in each of the Shroff's Subsidiary Registers. The amounts brought forward should be checked against the amounts carried forward from the previous Cash Summary. The amount shown as remittances paid into the bank during the day, shall be verified with reference to the bank acknowledgements, paying-in-slips, etc.

(5) The Checking Officer should verify the arithmetical accuracy of the totals and balances cast in the Shroff's Cash Book, Shroff's Subsidiary Registers, and the Cash Summary.

(6) *Verification of Cash balances and depositing them in vault.*- (a) The Checking Officer shall thereafter verify the balances under the Shroff's Cash Book and under each of the Shroff's Subsidiary Registers in use, by a count of the money in the hands of the shroff (including the proceeds of sales of stamps). He shall hereafter proceed to check the balances against the relevant entries in the Cash Summary prepared in the Shroff's Cash Book under (1) above;

- (b) In the daily verification envisaged above, the Checking Officer is not required to count every note, coin and stamp, but his check must extend at least to verifying against the corresponding figures entered as balances in the Shroff's Cash Book, Shroff's Subsidiary Registers, and the Summary, the cheques, money orders, etc., produced and counting the number of packets or folds, in each bundle of note and the number of heaps of coins. However, all notes of Rs. 50 and above, and one or two of the bundles and heaps, should be counted in detail;
- (c) The Checking Officer shall finally initial the Shroff's Cash Book to indicate that the required checks have been fully carried out;
- (d) The Checking Officer shall thereafter deposit in the vault or safe, as the case may be, all the moneys, stamps, etc. in hand. The shroff shall be present when this is done;
- (e) When cash is placed in the inner vault of a Kachcheri, the necessary entries should at once be made in the Kachcheri Vault Book (Form G.A. – M 49). Before the cash is so lodged, the Checking Officer shall personally check the full amount. The shroff shall be present when this is done.

**F.R. 541. Surprise Verification at irregular intervals.** (1) The Checking Officer should also, at irregular intervals, but not less than once a month effect a complete surprise count of every note, coin, cheque, money order, etc., and stamps in the hands of the shroff, including moneys passed down to the Shroff, through the Register of Cheques, Money Orders, etc., (see F.R. 534 (2)). He should verify that the amounts so ascertained agree with the balances as appearing in the books. An appropriate endorsement should be made on the books after each such surprise verification. He should thereafter report to the Government Agent on Form G.A.- N 22, the result of the verification, along with the list of unpaid items referred to in (3) below. A copy of this report should be forwarded to the Auditor-General.

(2) On each such occasion of surprise verification, the Checking Officer must verify the correctness of the balances shown in the Subsidiary Registers by comparing them with the totals of the items remaining unpaid according to the paylists and abstracts in the hands of the shroff.

(3) The Checking Officer should furnish together with his report on Form G.A.- N 22, a list of unpaid items, indicating the number of the voucher, name of payee and the amount payable on each item. The total of this list should agree with the balance outstanding as indicated in the Subsidiary Registers. This list should be referred to in the report.

(4) It shall be the duty of the Government Agent to see that at least one surprise verification is conducted monthly, in terms of the above paragraphs, and that the results of each verification are reported to him accordingly.

(5) The above provisions are in respect of cash and stamps. F.R. 325 (2) applies in respect of other articles held in safe custody.

**F.R. 542 (1) Bank Balance Reconciliation Book.** Kachcheries should keep a Bank Balance Reconciliation Book on Form G.A. – M 31. In this book must be recorded the actual balance at the bank daily. There must also be entered daily a list of all outstanding or unpaid cheques and payment orders, giving the number, date and amount of each. The book must be checked daily with the bank statement and must be signed by an officer delegated for the purpose. The list of outstanding or unpaid cheques may also be prepared in separate Register meant for the purpose and the total carried daily to the Bank Balance Reconciliation Book. In such a case the list too should be checked and signed by the same office.

(2) *Cash transactions on circuit.*- When the shroff or his assistant proceeds on circuit with the Government Agent or other officer in connection with any official duty, he must keep a shroff's Circuit Cash Book in Form G.A. – N 18 for all money received and disbursed by him during such circuit. At the conclusion of the circuit he must balance this book and obtain the signature of the Government Agent or other officer whom he accompanied. On return to headquarters he must immediately deposit his cash in the Kachcheri Bank and enter the total receipts and payments in lump sums in the Shroff's Cash Book. At the same time, he must furnish the various officers concerned in the Kachcheri with full particulars and vouchers, so that the proper detailed entries may be made in the General Cash Book.

**(No F.R. Issued Under No. 543)**

**F.R. 544. Arrangement for Verification of Money and Stamp balances on taking charge.** (1) An Incoming Accountant or other officer to whom has been delegated under F.R. 530, the custody of cash, stamps and other articles held in safe custody, and the authority to operate an official Bank Account, shall, when taking over from his predecessor make a complete verification of the contents of the Kachcheri Vault and the Shroff's chest and take over the balance from his predecessor, or where his predecessor has left the station, from the officer who is in temporary charge. All the money and stamps should be counted and the incoming officer should satisfy himself that they are correct in every respect and are in accordance with the balances shown by the Shroff's Cash Book, Daily Balance Book, the main Register of Stamps, the Shroff's Stamp Imprest Register, and the Shroff's Subsidiary Register/s. The incoming officer should also verify all securities with the list of securities kept at the Kachcheri.

(2) The verification of money and stamps should be conducted on the same lines as laid down for annual Boards of Survey in F.R.R. 352 to 357.

(3) If the cash balances include remittances in the form of cheques, money orders, etc., the particulars of such remittances should be verified with the entries in the Register of Cheques, Money Orders, etc. (Form G.A. – M 83)

(4) The outgoing officer should obtain from the bank a certificate of the balance as on the day of verification. A statement should be prepared reconciling any difference that may exist between this balance and that shown by the Kachcheri books. The incoming officer should satisfy himself that the balance which the kachcheri ought to have in the bank is correct, by reference to the bank certificate and the reconciliation statement.

(5) On completion of the verification a certificate on Form G.A.- N 23 signed both by the incoming officer and the outgoing officer, or if the latter had left the station, the officer in temporary charge, should be forwarded to the Auditor-General for his information.

**F.R. 545. Documents to be sent monthly to the Treasury and Audit.**

(1) The Cash Book, Classification book and the two Abstract Books must be kept written up-to-date. As soon as the month is over, every column of the two Abstract Books should be totalled and the grand total struck for each Abstract Book. Not later than the 10<sup>th</sup> of each month, the Abstract Books of the previous month must be transmitted to the Treasury (Department of State Accounts), duly certified by an officer delegated under F.R. 530, along with supporting documents for certain classes of receipts and payments, specified by the Treasury.

(2) A Statement in Form G.A.- M 34, showing the cash balance at the end of each month and supported by a Bank Certificate in respect of the balance of the current account in the bank, must be sent to reach the Treasury (Department of State Accounts), on or before the 8<sup>th</sup> of the following month.

(3) The classification book and supporting documents (other than those referred to in (1) above), should be sent direct to audit, before the end of the month following that to which they relate. It should be certified by an officer delegated for the purpose.

(4) *Scheduling of Vouchers.*- All the vouchers under each Head of Expenditure, Programme, Project and Object Class must be arranged consecutively and scheduled in the same order as they appear in the Estimates. The total on each must be shown in the schedules and the grand total chargeable to the Head must appear at the foot. The schedules must be signed by the officer delegated for the purpose. The schedules must be signed by the officer delegated for the purpose. The schedules of vouchers, furnished by departments and paid by the Kachcheri, will be treated as sub-schedules.

(5) The Cash Book will be retained in the Kachcheri as the permanent record of the transactions during the month.

**(No. F.R.R. Issued Under Nos. 546-554)**

## **Section 2 – Remittances**

**F.R. 555. Maximum bank balances.** The maximum bank balance which may be retained by Government Agents will be calculated upon their average current requirements. The Director-General, Department of State Accounts, Treasury, will determine these limits and the Government Agents will be responsible for seeing that they are not exceeded.

**F.R. 556. Remittances.** (1) It is the duty of each Government Agent to watch his bank balance with a view to seeing that he keeps sufficient funds in hand to meet all requirements. Should he apprehend that his balance is likely to need replenishing, he must at once apply to the Treasury (Department of State Accounts), for a remittance, stating his bank balance at the end of the previous month, the probable receipts and expenditure for the current month, and the particulars of remittances required.

(2) Should a Government Agent consider that his balance at any time is considerably in excess of his anticipated requirements, he must ask the Treasury (Department of State Accounts) for instructions.

(3) As long notice as possible must be given to the Treasury (Department of State Accounts), when remittances are required.

**F.R. 557. (1) Cash Remittance – Keys to be sent by registered post.** If for any exceptional reason, it becomes necessary for any Kachcheri to send cash remittances to the Treasury, or vice versa, such remittances must be securely packed in locked and sealed boxes. The keys of the boxes should be sent in advance under sealed cover in the most expeditious manner possible; if sent by post, they should be sent under registered cover.

(2) *Packing.*- It is the duty of the Accountant, or other officer, specially delegated by the Government Agent, and the shroff, to see that the remittances are properly packed and the boxed locked and sealed in their presence. In the Treasury, the Director-General, Department of State Accounts, or one of his Assistants and the shroff will perform these duties.



**F.R. 558. (1) Police escort.** Remittances to and from the Treasury will as a rule be accompanied by two shroffs from the Treasury, and an armed escort. The Sergeant in charge of the escort must give a receipt for the boxes.

(2) *Advice.* – All remittances must be advised by telephone or telegram, and confirmed by letter.

(3) *Verification.*– Remittances must be verified immediately they are received, and acknowledged by telephone or telegram, and confirmed by letter.

**F.R. 559. Monthly Statements.** Monthly Statements of remittances received and remittances despatched must be sent to the Auditor-General with the Kachcheri accounts, supported by the proper receipts. A copy of this monthly statement should also be sent to the Treasury (Department of State Accounts). 'Nil' statements must be sent when there are no transactions.

*Note.* See F.R. 415 regarding accounting for remittances.

**(No. F.R.R. Issued Under Nos. 560-564)**

### **Section 3 – Deposits**

**Note 1.** – The Regulations of this section, although appearing under the present Chapter, are applicable, *mutatis mutandis*, to the Deposit Accounts maintained in other departments as well. They are included in this Chapter, as the Kachcheries deal with every type of Deposit provided for hereunder.

**Note 2.** – In the payment of deposit Vouchers, provisions of F.R. 206 should also be carefully noted.

**F.R. 565. (1) General Deposits (Kachcheries) Account.** Transactions involving Deposits received at a Kachcheri will be dealt with under the main heading "General Deposits (Kachcheries) Account". The Subsidiary Accounts of this main account will be maintained in the Kachcheri Deposit Ledger (Form General 69).

(2) *Kachcheri Deposit Ledger.* – All deposits received or paid must be posted daily under the appropriate accounts in this ledger. The ledger must be kept carefully indexed to facilitate easy reference to an account at any time.

(3) *Balancing Account.* – A few pages at the end of the Kachcheri Deposit Ledger must be reserved for a Balancing Account, in which must be recorded the balance brought forward from the previous month, and the totals of the daily receipts and daily payments of all Deposits. Each account in the Kachcheri Deposit Ledger must be balanced monthly, and an Abstract of Balances prepared. The aggregate of these balances must be compared, and should agree with the balance of the Balancing Account. If it does not, the discrepancy should be investigated and rectified at once.

(4) *New Ledger.* – A new Deposit Ledger should be opened for each financial year. In the case of Class II Class III Deposits (F.R. 569), instead of the balance being carried forward as one item, each separate item composing the balance of each account in the Deposit Ledger, should be carried forward to the new Ledger. This has to be done in order to avoid constant reference to previous Ledgers when deposits have to be repaid from these accounts. The items so brought forward must be totalled, and the total compared with the composite balance under the corresponding account in the old ledger. The Staff Officer authorised to pass payments from deposits will authenticate by his initials that the comparison has been duly made.

(5) *Abstract Statement of deposits.* – A monthly abstract statement of deposits in Form General 71 must be sent to Audit before the end of the following month. In this statement will be shown the opening balance, the total receipts, the total payments, and the closing balance of each account in the Kachcheri Deposit Ledger.

**(No. F.R.R. Issued Nos. 566 – 568)**

**F.R. 569. Classification and withdrawal of Deposits.** (1) Deposits other than Suitors Deposits (See F.R. 14) may be divided into three classes:-

*Class. 1* - These are items of deposits with regard to which the Kachcheri acts simply as a bank.

For deposits in this class a separate account for each body, department or person using the Kachcheri as a banker must be opened in the Kachcheri Deposit Ledger.

*Class II* – These are items of deposits of a particular nature which can be accommodated in one account. Groups of such items of deposits can be withdrawn in one sum, but it is essential that, at any time, the officers maintaining the account should be able to trace any particular item and verify whether or not it has been withdrawn. (e.g. All Project funds received as aid from both local and foreign sources which are held in deposit should be treated as Class II Deposits).

A separate account must be maintained for each category of this class of deposit.

The withdrawal of any of these deposits, should, besides being debited to the account, be noted against the appropriate receipt entry, so that at any time, a deposit not paid out may be readily traced.

*Class III.* – These are deposits of a miscellaneous character. Such individual deposits may be entered in a general account entitled "Sundry Deposits", but whenever desirable, owing to the large number of deposits of varied types received from a particular depositor, such as a Government department or institution, a separate account must be opened for each such depositor, e.g., various items of deposits of a miscellaneous character of a local branch of a department.

The withdrawal of any item of these deposits, should, besides being debited to the account, be noted against the appropriate receipt entry, so that, at any time, deposits not withdrawn may be readily traced.

*Note.* - Any deposit which can be definitely identified, and is not of a miscellaneous nature, should be considered as a Class II Deposit, and not as a Sundry Deposit under Class III.

(2) All deposits should be withdrawn only on the authority of the department, or body which made the deposits. Provisions of F.R. 206 should also be carefully followed.

*Note.* - In all Class II and III Deposit Accounts, sufficient particulars, e.g., the name of party paying in, the service, department or body involved, the number of the Court case (if relevant), reference to papers etc., should always be recorded, in order to facilitate identity of any item.

**F.R. 570. Lapsed Deposits.** Deposits of Class II and Class III may be considered as "lapsed" if they remain unclaimed for the periods specified below:-

- |                                      |     |   |
|--------------------------------------|-----|---|
| (a) Deposits on application for land | ... | 10 years from date of deposit               |
| (b) Project fund deposits            | ... | 2 years from date of completion of Project. |
| (c) All other deposits               | ... | 2 years from date of deposit.               |

**F.R. 571. Disposal of Lapsed Deposits.** (1) Lists of all deposits which have lapsed as indicated in F.R. 570 must be prepared at the close of each half year.

(2) Subject to (3) below, lapsed deposits must be credited to Revenue. In the case of lapsed deposits of Classes II and III, inquiries should be made, before their transfer to Revenue, so as to prevent, as far as possible, subsequent applications for refunds.

(3) Money held in suspense in a deposit account, pending receipt of particulars, should not be left in deposit to be treated as lapsed deposits, but should be credited to the proper account or to Revenue, as the case may be, or refunded as soon as possible.

**F.R. 572. (1) Vouchers for Transfer to Revenue.** The list referred to in F.R. 571 (1) above, showing in detail the amounts transferred to Revenue should be annexed to vouchers in support of the entries in the Cash Book.

(2) *Noting Transfer to Revenue.* – All Lapsed Deposits, credited to Revenue, should be debited to the appropriate Deposit Account in the Kachcheri Deposit Ledger, and noted in the other relevant records. In the case of Class II and Class III Deposits, the transfer to Revenue should also be noted against each item of Lapsed Deposit appearing on the receipts side of the Account.

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## CHAPTER X

## ACCOUNTS OF COURTS

*Note* : In this Chapter the term –

- (1) "Court" shall mean any Court established under the Constitution of the Democratic Socialist Republic of Sri Lanka, or by any other written Law.
- (2) "Judge" shall mean any officer presiding over any such Court, and includes an acting Judge of such Court.
- (3) "Chief Accounting Officer" shall mean the Secretary to the Ministry in charge of the subject of Courts Administration.
- (4) "Registrar" shall mean the Registrar of any Court referred to at (1) above and includes an Additional, Deputy or Assistant Registrar.
- (5) "Court Officer" shall mean a Registrar, Additional, Deputy or Assistant Registrar, or an officer of Court to whom any of the functions of the Registrar has been duly delegated.

**F.R. 580. Acceptance of moneys by Court Officers.** (1) Court Officers are authorised to accept moneys in respect of the following only:-

- (a) Fines and forfeitures imposed by Court.
- (b) Moneys paid into Court in respect of Compensation, maintenance and any other fees levied by Government.
- (c) Court fees recovered for the following services only:
  - (i) Search of Court records.
  - (ii) Searching for documents over one year old on private application.
  - (iii) Binding of records.
  - (iv) Withdrawing documents filed in civil cases.
  - (v) Administering oaths.
  - (vi) Examination and certification of tendered copies of case records, etc., and
  - (vii) Issuing copies of case records, etc.

Recovery of fees for any other service not duly authorised is prohibited.

- (d) Proceeds of sale of unserviceable articles and unclaimed effects.
- (e) Unclaimed property of deceased persons.
- (f) Productions in criminal cases.
- (g) Cash securities in Court Cases.
- (h) Remittances from outside Sri Lanka.
- (i) Expenses for service of summons outside Sri Lanka.
- (j) Proceeds of sale of Court forfeitures.
- (k) Fiscal deposits comprising the following:-
  - (i) Transfer fees and transfer stamps.
  - (ii) Maintenance of civil prisoners.
  - (iii) Guard hire or expenses of seizures.
  - (iv) Tom Tom hire.
  - (v) Advertisement charges.
  - (vi) Fiscal's fees for commission.
  - (vii) Survey fees.
  - (viii) Miscellaneous deposits.
- (l) Survey fees other than those falling under Fiscal deposits.
- (m) Stamp fees.
- (n) Cash imprests.

(2) Receipts should be issued on the prescribed form for all monies received in respect of items referred to at (1) above.

(3) No Court officer should accept any money other than moneys in respect of items referred to at (1) above. The public must be informed that payment to Court officers is so prohibited. Notices in Sinhala, Tamil and English, on Form Judicial C.F. 73, should be posted in prominent places in the Court House and in the office of the Registrar, informing the public of this restriction, and stating how correct information, of the method of making payments, can be obtained.

**F.R. 581. Payment into Court.** (1) Where any person elects, or is required by any Order of Court, or by any written law for the time being in force, to make payment of any money into Court, in connection with any action or proceeding, the payment may be made by the person himself, or through his Attorney-at-Law or Agent.

(2) Whenever any person, whether acting for himself or as Attorney-at-Law for any other person, has occasion to pay money into Court, he shall signify his intention to do so to the Registrar, or other officer duly authorised for the purpose, either personally or by letter. The officer concerned will, thereafter, furnish such person with a paying-in-voucher

(Form General 118). Such person shall deliver or send by post the paying-in-voucher, duly perfected, along with the money, to the Court Officer authorised to receive such moneys.

(3) Where a person residing outside Sri Lanka, and not represented by an Attorney-at-Law or Agent, desires to make a payment of money into any Court in Sri Lanka, he may forward a remittance direct to that Court. Such remittance should be accepted by that Court, and action taken as at (2) above.

(4) Receipt of cheques, money orders, etc., should be dealt with in terms of F.R. 169.

**F.R. 582. Deposit and Disposal of Moneys in the Bank.** (1) All moneys received in Court in respect of items referred to in F.R. 580 (1), should be dispatched daily, under proper custody, to be deposited in the Bank Account of the Court concerned.

(2) In case where the money collected cannot be deposited on the same day, such collection should be sent to the Bank on the following working day. It is the duty of the Registrar to keep all collections in safe custody until such time as they are deposited in the Bank.

(3) The requirements of F.R.R. 177 (1) and 382 should be complied with.

(4) All moneys deposited in the Bank Account of each Court should be remitted by cheque fortnightly to the Chief Accounting Officer. A paying-in-voucher (Form General 118), giving all particulars of revenue and deposits separately, should be attached to each such remittance.

(5) The Chief Accounting Officer should duly bring to account all such moneys by crediting Deposit Account or the appropriate Head of Revenue, as the case may be.

**F.R. 583. Books of Accounts.** All Courts are required to maintain the following Books of Accounts:-

- (a) Cash Book - Form General 58.
- (b) Register of Cheques and Money Orders – Form G.A. – M 83.
- (c) Deposit Ledger – Form General 69.
- (d) Register of Counterfoil Books – Form G.A.- N 20.
- (e) Classification Register for Receipts.
- (f) Classification Register for Payments.
- (g) Petty Cash Book.

The Guide to Accounting Procedure in Courts Administration, issued by the Ministry in charge of the subject of Courts Administration, deals with other Books of Accounts, Registers, etc., that should be maintained by Courts.

**F.R. 584 Classification of Receipts and Payments.** Receipts and payments in all Courts should be classified as follows:-

(i) *Receipts* -

- (a) Court Fees.
- (b) Fines and Forfeitures.
- (c) Income Tax.
- (d) Police Reward Fund.
- (e) Employees Provident Fund and Employees Trust Fund.
- (f) Moneys due to Local Authorities.
- (g) Maintenance.
- (h) Security Deposits.
- (i) Miscellaneous Deposits consisting of Compensation, Copying Fees, Suitors' Deposits, Fiscal Deposits, etc.,

(ii) *Payments*-

- (a) Remittances to the Chief Accounting Officer in terms of F.R. 582 (4).
- (b) Refunds from Deposit.

Courts functioning as Accounting Units will, in addition, make payments out of voted funds.

**F.R. 585. Monthly Summary of Receipts and Payments.** Every Court should forward to the Chief Accounting Officer a summary of receipts and payments, together with a Bank Reconciliation Statement in respect of each month, on or before the 5<sup>th</sup> of the following month.

**F.R. 586. Register of Fines.** (1) Judges will post the Register of Fines in their own hand writing simultaneously with the decision of each case. The numbers and the dates of the receipts issued for the recoveries should be entered promptly in the Register by the Registrar or other officer authorised by the judge.

(2) Each Court should also maintain a separate Register indicating arrears of fines.

**F.R. 587. Receipt of productions/articles by Court Officers.** The following procedure should be followed when Court productions or articles such as unclaimed property of deceased persons, articles the ownership of which is unknown, etc., are delivered to Court :-



(1) The person delivering any production/article to a Court should submit a list, in duplicate, of the items he delivers. The Court officer who takes delivery should retain the original of such list and hand over the duplicate thereof to the person who delivers the productions/articles with an endorsement acknowledging receipt. He should also issue a Receipt Order on Form General 219.

(2) The officer taking delivery of productions/articles should make the necessary entries in the Productions Register. He should also cause suitable indelible identification marks to be made on each item so as to facilitate identification. They should be systematically stored. Valuable items such as cash, gold, gems. etc., should be kept in iron safes.

**F.R. 588. Disposal of productions before Courts.** (1) Disposal of productions before a Court should be on an Order of the Court, and subject to the provisions of Chapter XXXVIII of the Code of Criminal Procedure Act (Cap. 26). Where such a Court order has not been made, a specific Court order should be obtained immediately after the laps of the appropriate period of time, if any, prescribed by law, after the final disposal of the relevant case.

(2) The officer concerned should without delay, carry out the orders of Court and record particulars of disposal in the Productions Register.

(3) If productions are destroyed on the orders of Court, such destruction should be carried out by the officer in charge of the productions in the presence of another officer detailed by the Judge to supervise the destruction.

(4) Unclaimed productions and forfeited productions should be sold by tender, or by public auction. Such sales should be held at least once in three months. In the case of beer and stout, etc., however, such sales should be made through the Government Agent of the area who should credit the sale proceeds to Revenue under intimation to the Court concerned.

(5) The provisions of this Regulation should be complied with in the disposal of articles such as unclaimed property of deceased persons, articles the ownership of which is unknown, etc., referred to in F.R. 587.

**F.R. 589. Suitors Deposits.** (1) All moneys deposited in respect of Court actions or proceeding on behalf of suitors or beneficiaries should be deposited in a savings account of the National Savings Bank. Where a branch of the National Savings Bank is not available, deposits may be made through the nearest Post Office or Sub-Post Office. If the suitors or beneficiaries so desire, their moneys may be deposited in the Bank account of the Court. Deposit of such moneys in the National Savings Bank, Post Office or Sub-Post Office can be made **only** on a Court Order.

(2) The passbook relating to each savings account should be kept in the custody of a Trustee appointed by the Court concerned, or of the Registrar, who should:-

- (a) Submit the passbook annually to the bank for the purpose of crediting interest, and
- (b) Produce the passbook in Court as and when directed to do so.

All transactions in respect of each savings account should be made only through the bank branch, post officer or sub-post office at which the account was opened.

(3) Since balances in savings accounts which are dormant for seven years are liable to be transferred to the "Unclaimed Account" in terms of Section 41 of the National Savings Bank Act, the Court concerned should constantly review these savings accounts with a view to preventing the transfer of such balances to the "Unclaimed Account".

**F.R. 590. Withdrawal of Suitors' Deposits.** Withdrawal of Suitors' Deposits can be made only on presentation of a Court Payment Order signed by the Judge and the Registrar of the Court Concerned on Form Judicial C.F. 17.

If there are any irregularities or unauthenticated alterations on a Payment Order presented at a bank branch, post office or sub-post office, payment should be withheld and the payee should be referred back to the Court which issued the Order.

When a Payment Order is passed for payment, an entry to that effect should be made in the relevant case record.

**F.R. 591 Security and other Deposits** (1) *Security Deposits.* When a Judge makes an Order in terms of the provisions of Chapters VII and XXXVII of the Code of Criminal Procedure Act (Chapter 26) that a security deposit should be made in cash, the Court Officer duly authorised for the purpose, should accept such deposit, issue a receipt on Form General 172 and comply with the requirements of F.R. 582. He should also record the receipt of such deposit in a Deposit Ledger and in the relevant case record.

(2) *Other Deposits.* Other deposits such as Fiscal deposits, moneys to be paid to Local Authorities, and those in respect of compensation, maintenance, Police Reward Fund, Income Tax, Copying fees, etc., should also be accepted.

**F.R. 592 Deposit Ledger.** (1) All receipts and payments in respect of deposits should be recorded in the Deposit Ledger (Form General 69). All entries should be authenticated by the Registrar and the Chief Clerk of the Court. Where appropriate, separate ledgers to record different types of deposits such as security deposits, deposits in respect of the Police Reward Fund, Income Tax, etc., may be maintained.

(2) A few pages at the end of the Deposit Ledger must be reserved for a Control Account. The total receipts to Deposit Account in a particular month should be added to the balance in the Control Account as at the end of the previous month, and the total payments from Deposit Account for that month deducted there from. A monthly check should be carried out to ensure that the resulting balance tallies with the total of the individual balances of unpaid deposits.

**F.R. 593 Withdrawal of Security Deposits and Other Deposits.** Withdrawal of security deposits and other deposits can be made only on a Requisition of Form General 70 duly certified by the Judge and the Registrar. Payment thereof should be made only out of the cash imprest provided for the purpose by the Chief Accounting Officer.

Relevant provisions of F.R. 206 should be complied with in making such payments.

**F.R. 594 Lapsed Deposits.** (1) *Suitors' Deposits.* Suitors' Deposits will be considered as lapsed if they remain unclaimed for 10 years from the date of last transaction.

(2) *Security Deposits and Other Deposits.* The provisions of F.R. 570 will apply.

**F.R. 595 Disposal of Lapsed Deposits.** (1) *Suitors' Deposits.* Lapsed Suitors' Deposits should be credited to Revenue. Care should be taken to ensure that balances of accounts still being operated are not credited to Revenue.

(2) *Security Deposits and Other Deposits.* The provisions of F.R. 571 will apply.

**F.R. 596 Forfeiture of cash securities and conversion of cash securities into fines.**

(1) The following procedure should be followed in instances where cash securities deposited in respect of Court actions or proceedings are, by an Order of Court-

- (i) forfeited or
- (iii) converted into fines.

- (a) The cash security should be withdrawn from deposit in terms of F.R. 593, and credited to revenue.
- (b) The Court concerned should prepare a Requisition, in duplicate, on Form General 70, in favour of the Chief Accounting Officer and forward both copies to him.
- (c) The Chief Accounting Officer will incorporate the transaction in his monthly Summary of Accounts, enter the relevant particulars in the duplicate copy of the Requisition, and return it to the Court concerned.
- (d) Upon receipt of such copy, the Court concerned should record the relevant details in its Books and file it in the Case Record.

(2) Each Court should maintain a Register, as indicated in the specimen below, to record details regarding forfeiture of cash securities and conversion of cash securities into fines. Columns (1) to (5) of this Register should be entered when sending the Requisition in duplicate, to the Chief Accounting Officer while Column (6) should be entered after the duplicate copy is received from him.

**Register of Forfeited Cash Securities and Cash Securities converted into Fines**

(1) Case No.	(2) Value of Security  Rs.	(3) Date of Deposit	(4) Date of Forfeiture/ Date of conversion into fine	(5) No. and date of requisition	(6) Month of credit to Revenue

**F.R. 597. Police Reward Fund.** Where the informant is a Police Officer, the share of the fine which the Judge orders to be paid to the Police Reward Fund should be credited to Deposit Account in favour of the Police Reward Fund. The amount so credited should be forwarded monthly to the Inspection-General of Police along with a statement on Form Police 77.

**F.R. 598 Writ Index and Fiscal's Number.** Every writ must be given a Fiscal's number immediately upon receipts, such number being entered thereon in red ink. Writs must be filed in consecutive order, according to the Fiscal's numbers, in cupboards, according to the year, a separate series of numbers being commenced each year. A writ index must, in addition, be kept, showing the Court number, and against that the Fiscal's number, thus: "Badulla D.C. 1,812 – Fiscal's 93/1990. The index must be kept under the various districts and Courts, so that upon turning to the head "District Court of Badulla", if writ No. 1,812 is asked for it will be seen that the Fiscal's number is 93 of the year 1990 and the writ can at once be traced in the pigeon holes in the cupboard of 1990 writs.

**F.R. 599 Fiscal's Fees.** Fiscal's fees levied under Section 258 of the Civil Procedure Code (Chapter 105) should not be appropriated for any purposes other than those sanctioned by the Secretary to the Treasury or other lawful authority. The sanctioned appropriations will be listed and issued by the Secretary to the Ministry in charge of the subject of Courts Administration in the form of Rules of that Ministry, and any expenditure from Fiscal's fees not either provided for in such Rules or subsequently sanctioned by the Secretary to the Treasury or other lawful authority, will be disallowed by the Auditor-General.

**F.R. 600 Schedule of Account.** The receipts and payments under a writ must be shown on a Schedule of Account, so that all receipts and payments made on account of a writ are brought into one view. For this purpose Form Fiscal 21 must be used, and one or more of these forms must be attached to each writ file immediately it is received in Court. Every sum received must be entered against the proper head on this schedule, as also every payment made. Receipts for payments made must, whenever possible be attached to the Schedule as supporting vouchers for the entry. The reference to the Cash Book entry for both receipts and payments must be shown in order that it may be seen that every such receipt and payment has been duly recorded in the Cash Book and Ledger. This Schedule will form a complete check on the Cash Book and Ledger for all writ transactions. Space is left in the form for any entries necessary over and above the heads printed thereon.

**F.R. 601 Issue of summons abroad.** (1) Where a Court, at the request of any party, makes order that summons be served in a foreign country, a sum equivalent to the estimated cost of such service should be deposited by such party with the Court concerned, or with the Chief Accounting Officer.

(2) Where money is deposited with a Court, such Court should draw a cheque for that amount in favour of the Chief Accounting Officer and forward it to him along with the relevant summons.

(3) Where money is deposited with the Chief Accounting Officer, the Court Order and the summons should be handed over to him by the party concerned along with the money.

(4) The Chief Accounting Officer will place the amount in deposit, and forward the Court Order and summons to the Secretary, Ministry of Foreign Affairs, for execution of the summons through the relevant Sri Lanka Mission Abroad. The details of the Deposit Account to which the expenditure should be debited should be intimated to the Secretary, Ministry of Foreign Affairs.

(5) After the execution of the summons, the Secretary, Ministry of Foreign Affairs, will debit the expenditure to the Deposit Account of the Chief Accounting Officer through his monthly Summary of Accounts under intimation to the latter.

(6) Any balance in the Deposit Account should be refunded to the depositor by the Chief Accounting Officer. Any expenditure in excess of the deposit should be recovered from the depositor.

**F.R. 602 Dues to Local Authorities.** All fines, penalties and other moneys required by any written law to be paid to any Provincial Council Municipal Council, Urban Council, Pradeshiya Sabha or any other such Local Authority must be remitted to the said Local Authority by the Court concerned.

**F.R. 603 Recovery of expenditure incurred by the Central Government in conducting Courts on behalf of Local Authorities.** Where any written law prescribes that the expenditure incurred by the Government in conducting Courts on behalf of a Local Authority be determined by the Minister in charge of the subject of Justice, and such determination is made, the Chief Accounting Officer should initiate and pursue action to ensure that such amounts as determined is recovered from the Local Authority concerned and credited to Revenue.

**F.R. 604 Signing of Court documents.** Before affixing his signature to-

- (a) any record of the acceptance of a plaint, answer or other pleading which is accompanied by a tender of money into Court, or
- (b) any security bond conditioned for the forfeiture of a cash deposit, the Judge will satisfy himself by reference to the receipt that the required deposit has been made.

**F.R. 605 Court fees paid in stamps.** (1) *Collection and cancellation.* In cases where court fees are collected by adhesive stamps, the stamps will be affixed by the persons paying in such fees and effectually cancelled in accordance with the provisions of the Stamps Ordinance (Chapter 358) (see Section 6 to 13 of the Ordinance). The cancellation under Section 7 (3) of the Stamp Ordinance (Chapter 358) should whenever possible be performed by an officer other than the officer employed to sell the stamps.

(2) *Verification and Supervision.* (1) The Judge will detail the Registrar of the Court to exercise a general supervision over the checking of documents for duty.

(b) An officer who accepts from an Attorney-at-Law, any party or other person a stamp able document or issues a stampable document should be responsible for seeing-

- (i) that stamps to the proper values have been affixed, and
- (ii) that they are duly cancelled.

Such officer should report to the supervising officer any case of doubt or difficulty regarding the amount of duty, or any case where he finds or suspects that used stamps have been affixed.

(c) The Judge will also make test check at least once every quarter and preserve in the office a record showing the nature of the checks made by him.

(3) *Records to be maintained.* (a) A record of the stamp duty paid in each case, in every Court should be kept on Form Judicial C-C38 (civil proceeding) or Form Judicial C-C39 (testamentary proceedings) must be laid before the Registrar with each "final account" submitted for Audit, in order that he may certify thereon to the correctness of the duty levied, or point out to the Judge for necessary action any deficiency which he may detect.

(b) Each officer who is charged with the duty of receiving or issuing stamp able documents should also keep a register on Form Judicial C-C40 showing daily the stamps used on documents dealt with by him. These registers should be entered up at the time entries are made on Forms Judicial C-C38 and C-C-39, and sent daily to the officer authorised in that behalf by the Judge, to be inspected and initialed by him. The officer so authorised should summaries the stamp duty monthly in a summary sheet showing separately the total amount of stamp duty recovered-

- (i) in original Court proceedings in testamentary cases,
- (ii) in original Court proceedings in other civil cases,
- (iii) in proceedings on appeal in all civil cases (including testamentary cases).

*Note 1.* – A sub-column should be provided under each of the above divisions to show separately the stamp duty recovered on Fiscal's processes.

*Note 2.* – Binding Fees, recovered in stamps, should not be entered in Forms Judicial C-C38, C-C39 and C-C40, but should be entered in a separate register specially maintained for recording Binding Fees. For convenience of auditing, fees recovered in different classes of cases, such as testamentary, money, land, etc., should be shown in separate folios of the register.

(4) *Returns of Collections to be furnished.* (a) At the end of each financial year a return of the total amount of stamp duty recovered in that year in proceeding under (i) to (iii) of paragraph (3) (b) above should be forwarded by the Court concerned to the Commissioner-General of Inland Revenue.

(b) The Register of the Supreme Court should at the end of each financial year, forward to the Commissioner-General of Inland Revenue, before the end of January of the following year a return showing the total amount of stamp duty recovered during that financial year in original proceeding in the Supreme Court, and in respect of the issue of certified copies or extracts of documents.

(c) The Registrar of the Court of Appeal should at the end of each financial year, forward to the Commissioner-General of Inland Revenue before the end of January of the following year a return showing the total amount of stamp duty recovered during that financial year in the Court of Appeal.

(5) *Checks.* The entries made in the forms and summary sheets, referred to above, will be checked periodically by officers deputed by the Commissioner-General of Inland Revenue.

**(No. F.R.R. Issued Under Nos. 606-609)**



## CHAPTER XI

**FOREIGN AID**

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## CHAPTER XI

## FOREIGN AID

## Section 1 - General

**F.R. 610 Foreign Aid Negotiations** – All negotiations for foreign aid should be conducted by the Director-General of the External Resources Department of the Treasury. All enquiries with regard to the availability of foreign aid for any project or purpose should be made from the Director-General of the External Resources Department.

**F.R. 611 Categories of Foreign Aid** – Foreign Aid received by the Government can be classified into the categories described below depending on the type of aid, the terms on which aid is received from donor countries/agencies and the form in which aid is received.

<i>Type of Aid</i>	<i>Terms</i>	<i>Form of Aid</i>
(1) Project Aid (Capital Aid)	(a) Repayable Loans/Lines of Credit	(i) Cash, equipment, materials and ancillary services
	(b) Grants	(ii) Consultancy and ancillary services and Technical Assistance received as part cost of a project.
(2) Technical Assistance	(a) Grants	Scholarships, training facilities, services of experts, and ancillary materials, cash and equipment.
	(b) Loans	
(3) Commodity Aid	(a) Grants/Loans	Facility to meet foreign exchange cost of equipment supplies etc. The importing agency or government department has to pay the rupee value of the imports (CIF/Colombo) to the Counterpart Fund.

<i>Type of Aid</i>	<i>Terms</i>	<i>Form of Aid</i>
(4) Programme Aid	(a) Grants/Loans	Financial assistance for specific programmes
(5) Balance of Payment assistance	(a) Grants/Loans	Foreign exchange assistance provided by bi-lateral and multilateral donors.

**F.R. 612 Reimbursable Foreign Aid** – Reimbursable Foreign Aid refers to expenditure disbursed in local currency against provision under Reimbursable Foreign Aid in the Estimates for the execution of a Project financed in whole or in part by Foreign Aid and which is reimbursable in accordance with eligible percentages and conditions stipulated in the Loan/Grant Agreement. Reimbursements when received represent installments of drawing on the Foreign Aid Loan or Grant.

**F.R. 613 Project Aid (Capital Aid)** – Project Aid or Capital Aid is integrated with budgetary expenditure and its utilization should be provided for in the Annual Estimates under Recurrent or Capital Projects of Expenditure. Project Aid in the form of cash, equipment, materials and ancillary services is received as Loans (including Lines of Credit) and Grants. Project Aid in the form of Loans and Grants can also include consultancy and ancillary services and technical assistance as part cost of a project.

**F.R. 614 Technical Assistance** – Technical Assistance includes the services of experts, scholarships, training facilities, cash, equipment and materials. These are received as grants under Technical Assistance Programmes. Projects financed by Loans and Grants also can include Technical Assistance as part cost of the project. – Vide F.R. 613.

**F.R. 615 Commodity Aid** – Commodity Aids is a facility made available by Donor Countries/Agencies to meet the foreign Exchange cost of equipment, supplies etc. These facilities are provided to the Government by way of Grants or Loans. Departments and other local agencies procuring equipment, supplies etc. under these facilities should pay the rupee equivalent of the C..I.F. (Colombo) value of same to the Government. The Government uses the funds so realised to finance its budgetary expenditure or especially when such aid is provided in the form of grants, to finance specific projects agreed to by the donor. The funds realised by Government in this manner are called "Counterpart Fnds".

**F.R. 616 Programme Aid** - Programme Aid refers to financial assistance received for specific programmes in the form of Loans and Grants to support budgetary expenditure. Where these do not affect government expenditure, provision is not required to be made in the Estimates of Expenditure. (However, these are included as receipts of government).

**F.R. 617 Balance of Payment Assistance** - Balance of Payments Assistance is received by government from bi-lateral and multi-lateral donors to recoup foreign exchange costs already incurred on imports and other authorised payments.

(No. F.R.R. issued under No. 618 and 619.)

## **Section 2 – Financial Provisions for Utilisation of Foreign Aid**

**F.R. 620 Estimates of Receipts** - The Estimates of Revenue include the following items to record the receipt of Foreign Aid:

- Hd. 8 – 2 Grants (Other than capital equipment) received from foreign governments and agencies including non-capital cast grants;
- Hd. 11 – 1 Value of equipment gifted by foreign governments or agencies;
- Hd. 11 – 2 Cash grants for purposes of capital expenditure;
- Hd. 14 – 1 Project Loans;
- Hd. 14 – 2 Commodity Loans;
- Hd. 14 – 3 Other Loans.

Secretaries and Heads of Departments should provide necessary particulars to the Director General Department of State Accounts of the Treasury to credit the amounts of Foreign Aid received to the appropriate Revenue Head, Sub-Head and Item of Receipts.

**F.R. 621 Estimates of expenditure** - (1) Financial provision for all projects (activities) financed either wholly or partly from Foreign Aid, including Reimbursable Foreign Aid, should be included in the Annual Estimates, and no such Aid should be utilised unless and until such provision has been made for it either in the Annual Estimates or by means of Supplementary Estimates or by "Virement" procedure.

Each project financed wholly or partly by Foreign Aid will be a Project either under Recurrent series 001 to 100 or Capital series 104 onwards, also showing provisions under the appropriate Object Classes. Financing details should also be indicated as follows:

- (11) Consolidated Fund.
- (12) Foreign Aid – Loans (.....\*)
- (13) Foreign Aid – Grants (.....\*)
- (14) Reimbursable Foreign Aid – Loans (.....\*)
- (15) Reimbursable Foreign Aid – Grants (.....\*)
- \* *Source of Aid/Loan No.*
- (16) Counterpart Funds.

(2) Financial provision for foreign aided projects should be made only if such projects have been approved by the government. As all Capital Aid is integrated with budgetary expenditure its utilization should be provided for in the Annual Estimates. Foreign Capital Aid should not be utilized unless and until financial provisions has been made for it either in the Annual Estimates or by means of Supplementary Estimates or by "Virement" procedure. Where it is found necessary to utilize any capital in respect of which no provisions exists in the Annual Estimates, provision should be made for the purpose by means of Supplementary Estimate or "Virement" procedure. Even a liability should not be incurred in anticipation of Capital Aid until at least the approval of the Cabinet has been obtained for the scheme or project which is to be financed from Capital Aid.

(3) No financial provision need be made for Technical Assistance in the form of services of experts, scholarships and training facilities received under a Technical Assistance Programme as referred to under FR. 614, as these do not affect the budgetary expenditure by Government. However, particulars of such technical assistance (such as the number of scholars undergoing training abroad and the number of experts providing services in Sri Lanka, the duration of such services or facilities and the country or Agency providing the services, facilities etc.) should be (shown in the Estimates of Expenditure by a foot-note under the relevant programme) maintained.

(4) Where Technical Assistance forms part of a Project Aid (Capital Aid) Project, provision should be included in the Estimates of Expenditure as in (1) above.

(5) Financial provision for utilisation of Commodity Aid should be made under Consolidated Fund and not under Foreign Aid.

(6) If Foreign Aid of an ad hoc nature in small amounts which cannot be anticipated at the time of preparing the Estimates is expected, the Director General National Budget should be addressed when such foreign aid is received.

(7) Where Foreign Aid expenditure is to be incurred under an Advance Account, the amounts and financing details should be indicated by a foot-note to the Advance Account.

**F.R. 622 Gifts of Equipment and Materials for which Financial Provision has not been made in the Estimates at the time of receipt** – Gifts of equipment and materials can be received from foreign Governments and Agencies in special circumstances like floods, epidemics, droughts, etc., and for other specific purposes which may not have been anticipated at the time of preparation of the Draft Estimates. Departments should keep separate records of these gifts in their Inventories or other registers. Provision should be made by "*Virement*" Procedure or by Supplementary Estimate, if possible, during the year of receipt and the value of such gifts should be brought to account in the same manner as indicated in F.R. 625 (1) (c). In exceptional circumstances, where "*Virement*" procedure or Supplementary Estimates procedure cannot be resorted to during the year of receipts, provision should be made in the following year's Estimate for the purpose of bringing to account the value of the gifts. The value to be brought to account should be the exact value if known, or an approximate value determined in consultation with the Director-General of External Resources Department.

**F.R. 623 Provision in respect of Foreign Aid to State Corporations** – (1) As Foreign Aid is given on a government to government basis, all aid to State Corporations is channeled through the Ministries in charge of such Corporations. The responsibility for including provision in the Estimates of expenditure of the Government in respect of any Foreign Aid to be utilized by the State Corporations devolves on the Ministries in charge of the respective Corporations. Any part of the provision made in the Estimates for Foreign Aid utilization will not be made available to the State Corporations if such Foreign Aid has not been actually received.

(2) In regard to loans to Corporate Bodies/Public Enterprises from Foreign Loans, the Secretaries to the Ministries concerned should take adequate steps to ensure satisfactory repayments to government of the Loans, and payment of interest thereon, where applicable.

**(No. F.R. Issued Under No. 624)**

### **Section 3 – Accounting of Foreign Aid Expenditure**

**F.R. 625 Recording of Foreign Aid Expenditure in the Treasury Books** – As the Treasury Expenditure Ledger provides for the Consolidated Fund expenditure and the various components of Foreign Aid expenditure of an Object Class to be brought to account separately, Accounting Officers should keep accounts relating to expenditures on foreign aided projects under the standardised detail referred to in F.R. 621 (1). The Monthly summaries and Transfer Orders rendered to the Treasury should clearly indicate the standardised financing details of the relevant Object Class under which such expenditure is being brought to account.

(1) *Grants in the Form of Materials and Equipment.* -

(a) On receipt of materials and equipment as Foreign Capital Aid Grant for utilisation direct on a specified project, the rupee value should be ascertained by the Department concerned from information contained in documents relating to the supply. Any instance where the value is unrealistic should be brought to the notice of the Director-General of External Resources Department. Where sufficient information is not available, an estimated value should be computed by the Department in consultation with the Director-General of External Resources Department.

(b) Particulars of the equipment and materials should immediately be posted in the Inventory or other Register maintained for the purpose by the Department.

(c) The value should be brought to account as follows:-

Debit – programme, Project, Object Class and Financing detail (Foreign Aid Provision) and

Credit – General Treasury Foreign Aid Grant Account (being value of materials and equipment received from ..... (donor) as a Grant for the ..... (Name of Project) debited to Foreign Aid Provision in the Estimates and credited to the General Treasury Foreign Aid Grant Account).

(d) This transaction should be brought to account through the Monthly Summary of Accounts rendered to the Treasury in the case of "A" Class Department or through Transfer Orders on Form General 122 in the case of "B" & "C" Class Departments.

(e) It will be the responsibility of the Accounting Officer to ensure that all equipment and materials the value of which is included in the Summary of Accounts or Transfer Order, are taken on charge in Inventory or other Registers as in (b) above.

(f) A statement in the Form as at Appendix 14 should be furnished to the Director-General of State Accounts (Public Debt Branch).

(2) *Loans in the Form of Equipment Materials and Services.* -

(a) In the case of equipment, materials and services of experts received under Loans and Lines of Credit, the Director-General of State

Accounts receives intimation of the value of such receipts monthly from the Central Bank as disbursements under the relevant loans from which the Project are financed. The accounting entries in the Treasury will be-

Debit Appropriate Programme, Project, Object Class and Financing details (Foreign Aid Provision) of the Department.

Credit relevant Loan Account from which the Project is financed. (being disbursements from the ..... (name and number of loan) reported by the Supdt. of Public Dept, Central Bank, during the month ending ..... on account of withdrawals made for financing ..... (Name of Project).

- (b) The Director-General of State Accounts will forward a copy of the Transfer Voucher to the Department concerned. The Department will reconcile the Debit made by the Treasury with the withdrawals made by the Department, from the Foreign Loan and note the debits in the Department's Appropriation (votes) Ledger where the Foreign Aid provision in the Estimates has been noted.
- (c) The Departments should ensure that particulars of equipment and materials are posted in the Inventory or other Registers maintained for the purpose by the Department.
- (d) If the debits are considered to be inappropriate for any reason, the matter should be immediately taken up with the Director-General of State Accounts, with copy to the Director-General of External Resources.
- (e) A quarterly statement as in Appendix 15 should be forwarded to the Director-General of State Accounts also certifying that the equipment and materials were taken on charge in Inventory or other Registers in respect of the debits confirmed.

(3) *Grants in Cash*. – When cash is received in the Treasury it will be credited to the appropriate Grant Deposit Account pending utilisation by the relevant Projects. The Departments receiving cash remittances direct from Donors should also deposit such receipts in the Treasury. When provision is made in the Estimates for utilisation of such Grants, the Departments should apply to the Director-General of State Accounts, through the Director-General of External Resources, for an allocation of funds from the relevant Grant provision and obtain it before incurring any liability or expenditure. The allocation should be noted in the folio of the Departmental Appropriation (Votes) Ledger where the relevant Foreign Aid provision in the Estimates has been entered, and all expenditure should be debited to the provision in the Estimates. The procedure in the Department will be:-



(a) Debit – Appropriate programme, Project, Object Class (Foreign Aid Provision) and Credit – Cash (being expenditure incurred from the cash allocation, under ..... (Name of Grant Account).

The expenditure should not, however, exceed the allocation of cash or the Foreign Aid Provision in the Estimates.

- (a) The expenditure should be brought to account in the Monthly Summary of Accounts rendered to the Treasury (in the case of "A" Class Departments), or by Transfer Order on For General 122 (in the case of "B" & "C" Class Departments).
- (b) A monthly statement in the form as at Appendix 16 should be furnished to the Director-General of State Accounts (Public Debt Branch) and the Director-General of External Resources

(4) *Loans in the Form of Cash Remittances from Foreign Governments or Agencies.* – When cash remittances are received, the Director-General of External Resources, will inform the Departments for which such remittances are intended, as well as the Director-General of State Accounts, who will credit the cash receipts to the appropriate Loan Accounts. The Departments should note the amounts in the Appropriation (Votes) Ledger folios where the Foreign Aid Provision in the Estimates is noted and incur expenditure, debiting the provision, up to the extent of the amount, in the same manner as indicated in F.R. 625 (3) and follow up with other action enumerated there in.

(5) *Reimbursable Foreign Aid:*

- (a) Claims for reimbursement should be made by Project Implementing Agencies or by Ministries and Departments promptly. A delay in claiming re-imburement will result in non-disbursement of aid and the utilization of local funds when Foreign Aid is available.
- (b) Reimbursement claims should be serially numbered and made in the forms prescribed by the Donors and in the respective Aid Agreements. Care should be taken to ensure that all claims are accompanied by certified Statements of Expenditure and by copies of payment documents where required.
- (c) Claims should be made monthly subject to any special conditions regarding frequency and minimum amounts. Where substantially large claims arise these should be made promptly apart from the claims at the end of the month.

- (d) All claims should stipulate that payment in re-imbusement should be to the credit of the account of the Deputy Secretary to the Treasury at the Central Bank. The claims should also specifically stipulate that remittances should be forwarded direct to the Chief Accountant of the Central Bank, and not to the claimant or any other party.
- (e) In the case of revolving Special Accounts, re-imbusement to the Deputy Secretary to the Treasury will initially be made from such account and replenishments will be credited to the same account.
- (f) Any re-imbusement received direct by a Ministry/Department should be remitted in full immediately to the Treasury (Department of State Accounts), with the relevant claim particulars, without utilizing any part of it, under advise to the Director-General of External Resources.
- (g) Claims rejected by the Donor, either in part or in full and any discrepancies between the amounts claimed and the amounts received should be investigated and necessary action pursued. Wherever the re-imbusement of amounts reduced cannot be pursued, the expenditure should be transferred to Consolidated Fund provision.
- (h) The Treasury (Department of State Accounts) will deal with differences due to parity rates, in consultation with the Central Bank, through the "Revaluation Account" maintained at the Central Bank.
- (i) A monthly return of Re-imbursable Foreign Aid indicating cumulative expenditure, re-imburements claimed and received should be furnished to the Director General of State Accounts and the Director General of External Resources by Accounting Officers/ the Chief Accounting Officers in respect of all project involving Re-imbursable Foreign Aid expenditure.
- (j) Re-imbursable Foreign Aid utilization, expenditure, claims for and receipt of re-imburements, should be closely monitored by Accounting Officers and Chief Accounting Officers.
- (6) Technical Assistance – (a) Departments should maintain separate records of all foreign Technical Assistance received by them under Technical Assistance Programmes. The records in regard to experts should show the names of experts whose services have been availed of, the duration of their services, nature of assignment, and the country or Agency **providing** the services.

Similarly records should be maintained in respect of scholarships and training facilities as well. These records should also show the value of the scholarships and training facilities. If exact information regarding the value of scholarships/training facilities is not available, an approximate computation should be made taking into consideration the cost of travel, subsistence, books, allowances for clothing and medical expenses and the hypothetical cost of training which should be determined in consultation with the Director-General of, External Resources Department.

(b) At the end of each quarter of the financial year, a Return of services of experts in the form as at Appendix 22 and a Return of scholars and trainees in the form as at Appendix 23 should be sent to the Director General of External Resources Department, with copies to the Auditor-General.

(c) Where materials, equipment and cash are received as part of a Technical Assistance Programme they should be brought to account in the same manner as Grants referred to in F.R.625(1) and (3) respectively.

(d) Where equipment is received as part of a Technical Assistance Programme, the ownership of which is retained with the Donor until the programme is over, such equipment should be kept in separate Inventories. If and when the ownership passes over to the Government at the end of the programme, a Board should be appointed to determine the value of the equipment at the time of the transfer of ownership and such value should be brought to account in the same manner as for materials and equipment received as Grants – see F.R.625 (1)

(e) Technical Assistance received as part cost of a Project Aid (Capital Aid) Project will be brought to account in the same manner as other components of the Project.

(7) *Programme or Commodity Aid* –(a) Programme or Commodity Aid can be utilized only after obtaining an allocation from the Director-General of the External Resources Department. The rupee equivalent of the value of imports under this type of Aid should be paid to the credit of the Government Counterpart Fund Account in the Central Bank.

(b) All imports under Commodity o Programme Aid should be channeled through State Banks only. It should be ensured that in all cases, without exception, shipping documents covering these imports are received only through one of the State Banks. The suppliers should be advised to refrain from forwarding any shipping documents direct to the importers.

(c) In all cases, the Counterpart Funds should be paid in full to the Bank before taking delivery of the shipping documents relating to the imports. Government Departments should make payment debiting the Consolidated Fund provision under the appropriate Head, programme, Project, Object Class etc. or the Advance Account,

according to circumstances. Corporate Bodies/Public Enterprises should make payment from their own funds. The Bank receiving payment will remit the amount involved to the Central Bank to the credit of the Government Counterpart Fund Account.

(8) *Special (Foreign Currency)Accounts* – (a) Special Accounts in foreign currency are provided by Donor Agencies in certain instances in order to facilitate disbursements. All project implementing agencies should make the maximum use of this facility.

(b) Where the special Accounts are on a revolving basis, replenishment applications should be forwarded monthly subject to any minimum stipulated.

(c) Re-imbursable Foreign Aid expenditure of each month should be reimbursed to Deputy Secretary to the Treasury promptly in the following month through the special Account.

(d) The balance in the special Account at the end of a month should be reconciled with the initial deposit ( subject to variations) indicating Replenishment Applications made and outstanding, and payments in respect of which Re-imbusement Applications are due to be made. Any differences should be explained and action taken to make necessary adjustments. A copy of the monthly reconciliation Statement should be forwarded to the Director General of External Resources, and Director- General of State Accounts of the Treasury.

(e) Where the Special Account is not on a revolving basis, action should be taken to liquidate the advances obtained. A statement indicating the advances obtained, amounts liquidated and balance outstanding should be furnished as at the end of each month to the Director-General of External Resources, Director-General of State Accounts and the Director Internal Audit & Investigations.

(f) Expenditure from the revolving special ( Foreign Currency) Accounts other than the re –imbusement to the Deputy Secretary to the Treasury will be brought to account by the Director General of State Accounts in the same manner as in FR.625(1)(a) and (b). Action should also be taken as indicated in FR. 625(1)(c), (d) and (e).

**F.R. 626 Annual Accounts** - Annual Accounts of each project, duly audited by the Auditor General, are required to be furnished to the Donors especially where a covenant to this effect appears in the Loan / Credit Agreement. These should be prepared based on separate accounting records of the project maintained in accordance with accepted accounting principles, which require adoption of accrual accounting procedures. Books and records on the Double Entry basis should be maintained in these instances in order to meet the requirement and to facilitate the preparation of Annual Accounts without delay.

FINANCIAL REGULATIONS

**(No. F.R. issued under No. 627 - 629)**

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## CHAPTER XII

## PRINTING AND PUBLICATION

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## CHAPTER XII

## PRINTING AND PUBLICATION

## Section 1 – General

**F.R630. Government Printing Committee.** There shall be a Committee consisting of the Secretary to the Ministry in charge of the subject of Information (Chairman), Assistant Secretary of that Ministry (Convenor), Government Printer, Director of Information and a Treasury representative, which shall be known and referred to as “ The Government Printing Committee.” The functions of the Committee are as follows:-

- (a) The general control over printing and binding executed at the Government Press, and advertising by Government Departments;
- (b) to approve the printing of all Government publications and forms, new or amended;
- (c) to determine the extent of free issues of publications;
- (d) to approve the general conditions and ‘format’ of all advertisements;
- (e) to approve newspapers for purposes of Government advertisements;
- (f) to advise Departments on matters of printing, binding and advertising, particularly in relation to economy;
- (g) pricing of Government publications; and
- (h) printing in private presses.

**F.R. 631. Government Gazette.** (1) CLOSING TIME FOR INSERTIONS. All Government notifications, advertisements, etc., for publication in the Government Gazette should be sent direct to the Government Printer. The closing time for acceptance of material for such publication is usually indicated on the last page of each Section of the Government Gazette. Any change in the closing time requires the authority of the Government Printing Committee, and departments will be given sufficient notice by the Government Printer of such change.

(2) *Urgent Notifications.*- With the authority of the Secretary to the Ministry concerned, a Gazette Extraordinary may be issued in case of an urgent need for the publication of a Government Notification.

(3) *Economy.*- Before publication, the Government Printer will examine the “format” of all matter sent for publication, and take steps to ensure that due economy is observed.

(4) *Extracts.* - As the type matter of the Gazette is broken up soon after publication, the number of copies of extracts required by the department should also be applied for at the time documents are forwarded for publication.

**F.R. 632. Printing and Binding Work and Publications in the Government Gazette.** (1) FREE EXECUTION. All printing and binding work, and the publication of notifications and advertisements in the Government Gazette, are undertaken by the Government Printer free of charge of Government Departments, other than,

- (a) commercialized departments ( e.g. the Railway Department), and trading activities operated on Advance Accounts;
- (b) departments which carry specific provision in their Annual Estimates, for printing and binding work or for notifications and advertisements publish in the Government Gazette; and
- (c) departments whose expenditure is met from specific funds not provided for in the Annual Estimates.

In the case of (a) and (b) above, full particulars of provision in the Estimates, or the title of the Advance Account ( as the case may be), should be intimated to the Government Printer at time of placing the order for the work. The Government Printer will debit the cost accordingly.

In the case of ( c) above , payment should be made as indicated in F.R. 680 (1)(b).

(2) *Rates of Charges* - When payment has to be made by Government Departments for the insertion of notices, advertisements etc., in the Government Gazette, charges will be levied at current rates. These rates will be notified to departments by the Chairman, Government Printing Committee from time to time, in consultation with the Government Printer.

**F.R. 633. Printing and Binding at Private Presses.** (1) *When the Government Printer cannot execute the work.*- When, owing to pressure of work or other cause at the Government Press, it is considered necessary to entrust any printing or binding work to private printing establishments the authority of the Secretary to the Ministry concerned should be sought. The Government Printer will call for quotations and arrange for the early execution of the work on grant of authority.

(2) *Emergency and Casual Work* - Any emergency casual printing or binding jobs, which have to be executed at very short notice, may be authorized by the Head of Department personally, to be done locally after calling for quotations, provided cost does not exceed Rs. 1,000. The expenditure may be charged to the Departmental financial provisions for incidental expenses.

(No. F.R.R. Issued Under Nos. 634 -639)



## **Section 2 – Orders for Printed Forms and Binding**

- Note 1. - For the purpose of these Regulations the term “printed form” means a form of any kind, whether loose or bound, which requires entries to be made on it. Forms are classified into “General” and “Departmental”. The former are those designed for use of all departments, and the latter, primarily for use of a particular department, although it may be used by other departments.
- Note 2. - Regarding orders for Counterfoil Books, see F.R. 340.
- Note 3. - Applications should be made to the Postmaster – General, General Manager of Railways and the Director-General of Customs for the Printing of Postal, Railway and Customs Forms respectively.

**F.R. 640. Ordering of Printed Forms.** (1) *General and Treasury and Audit Forms* –The Government Printer has evolved a Programme for printing and supplying of Printed Forms required by Departments. By this programme the Government Printer prints and maintains a sufficient stock of these Forms. Departments can obtain these Forms at any time. Departments should ensure that they do not draw more than three months’ requirements of these Forms at any one time.

(2) *Departmental Forms* – A print order should be sent to the Government Printer for the printing of Departmental Forms which have been approved by the Printing Committee. The Government Printer will then print and supply the required number of such forms. Departments should ensure that they do not order in excess of their requirements of such forms. A specimen copy of each such Departmental Form required should accompany such order for printing.

**F.R. 641 . Custody and Issue of Printed Forms .** An officer should be placed in charge of, and be made responsible for, the placing of orders in due time and for the receipt and issue of printed forms. He should maintain a stock register with notes of maximum and minimum stocks. Any unusual increase in consumption should be examined and reported on immediately to the Head of the Department so that necessary action may be taken.

**F.R. 642. New and Amended Forms.** (1) New forms and amendments. – Applications ( in triplicate) for new “ departmental” printed forms, or for the amendment of such forms, should be made on form General 3 to the Government Printing Committee through the Secretary to the Ministry concerned and the Government Printer. “ General” forms can be introduced, amended, or made obsolete only by the Treasury ( Department of Public Finance).

(2) *Legal Forms.* – Legal forms (whether “Departmental” or “General”) approved by the Legal Draftsman, Attorney-general or the Secretary to the Ministry of Justice, should not be amended without the concurrence of the authority which approved the original Forms.

**F.R.643 Obsolete Forms.** (1) *Obsolete Counterfoil Books and ‘General’ Forms.* – When Counterfoil Books issued by the Treasury (F.R. 340), or departmental Counterfoil Books, or ‘General’ forms, become obsolete, the Treasury (Department of Public Finance) should be consulted before any action is taken.

(2) *Obsolete Legal Forms* – In the case of obsolete legal forms, the Secretary to the Ministry of Justice should be consulted.

(3) *Obsolete Departmental Forms, other than Counterfoil Books.* – Stocks of obsolete “departmental” forms (other than Counterfoil Books) should be destroyed. If the forms are printed only on one side, they may be effectively cancelled under the supervision of a responsible officer, and later used for office work.

**F.R.644. Binding.** Orders for binding may be placed at any time and must be prepared on Forms G.P. – C66 which should contain all instructions meant for the Government Printer. Departments should allow adequate time for execution of orders. Where a large quantity of work is involved and the work has to be completed by a particular date, the department concerned should advise the Government Printer, in good time, when the material will be ready to be forwarded to him, and indicate the volume of work involved. The Government Printing Committee need not be consulted. The Government Printer will, however, refer to the Committee any order which, in his opinion, appears extravagant.

**(No. F.RR. Issued Under No.645 – 650)**

### **Section 3 – Printing and Distribution of Publications**

**F.R.651. Books, including booklets and pamphlets.** (1) *Of publicity value to the Government.* – The production of books, booklets, pamphlets, etc., of publicity value to the Government, is the function and responsibility of the director of Information. Applications for the purpose, together with the manuscripts or lay out of the proposed publication, and particulars regarding the accounting of the cost of publication, should be made, through the Director of Information to the Secretary of the Ministry concerned, who will consult the Government Printing Committee. In special cases the expenditure will be met by the Director of Information.

(2)for departmental publicity. – Applications for the production of books, booklets, pamphlets, etc., for departmental publicity purposes, should be made, together with a copy of the manuscript or layout, to the Government Printing Committee, through the Secretary to the Ministry concerned and the Government Printer. However, where a department's activities require the regular or intermittent issue of handbills, pamphlets, etc. (e.g. those issued by the Health and Agricultural Departments), general authority of the Government Printing Committee for such issues should be obtained through the Secretary to the Ministry concerned. Thereafter, application for each such issue may be forwarded direct to the Government Printer.

**(No.F.RR. Issued Under Nos. 652 – 653)**

**F.R. 654. Preparation of 'copy' and prompt return of Proofs.** 'Copy' must be carefully prepared to avoid delay and expenses resulting from heavy corrections by the author, and should, wherever possible, be typewritten on only one side of the paper. As a general rule, the author will be supplied with one proof only. Two copies of the proof will be supplied, of which one should be returned within two weeks after correction. Any undue delay in the return of proofs will be brought to the notice of the Secretary to the Ministry concerned by the Government Printer.

**(No.F.RR. Issued Under Nos. 655 – 656)**

**F.R.657 Free Distribution of Government Publication (including the Government Gazette).** (a) The Government Printer distributes free of charge to Government Departments copies of the government Gazette as well as other Government Publications (except those of the Information Department) in accordance with distribution lists approved by the Government Printing Committee.

(b) The approval of the Government Printing Committee should be obtained for the distribution of any special departmental publication, at the time sanction for the printing of the publication is sought. Other departments which may also be interested in the publication should be addressed by the department requiring the publication, in regard to their requirements before the distribution list is finalised. A sufficient number of copies should be ordered to avoid reprints, which are expensive and uneconomical.

**F.R.658 (1) Check Packages.** The contents of packages, particularly those containing Counterfoil Books of monetary value, from the Government Press, must be carefully checked with the advice immediately on receipt. Any discrepancies should be indicated on the advice which must be returned promptly to the Government Printer.

(2). **Non – receipt of Packages.** – The non –receipt of packages within a reasonable time after receipt of advice, should be notified to the Government Printer if the railway or the Post Office, as the case may be, is unable to trace them.

(No. F.RR. Issued Under no. 659-664)

#### **Section 4 – Administration Reports and Sessional Papers**

**F.R. 665. Scope of Reports.** (1) The object of an annual Administration Report is to present a succinct account of the activities of a department during the financial year under review. The officer furnishing the report will record all salient facts deserving special mention and, where necessary, provide a comparison between the year under review and the previous year; but all superfluous and trivial details will be avoided and every effort made to make the report terse, accurate and readable.

In particular, Administration Reports must not be used as a medium for criticism of Government policy, or of the working of the law, or the expression of grievances or complaints against other officers and departments.

(2) The following points should also receive particular attention:-

- (a) Detailed accounts of changes in personnel, reports by subordinate officers or local authorities, and information published elsewhere should be excluded, unless there is very good reason for their inclusion.
- (b) The use of photographs. Graphs, large folding tables, diagrams and maps should be avoided as far as possible. The specific authority of the Secretary to the Ministry concerned should be obtained for their inclusion for the first time.
- (c) Illustrations must be entirely excluded. “Copy” for graphs, when authorized by the Secretary, must take the form of tracings and not blue prints.

(3) Suggestions relating to questions of general administration, amendment of the law or reconsideration of the decisions previously arrived at, should not be made in Administration Reports.

(4) No deviation from these instructions should be made without the express authority of the Secretary.

**F.R. 666. Procedure.** (1) “Copy” for Administration Reports ( which should be typewritten on one side of the paper, with pages and paragraphs serially numbered) should be sent to the Secretary to the Ministry concerned not later than four months after the close of the financial year. The Secretary will satisfy himself that the requirements of F.R. 665 have been strictly observed, and will, if necessary, refer the “copy” back to the writer with any observations in regard to scope, form, contents or arrangements.

(2) When the report has reached its final form and has received the approval of the Minister, the Secretary will authorize the Government Printer to publish it. The Secretary must ensure that it is published before June 30<sup>th</sup>.

(3) The Government Printer will send one proof only, to the writer of the report, and on return of the corrected proof will publish the report.

**F.R. 667. Extra Copies.** Requests for extra copies over and above the number supplied in terms of F.R. 657 (a), should be made to the Secretary to the Ministry concerned when the “copy” is forwarded and should be limited to the barest minimum. The Secretary will indicate to the Government Printer the number of additional copies approved by him for issue.

**F.R. 668. Order of Printing.** Administration Reports will be printed in the order of receipt of “copy”. Priority will, however, be given to the printing of reports which are of general interest to the country, and to other Administrations, e.g. the Administration Report of the Director – General of Customs.

**F.R. 669. Style of Printing.** Royal octavo (10”x 6 ¼”) is the standard size of the Administration Reports and other Sessional Papers, but the Secretary to the Ministry concerned may, for special reasons, authorize publication in a different size provided the cost is not thereby increased. Normally the text, including annexes and appendices, which constitute a continuous narrative, will be printed in 10 point; and 8 point will be used for appendices, indexes, references, etc., which are not to be read continuously. The text will be in single column. Marginal captions will not be used.

**F.R. 670. Sessional Papers.** “Copy” for Sessional Papers should be forwarded to the Secretary to the Ministry concerned who will authorize publication.

## Section 5 – Press Notifications and Advertisements

**FR. 675. Classification Advertisements and Notices.** Government advertisements and notices published in newspapers, periodicals, etc., are of two kinds.

- (a) General and Casual Advertisements and Notices.
- (b) Commercial Advertisements, i.e., those in the nature of Trade Advertisements.

### **F.R. 676 General and Casual Advertisements and Notices.**

(1) *Approved Newspapers.* – General or casual advertisements of Government departments should be published only in newspapers approved for the purpose by the Secretary to the Treasury, on the recommendation of the Government Printing Committee. The Treasury will intimate to departments from time to time the list of such approved newspapers.

(2) *Number of Insertions.* - Every general or casual advertisement or notice must invariably be published in Sinhala, Tamil and English. Subject to this requirement, the number of insertions of each advertisement should be limited to one in Sinhala, one in Tamil and one in English. Heads of Departments should seek the prior authority of the Government Printing Committee if an increase in the number of insertions is necessary in particular cases, or generally for a particular class of advertisement. In exceptional circumstances, when an increase in the number of insertions becomes urgently necessary, a Head of Department may order the increase and immediately seek the covering approval of the Government Printing Committee.

Note - If the number of insertions or class of newspaper has been prescribed by law, the legal provisions should be complied with.

(3) *Financial Provision.*- Departments which require the regular or frequent publication of general and casual advertisements, should make specific Financial provision therefore in the Annual Estimate.

(4) *Orders for General or Casual Advertisements and Notices.* – Orders for the publication of general or casual advertisements and notices in the approved newspapers should be made out on form GPC 67 and forwarded to the Government Printer, who will examine the 'format' of the advertisements, and ensure that due economy is exercised. If the advertisements are to be published in the Government Gazette as well, form G.P. 67 should be accompanied by a covering letter containing the necessary instructions for publication in the Gazette – see also F.RR 631 and 677.

(5) *Orders for "urgent" General Advertisement and Notices.* – In exceptional circumstances, urgent advertisements and notices in the usual 'format' may be sent direct by departments to the approved newspapers, provided the approval of the Secretary to the Ministry concerned is obtained. The Secretary should verify whether the urgency has been caused by any officer's negligence and satisfy himself that no extravagance is involved. However, copies of the advertisements or notices and the authority of the Secretary should be forwarded to the Government Printer. Failure to do so, will result in undue delay in the settlement by the Government Printer of the bills rendered by newspapers.

(6) *Type* – Notices and advertisements in the newspapers will normally be in 8 point type. If for any reasons larger size is required, the sanction of the Government Printing Committee should be obtained.

(7) *Charges* – The rates of charges for advertisements and notices will be fixed by the Government Printing Committee for each approved newspaper.

**F.R.677. Abridged Short Notices and Advertisements – for Tenders, Vacancies etc.,** Notices relating to tenders, vacancies, etc., the full particulars of which are simultaneously published in the Gazette, should be sent for publication in the Press, under general headings such as "Government tenders". "Government Vacancies", Government Notices", etc. They should be prepared in an abridged form and forwarded to the Government Printer along with the corresponding notice intended for publication in the Gazette, to reach him before the closing time indicated in F.R.631 (1). The Gazette notice should be accompanied by a covering letter, and the abridged notice by form GPC.67. Translations should also be forwarded when and where necessary. The Government Printer will quote, at the end of each set of abridged notices, reference to the particular Gazette in which full information appears.

**F.R.678. Commercial Advertisements.** (1) *Specific Financial Provision should always be made.* – Departments which require the publication of commercial advertisements should always make specific financial provision for the purpose in their Annual Estimates.

(2) *Contracts for Space.* – As far as possible contract for space should be entered into in the case of Commercial Advertisements.

(3) *Direct Publication.* – Subject to the provisions of (1) and (2) above, departments are permitted to make direct arrangements with the Press for the publication of commercial advertisements.

In such cases payment may be made direct and not in terms of F.R.680.

**F.R.679. Sunday Editions.** In view of the higher expense involved, advertisements in Sunday editions of newspapers should be resorted to only in exceptional circumstances.

**F.R. 680 Settlement of Bills for Press Advertisements published through the Government Printer.** (1) Where orders for Press advertisements are placed through the Government Printer, he will intimate to the department concerned particulars of publication. On receipt of the bill the Government Printer will settle it from his Advance Account for “Charges for official advertisements by Government Departments in Newspapers”, and recover the cost in the following manner:-

(a) Where the cost is chargeable to provision in the Estimate of the department, or to an Advance or Deposit Account, the Government Printer will debit the cost accordingly through his monthly Summary of Accounts, and credit his Advance Account referred to above.

(b) Whenever the cost has to be met from funds whose accounts are not incorporated in the Treasury books (e.g. the National Housing Fund), the party responsible for the advertisement must pay the amount direct to the Government Printer.

(2) Delays in the settlement of these accounts will render the officers responsible liable to be surcharged the amounts involved. The Government Printer should take suitable steps to report cases of delay in settlement to the Secretary to the Ministry concerned.

**F.R.681. Publicity over Radio and Television** – In appropriate cases where it is considered absolutely necessary, Government Departments, may with the prior approval of the Secretary to the Ministry concerned, give publicity over Radio and Television.

**F.R.682.** – Secretaries and Heads of Departments are prohibited from publishing news paper supplements and advertisements projecting Political Personalities and Parties. If any violations are detected the officers will be liable for surcharge in addition to any disciplinary action.



## Section 2 - Supplies

**F.R.715. (1) Stores.** “Stores” means any article required in carrying out the services of a Government Department. The term includes, plant, machinery, equipment, fittings, animals, transferable plants and unserviceable articles and salvaged materials; but does not include buildings, land and standing trees.

(2) **Storekeeper.** An officer who is charged with the tasks relating to the receipt, custody or issue of stores shall, for the purpose of these Regulations, be referred to as a Storekeeper. The term includes such officers as stores clerks, and other officers performing similar duties.

Subject to particular instructions issued to Storekeepers, their duties comprise –

- (a) the acceptance of stores into personal custody, acknowledging them and accounting for them at all times ;
- (b) proper custody of stores, keeping them in good condition and methodically arranged, so as to admit of easy location and verification at any time ;
- (c) issue and disposal of stores under proper authority ;
- (d) recoument of stores in accordance with authorized procedures ;
- (e) maintenance of records, registers or accounts, for all receipts, issues, and disposals of stores, in the required manner, supported by appropriate documents ;
- (f) maintenance of distribution lists with proper acknowledgements, for stores assigned under authority to particular officers, branches or units for their official use or temporary custody ;
- (g) making issues only to persons whose identity has been established ;
- (h) making available for verification at any time the physical balance of stocks in hand ;
- (i) reporting to the appropriate Stores Officers regarding –
  - (i) any matters of which there is doubt, and obtaining the latter’s instructions.
  - (ii) any matters requiring the latter’s personal attention.
- (i) any stores requiring repairs or disposal

(3) **Stores Officer.** In these Regulations, an officer who is empowered by delegation or otherwise to perform any one or more of the following functions shall be referred to as a Stores Officer –

- (a) Supervision of the functions of Storekeepers ;
- (b) Checking the records, registers and accounts of Storekeepers, or verifying their stocks ;
- (c) Verification of the adequacy of quantities of stocks carried by Storekeepers ;
- (d) Maintenance of the Stores accounts of the department ;
- (e) The authorization of the receipt, repair, issue, sale or disposal of stores held by Storekeepers.

Stores Officers who authorize receipt of stores by particular Storekeepers, should also satisfy themselves that there is adequate and satisfactory storage space available in the stores, and that, in the case of transfer from one store to another, such transfer is necessary in the interest of Government.

A Stores Officer who authorizes a sale of stores should also satisfy himself that the sale value therefore has been fully realized.

**F.R.716(1). Financial Provision and Authority.** Stores should not be ordered unless appropriate financial provision therefore exists. Authority granted by or obtained in terms of these Regulations to procure supplies in a particular manner must not be deemed to constitute a grant of authority for incurring expenditure where financial provision for the purpose does not exist.

(2) **Economy, Quality, etc.** Stores should be purchased in the manner most advantageous to Government, due regard being paid to quality, price, reliability of supply and speed of delivery.

(3) **Propriety.** Officers dealing with purchases and sales or stores on behalf of Government should perform their duties with due regard to propriety, and are forbidden any advantage, direct or indirect, through such transactions.

(4) **Authorisation and Approval.** Officers concerned should acquaint themselves with the provisions of F.RR. 136 and 137.

**F.R.717. Methods to be followed in obtaining Stores.** The following are the normal methods by which a department is authorized to obtain stores required :-

- (a) By Requisition on PASU – F.R.724.
- (b) From Government Industrial Institutions – F.R.723. (Articles in Appendices 3 and 4 of the Government Stores Catalogue).
- (c) From State Industrial Corporations – F.R. 723A. (Articles in Appendix 5 of the Government Stores Catalogue).
- (d) By Indent on an Approved Overseas Agent of the Government F.R.737(3). (Articles which are not manufactured in Sri Lanka, and which are not stocked in the PASU).

(See also Note to F.R.690).

When stores cannot be obtained in the manner prescribed in (a) to (c) above, they should be procured through tender procedure. Stores envisaged in (d) above, may also be obtained through tender procedure, if the competent authority (F.R.686) so decides.

**F.R.718. Persons authorized to sign Indents and Requisitions.** The Head of each Department should send the Head of PASU, a list of names of officers authorized to sign Indents and Requisitions, together with six specimen signatures of each of them. Changes should be immediately notified in the same way.

**F.R.719. Government Stores Catalogue and Price List.** (1) The Government Stores Catalogue and Price List contains a main list of items of general stores which departments may obtain from PASU by means of Requisitions (F.R.724).

In Addition, the Catalogue contains the following Appendices :-

- Appendix 1 -specifies, by a list or otherwise those items of the main list referred to above, for which annual forecasts of the quantities required must be sent by departments, in terms of F.R.720 (i) ;
- Appendix 2 -containing a list of articles in common use which will be procured by PASU for all Departments ;
- Appendix 3 -containing a list of standardized articles generally available from Government Institutions;

Appendix 4 -containing a list of specialized articles generally available from Government Institutions;

Appendix 5 -containing a list of articles produced by State Industrial Corporations.

Note 1 - The introduction to the Government Stores Catalogue also provides instructions amplifying the procedure laid down below for obtaining supplies from the PASU.

Note 2- The value of stores supplied by PASU will be changed to Departmental votes or the appropriate Advance Account or the Deposit Account as the case may be.

Note 3 - The rates quoted in the Catalogue are subject to amendment. A list of amended rates will be issued by Head of PASU to departments early in each financial year.

**F.R.720. Annual Forecasts of Requirements.** Each Department must send to the Head of PASU, annually, on or before 31<sup>st</sup> August, separate estimates of its probable requirements for the following financial year in respect of the under mentioned items :

- (i) items indicated in Appendices 1 and 2 of the Catalogues ;
- (ii) items appearing in Appendix 3 of the Catalogues ;
- (iii) items appearing in Appendix 4 of the Catalogue.

Note – This forecast need not be sent by the Ministry of Education in respect of school furniture. Such furniture should be obtained from the approved sources in accordance with the special arrangements sanctioned therefore by the Government. F.R. 723 also does not apply.

**F.R.721. Purchases from Government Institutions and State Industrial Corporations.** Government Departments should, as a general rule, purchase their requirements of articles listed in Appendices 3 to 5 of the Government Stores Catalogue whenever possible, from Government Institutions and State Industrial Corporations in terms of F.R.723 and F.R.723 A. The prices of products of Government Institutions will be approved by **the Price Fixing Committee**. The Head of PASU should satisfy himself that the prices of the Corporations' products are not excessive in comparison with the ruling market prices. If the Corporations' prices are unreasonable, the Treasury should be informed so that the Treasury representative might take appropriate action.

**F.R.722.Price Fixing Committee.** The Price Fixing Committee shall consist of the Director General of Public Finance or his representative as Chairman, and the following as Members :-

- (1) A representative of PASU
- (2) A representative of the Ministry of Industries
- (3) A representative of the Department of Commerce
- (2) A representative of the Department or Institution concerned with the item or items for which the prices are to be fixed

**F.R.723. Procedure for obtaining stores listed in Appendices 3 and 4 of the Government Stores Catalogue and Price List.**

(1) Immediately after the budget has been passed, departments should write in, confirming or revising the estimates in respect of Appendices 3 and 4 of the Catalogue sent to the PASU, under F.R.720. If any article is required by a particular date, this should be stated.

(2) In the case of articles, other than textiles and furniture, the PASU will make allocations among Government Industrial Institutions, to the extent to which orders can be executed, and communicate them to the Institutions and the departments concerned. In the case of furniture and textiles, he will make allocations among Government Industrial Institutions, as well as the State Industrial Corporations, which produce them.

(3) After the allocations have been finalized, the following procedure should be adopted :-

- (i) Departments should negotiate directly with the Government Institutions concerned in respect of items appearing in Appendices 3 and 4, of the Catalogue.
- (ii) Departments should negotiate directly with the Government Corporations concerned, in respect of any items that have been allocated to Corporations by the PASU.

Payment for the items under (i) and (ii) above should be made direct to the Institutions or Corporations. Any disagreement relating to prices should be referred to the Treasury, Department of Public Finance for a decision.

**F.R.723A. State Industrial Corporations.** Departments may obtain stores (other than furniture and textiles –see F.R.723) required by them, direct from any State Industrial Corporation, which is able to supply them. Articles produced by State Industrial Corporations are listed in Appendix 5 of the Government Stores Catalogue and Price List, for the information of departments.

**F.R.724. Requisitions.** (1) A requisition, for the purpose of these Regulations, is an application, on the approved forms, made to PASU for the supply of stores. Separate Requisitions should be furnished –

- (a) for articles listed in Appendix 1 of the Government Stores Catalogue in form General 24 in quadruplicate ;
- (b) Articles listed in Appendix 2 of the Catalogue in Form General 23 A, in duplicate.

These requisitions should be forwarded to PASU well in time to enable him to enter into quarterly, half-yearly or annual contracts for the total requirements of all Departments.

(2) Whenever Requisitions are furnished for articles which are not included in the Catalogue, departments must give full particulars with exact specifications of their special requirements, and state the approximate cost of each article.

(3) Requisitions for articles usually kept in stock should reach PASU at least a week before the stores are required to be dispatched. In very urgent cases, a period of at least two days should be allowed. A longer period, of about eight weeks, should be allowed for articles which have to be specially made, or for which quotations have to be obtained by the PASU.

(4) In the event of an article entered in the Requisition being out of stock, or not procurable in the local market, the item will be deleted by PASU, and the Requisition closed with the articles that can be supplied. The PASU, should notify, as early as possible, his inability to supply the deleted item, so that the department concerned may take timely action to obtain it by following the prescribed procedures.

**(No F.R. Issued Under No.725)**

**F.R.726. Preparation of Requisitions.** (1) Form General 24 should be used for items listed in Appendix 1 of the Government Stores Catalogue, and form General 23 for items listed in Appendix 2, and for Special items.

(2) Requisitions on form General 24 should be prepared in quadruplicate, and those on form General 23, in duplicate.

(3) Each copy should bear the date and the following identification numbers which should be repeated on each page :-

- (i) The departmental code number which will consist of six or seven digits.
- (ii) The Requisition number consisting of five digits.
- (iii) Head, Programme, Project and Object Class in the case of voted funds, or Advance Account No. in the case of Advance Account Activities.
- (iv) Specific amount of funds allocated to cover the cost of the purchase.

(4) Instructions on the form should be strictly complied with. Remarks and delivery instructions must be noted on the back of each copy.

(5) All copies of a Requisition must be signed by an authorized officer, whose specimen signature has been forwarded to the PASU in terms of F.R.718.

**F.R.727. Delivery from the Government Stores.** The offices and stores of PASU will be open for issue of goods from 9.00 a.m. to 3.00 p.m. on each working day.

(2) All Departments must take delivery at PASU of goods issued from its stores. The person sent to take delivery, who should be a regular member of the establishment of the department, must produce a letter of authority from the department which should be accompanied by his specimen signature. He should sign the receipt of the Consignment Note in acknowledgment of the goods after checking them and take away the consignment note with the goods.

Note -The second copy of the executed requisition is the "Consignment Note".

**(No F.R. Issued Under No.728)**

**F.R.729 Deliveries from Private Firms.** Stores are also ordered by the PASU from private suppliers on "G.S.(Government Stores)Orders" which give full details of the stores to be supplied with their specifications and their cost. At the time of ordering, a copy of the order will be sent to the consignee. Such stores will be ordered for delivery by the supplier within or outside Colombo Municipality or for collection by the consignee ex-stores. The consignee should check the stores received with the G.S. Order and invoice furnished by the supplier, and acknowledge receipt by signing the original copy of the G.S. Order and handing it back to the supplier.

Note - Delivery to outstations could be arranged only if sufficient quantities are on order.

**F.R.730. Consignment Notes and Invoices.** (1) After the goods have been checked, they should be acknowledged, taken on charge and recorded in the Inventory or Stock Registers, and duly certified. The Consignment Note, together with other relevant documents, should be filed of record.

(2) The PASU, will render monthly to each department an invoice for the stores supplied by him, directly or through suppliers, during the previous month. Details of debits raised will also be shown in the invoice.

(3) The Department will check the Invoice with the Consignment Note, and note the amounts debited as a proper charge to their Votes or Accounts in their Appropriation (Votes) Ledger.

**(No F.R.R. Issued Under Nos.731 and 732)**

**F.R.733. Purchase of fuels and lubricants.** Requirements of fuels and lubricants should be obtained, whenever possible, from the Ceylon Petroleum Corporation depots.

When tenders for the supply of machinery are invited, a clause should be included in the tender conditions, that the tenderer should state the specifications of the fuels and lubricants (not the brand name) that are recommended by the manufacturers of the machinery to be used on such machinery. On purchase of the machinery from the successful tenderer, the specifications of the fuels/lubricants recommended should be furnished to the Ceylon Petroleum Corporation and inquiry made as to whether the Corporation is able to supply the fuels and lubricants conforming to the specifications. Whenever the Corporation is in a position to supply such fuels and lubricants, they should be purchased from the Corporation.

**F.R.734.Periodicals and Publications** (1) In the case of periodicals and publications from foreign countries (other than U.K., India and South Africa, where the Government has Agents), departments may place orders direct with the suppliers and arrange payment through the Treasury (Department of State Accounts).

Payments should be thus arranged as soon as the publications and bills are received, unless an advance payment is necessary, if it is a condition of sale. In either case a certificate of the availability of provision should be furnished to the Treasury (Department of State Accounts).

**(No F.R.R. Issued under Nos.735 and 736)**



**F.R.737. (1) Approved Overseas Agents** - (a) Certain non-Government Institutions in Foreign Countries act as buying agents to the Government of Sri Lanka. The term "Approved Overseas Agent" is used in the Financial Regulations to indicate such agents.

(b) The Crown Agents for Overseas Governments and Administration in the United Kingdom, who are one of the Approved Overseas Agents, perform, inter alia, the following functions :-

- (i) The purchase of goods and their shipment to Sri Lanka. Goods shipped by them enjoy special freight rebates.
- (ii) Inspection of goods during manufacture or prior to shipment.
- (iii) Making payments for goods supplied (thereby avoiding the need to establish letters of credit)

The other Approved Overseas Agents perform similar functions but may not have the same facilities for making inspections. All Approved Overseas Agents are expected to call for tenders or quotations unless otherwise directed, and to purchase goods in the cheapest market.

(2) Indents - (a) An Indent, for the purpose of these Regulations, is an application made to an Approved Overseas Agent of the Government for the purchase of stores on behalf of the Government of Sri Lanka.

- (b) An "Open Indent" is an Indent which does not specify, in respect of the goods ordered, any particular make, or brand, or a restricted source of supply.

(3) When Indents are appropriate - Indents are placed for the purchase of stores which are not manufactured in Sri Lanka and which are not stocked in PASU. See also (5) below and F.R.717.

(4) Competent Authorities for placing "Open Indents" - Subject to the provisions of (3) above, "Open Indents" may be placed by the Competent Authorities referred to in F.R.686, up to the limits stipulated therein.

(5) Authority for placing Indents, other than, "Open Indents" - Indents other than "Open Indents" (i.e., those which specify a particular make or brand, or indicate the source of supply) can be placed by a Head of Department, provided that -

- (a) prior authority has been obtained in terms of F.R.799 ;
- (b) normal tender procedure has been followed and the successful tenderer is one whose tender has been accepted through an Approved Overseas Agent.

**F.R.738. Preparation of Indents.**(1) Form General 115 should be used for Indents.

(2) Indents should be forwarded in triplicate to the PASU, who will forward two copies to the appropriate Overseas Agent.

(3) Every copy should bear the date and an identification number which should be repeated on each page.

(4) Items on an Indent should be numbered consecutively so that any particular item may be readily identified in subsequent correspondence.

(5) Instructions on the form should be strictly complied with.

(6) Every Indent must be signed by an Indenting Officer.

(7) Indents should always be accompanied by certificates indicating –

(a) that in the case of voted expenditure the debit will not cause an excess on the Programme/Project/Object Class and in the case of a Stores or other Advance Account, that the debit will not cause an excess on the appropriate limits fixed for it ;

(b) that the stores are essential, are not available from any other department and are not intended to be used in place of stocks already in possession ;

(c) that the foreign exchange involved has been authorized.

**F.R.739. Special Endorsements on Indents.** (1) In appropriate cases one or other of the following endorsements, signed by the Head of Department or an Authorising Officer, should appear on every copy of an Indent –

(a) To be ordered only from .....

(b) To be ordered from one of the following .....

(c) Offers received to be referred to Sri Lanka for final acceptance.

Separate Indents should be made for the stores covered by each such endorsement.

(2) If an Indent is placed for purchase from a particular firm, or to restrict quotations to certain specified firms, the following certificate should appear on two copies of the Indent :-

“I certify that authority/to place this Indent on the particular firm/to limit quotations to the number of firms mentioned/has been granted by letter No.....dated .....from.....”.

(2) Any general observations on the intent such as, that the stores required are obtainable from particular firms or that the stores should be similar to those supplied on a previous occasion, will operate as a guide to Approved Overseas Agents; but will not bind them.

**F.R. 740. Receipt of Stores from Abroad** – (1) Subject to the provisions of F.R. 742, the PASU will clear promptly from the Port/Airport, stores received on Departmental Indents placed through him. These stores will not be passed through the Government Stores Stock Ledger; but will be delivered by the PASU direct to the Indenting Department which will thereafter be responsible for the checking, storage, custody, etc., of these articles.

(2) The PASU will not be responsible for any short delivery, erroneous supply or damage to such stores. Any defects should however be reported to the PASU, who will take necessary steps to prefer claims.

(3) Heads of Departments will clear promptly from the Port/Airport stores imported by them on Letters of Credit opened by them or received by way of gifts, etc., and arrange for checking, storage, custody, etc., of these articles. They will also prefer claims in respect of short delivery, erroneous supply or damage to such stores.

(4) All stores imported for Government use must be removed promptly from the Port/Airport. The Sri Lanka Ports Authority and Airports and Aviation Services Ltd., will report to the respective Ministries instances of delay in the removal of such stores.

**F.R. 741. Settlement of Claims.** (1) Approved Overseas Agents will send monthly to the Treasury (Department of State Accounts), accounts of payments made by them. This will include the value and details of all stores supplied on each indent. The claims will then be sent to the PASU, who will in turn transmit them to the departments concerned.

(2) The Treasury on receipt of the accounts will immediately debit the claims of the Approved Overseas Agents to the General Stores Account. Heads of Departments should therefore settle the claims in full, immediately on receipt of them. Any questions relating to short delivery, erroneous supply or damage should be dealt with separately. See F.R. 740 (3).

**F.R. 742 Indents of the Railway.** The Superintendent of Railway Stores will perform all functions relating to Indents of the Railway Department. The previous Regulations relating to Indents apply with appropriate modifications to such transactions.

Note 1.- Other departments may be placed on the same footing as the Railway Department by the Secretary to the Treasury.

Note 2.- The Railway Department may nevertheless place Requisitions on the PASU, for general stores, like any other department.

**(No F.R. Issued Under No. 743)**

**F.R. 744. Insurance of Imported Materials.** (i) The general policy of Government is to bear its own risks ; and insurance should therefore be effected only in exceptional cases when delicate or very valuable and fragile articles are involved or loss by damage has been considerable in previous consignments.

(ii) Any insurance necessary should be placed on the Insurance Corporation of Sri Lanka or the National insurance Corporation, Sri Lanka.

**F.R. 745. Special Methods of Purchase.** The normal methods of procuring stores are indicated in F.R. 717. The procedures set out in the Regulations of Section 6 of this Chapter may be adopted,-

- (a) in the circumstances indicated in each of the Regulations;
- (b) where normal methods cannot be applied owing to the special circumstances involved, or the special nature of the requirements;
- (c) if, having followed the appropriated normal method, the department could not obtain its required supply.

However, in all such cases. The department using the special procedures should record in full the circumstances which prevented it from procuring the stores by any of the normal methods of purchase set out in F.R. 717.

**(No. F.R. Issued No. 746)**

**F.R. 747, Sale to or Purchase from Government Officers.** (1) The sale of stores, whether unserviceable or not, to Government Officers (except on auction sale or at rates fixed for sale to the public), requires the sanction of the Secretary to the Ministry of the department concerned which sells the stores.

**(No. F.R. Issued Under Nos. 748 & 749)**

### **Section 3 –Custody and Verification of Stores**

Note.- See F.R.R. 102 et.seq. and 156 (1) regarding losses.

#### **F.R. 750. Sri Lanka Government mark on all Governments Stores.**

(1) All Government stores must, as far as practicable, be stamped with the Sri Lanka Government mark.

(2) Departments must provide themselves with the necessary stamps, of a suitable size, in order to mark such articles as are supplied to them direct by manufactures or suppliers.

(3) When any unserviceable articles are offered to be sold, care must be taken to have the Sri Lanka Government marks on them obliterated, so as to render the reissue of those articles, or their substitution for other articles in stock, impossible.

#### **F.R. 751. Inventories, Accounting and Custody of Stores.**

(1) Inventory and Stock Books.- All stores received by Government departments must be taken on charge immediately upon receipt, i.e., they must be entered at once on the receipt side of the Inventory Book (F.R. 454), or other records prescribed in Stores Rules, in terms of F.R. 763. These entries should be supported by Inventory Vouchers referred to in F.R. 752, or other prescribed documents. Issues must be made only with due authority and should be supported by Issue Vouchers or other appropriate documents prescribed for the purpose.

All receipts and issues of stores should be properly accounted for. This applies even to stores transferred from one department to another (F.R. 804).

(2) Inventory of Electrical Fittings.- Inventories of all electrical fittings, apparatus, etc., in all Government buildings including Government Bungalows should be prepared and maintained by the respective departments to which they belong.

Note 1.-These provisions shall also apply to rented buildings where electrical installations have been put up at Government expense.

Note 2 .- See Note 2 to F.R. 920 (3).

(3) Part-worn Articles.- When articles such as clothing, are kept, some of which are new and others part-worn, a special portion of the Inventory Books, Stock Records or Registers, should be preserved for recording the receipt and issue of part-worn articles.

(4) **Methodical Arrangement.**- In the Inventory Book, entries for articles received should, as far as possible, be entered in alphabetical order. Stock Records should also be so maintained as to admit of easy identification of a particular Stock Account. Correspondingly, stores in custody should be methodically arranged so as to admit of easy and prompt verification with Stock Records, Stock Cards, Register, Inventory, etc.

(5) **Security.**- Adequate arrangements should be made for the security of stores, providing for safeguards against loss by fire, theft, pilferage, deterioration and waste.

**F.R. 752. Vouchers for entries in Inventory Book.** (1) Every entry in the Inventory Book must be supported by an inventory voucher. Inventory vouchers, both for receipts and issues, must be consecutively numbered, and must be kept filed in that order.

(2) Inventory vouchers in support of the entries on the receipt side of the book will be-

- (a) the Consignment Notes referred to in F.R. 730 ;
- (b) the duplicate receipt order (Form General 219) (F.R. 753) ;
- (c) certified copies of invoices, cash vouchers, etc., in the case of Local purchases ;and
- (d) memoranda, letters, etc., in the case of articles returned from loan.

(3) In support of issues and the consequent entries on the issue side, the vouchers will , wherever possible, be the duplicate of issue order, on Form General 141, and reports of Boards of Survey (F.R. 757), with the authority for writing off. A list of articles sold should be attached to the report of the Board, showing the date of credit of the amount realized.

(4) Authorities of the Secretary to the Ministry concerned for bringing surpluses on charge, or for writing off deficiencies, will also form inventory vouchers, for receipts or issues, as the case may be.

**F.R. 753. (1) Issue Order Book.** When articles are issued, an Issue Order (in original and duplicate), on Form General 141, should be made out by the issuing officer. The original should be forwarded to the officer to whom the issue is made, along with the articles, and the duplicate retained. The issuing officer should quote cross references, both on the Receipt Order (see (2) below) received by him in exchange for the articles and the duplicate of the issue Order made out by him in respect of them. The Receipt Orders received should be separately filed of record in consecutive order of the cross reference numbers of their corresponding Issue Orders.

(2) **Receipt Order Book.** When articles are received, a Receipt Order (in original and duplicate), on Form General 219, should be made out by the officer receiving the articles. The original should be forwarded to the officer who issued the articles and the duplicate retained. The receiving officer should quote cross reference on both the Issue Order (see (1) above) accompanying the articles, and the duplicate of the Receipt Order made out by him in respect of them. The Issue Orders received should be separately filed of record, in consecutive order of the cross reference numbers of their corresponding Receipt Orders.

(3) Unrecorded issues and receipts obtained for such-

(a) The following should not be recorded as issues in the Inventory Book of the issuing officer :

- (i) articles issued to officers who do not keep an Inventory Book and who are not treated as separate store accounting units, for the purpose of F.R. 756 ; and
- (ii) articles lent to officers and others.

Receipts should nevertheless be obtained in Form General 219 for such articles.

- (b) The officer issuing property on loan, under (a) (ii) above, is responsible for seeing that it is duly returned. If the articles are not returned within six months, the receipts must be renewed on the back of the form already receipted.
- (c) Receipts in the case of (a) (i) referred to above, must be renewed at least once a year.

**F.R. 754 Balancing of Inventory Book.** At the end of each financial year, the Inventory Book must be balanced in the following manner :-

The receipts and issues relating to each type of article must be totaled. The “balance on hand” , i.e., the difference between the total of the receipts and the total of the issues, must then be entered in respect of each type of article, beneath the total of the issues, and be added thereto.

The “balance on hand” must be earned forward to the next financial year.

**F.R. 755. Handing over and taking over of Stores on transfer, etc.**

(1) *Handing over.* Before a Storekeeper-(see F.R 715 (2), or any officer who is otherwise entrusted with the custody of particular stores and other Government property, relinquishes his duties, or is transferred to another post, or goes on long leave, he should hand over to his successor to any other officer delegated for the purpose, all Government stores and other property for which he is responsible, and obtain, in duplicate, and acknowledgement from the officer to whom the stores, etc. are handed over. The original of the acknowledgement, duly countersigned by the outgoing officer, should be forwarded to the Accounting Officer. In the case of any stores, which are in the personal custody of an Accounting Officer, or responsibility for which has not been delegated to any other officer, the Accounting Officer should hand them over to his successor, or to the officer appointed by the Government to take over duties from him, or to the officer appointed to act for him, or to some officer authorised therefore by the Chief Accounting Officer, and the original of the acknowledgement, referred to above, should be forwarded to the Chief Accounting Officer.

(2) *Taking Over.* The incoming officer, in checking the balances of the articles appearing in the Stores Ledger, or Inventory Book, with the actual stock, may, if necessary, work in conjunction with the officer he is relieving. Any discrepancies must be at once reported to the Accounting Officer, who should forward copies of the report to the Chief Accounting Officer and the and the Audit with his observations. If the officer concerned is the Accounting Officer the report should be made to the Chief Accounting Officer, and copy sent to Audit. The Stores Ledger or the Inventory Book, as the case may be, must be balanced by the out-going officer, and signed by the incoming officer, and the latter will then be held responsible for the articles taken over by him.

(3) *Leave.* When an officer in charge of stores goes on leave, the officer appointed to act for him will do so on the responsibility of the substantive holder of the post. This does not, however, relieve the acting officer of his responsibility for any damage or loss which may occur during such period.

(4) *Leave without prior arrangement.* If and officer in charge of stores is in leave, without making prior arrangements, the Accounting Officer will appoint and officer who will perform the duties allotted to him on the responsibility of the substantive holder of the post. This does not however relieve the acting officer of the responsibility for his own acts.

(5) *Issue of Stores.* When stores are issued, with prior authority, to be used on works, etc., the officer in charge of stores must obtain an acknowledgement for them from the officer to whom he issues them, and the latter will thereafter be held responsible for them.



(6) Acknowledgement. Any officer who has signed an acknowledgement for store, etc., will be held personally responsible for them until he has obtained similar acknowledgement from another incoming officer or other duly authorized officer, and forwarded it to the Accounting Officer or Chief Accounting Officer in terms of (1) above. A record must be attached to the Stores Ledger or Inventory Book to indicate the names of the officers in charge of stores, and the period during which they have been in charge. This record must be so maintained that the Chief Accounting Officer, or the Accounting Officer should, without difficulty, be able to fix responsibility for a loss when it is discovered.

**F.R. 756. Annual Survey of Stores in all Departments.** (1) Appointment of Boards of Survey. On or about the 15<sup>th</sup> of December each year (or at such other time as may be approved by the Deputy Secretary to the Treasury), Boards of Survey should be appointed for the verification of stores, and where necessary, for reporting on unserviceable stores, held in each department, or branch of department.

The appointment of each Board will be made by :-

- (a) the Chief Accounting officer, for the purpose of reporting on unserviceable stores held in stores Advance Accounts (such as the General Stores Accounts and Government Factory Stores Advance Account) ;
- (b) the Accounting Officer, in all other cases, for verifying stores and/or for reporting on unserviceable stores.

(2) Compensation of the Board. The Board should consist of two responsible officers-

- (a) other than, and not immediately subordinate to, the officer or officers directly in charge of the stores ; and
- (b) one of whom is acquainted with the type of technical stores, if any, verified.

If no such officers are available in the department, there is no objection to officers of Kachcheries or other departments being appointed to these Boards, by arrangement with Government Agents or the Heads of those departments, if it would otherwise be necessary to send officers from another station, with resultant expenditure on travelling.

(3) Powers of the Board. A Board of Survey may be required to verify stores, as well as to report on unserviceable stores.

In the case of verification of stores, F.R. 757 applies. In the case of unserviceable stores, the appropriate provisions of Section 4 of this Chapter apply.

- (4) Boards of Survey may be similarly appointed at any other time deemed necessary by an Accounting Officer or a Chief Accounting Officer.
- (5) The following forms should be used in appointing Boards of Survey :
  - (a) for the verification of Stores – T & A.66 ;
  - (b) for reporting on unserviceable stores – General 47.

If the Board is to be charged with both tasks simultaneously, forms T & A. 66 and General 47 should both be used.

#### **F.R. 757 (1) Functions of the Board of Survey for Verification**

(a) In terms of F.R. 754 the Inventory Book should be balanced at the end of each financial year. If the Board of Survey verification takes place at any time other than at the end of a financial year, or at a handing over, the Inventory Book should be balanced by the officer in custody of the stores, as at the date of verifications, before the verifications, before the verification begins. The Stores Officer should provide the Board with a certificate to the effect that the arithmetical accuracy of the balancing, from the last certified verification or handing over, been checked and found to be correct.

(b) The board must ascertain that the balance in hand at the last Annual Board of Survey, or at any subsequent verification or taking over by another officer, is duly signed as correct. They must then check every article with the balance shown in the Inventory Book as at the date of verification and enter any difference found, on Form T. & A. 66, which should be submitted in quadruplicate.

(c) The Board must submit this from to the Accounting Officer

(2) Action on Report of Board. (a) The Accounting Officer to whom the report is submitted, should forward one copy of it to the Auditor-General immediately. He should thereafter obtain the explanation of the officer or officers responsible for the differences, if any. The Accounting Officer shall deal with any discrepancies, shortages and losses, and grant authority for adjustments and write offs in appropriate cases where, in terms of F.R. 102et.seq., he is empowered to deal with losses.- See F.R. 108 Any other action necessary, including disciplinary action, should also be initiated. In cases, where Accounting Officers are not empowered under the latter Regulations, they should, within three months of the date of commencement of survey, forward to their Chief accounting Officer two copies of the report along with their recommendation, stating the exact differences, the causes therfor, and the reasons for the recommendations made, The Chief Accounting Officer concerned will decide on the adjustments to be made in the Inventory Books, Registers, etc., and the disciplinary or other action necessary (e.g. under F.R. 102 et. Seq.) in regard to discrepancies which cannot be satisfactorily explained.

(b) The decisions of the Chief Accounting Officer must be recorded on Form T. & A. 66. A copy of the form should thereafter be forwarded to the department concerned to be filed as an inventory voucher in support of the adjustments. The other copy should be sent to the Auditor General.

(3) Write-offs for loss of stores detected at Board of Survey verifications will be dealt with in terms of F.R. 102 et. Seq.

(4) Even if no differences have been discovered, a copy of the report should be forwarded to the Auditor-General as required in (2) (a) above.

Note.-As regards annual Boards of Survey for Advance Account Activities, see F.R. 507.

**F.R. 758. (1) Test checks of Stores, etc.** In Addition to the annual survey the Head of Department or the local head or officer-in-charge of a Divisional, District or Branch office of the department must, at irregular intervals, but not less than once in three months, make test checks of the Inventory Book with the inventory vouchers, and must verify a few of the articles actually in stock with the book balances. He may, if necessary delegate this function to a particular officer of his department or office. In every case the results of the verification should be entered on Form Treasury 127, and filed of record for reference whenever required.

(2) How test checks should be done. In test checking an Inventory Book, the stock-taker will select items in the Inventory Book, and call for the production of the articles ; he should also select a number of articles found in the building and satisfy himself that they are duly entered in the Inventory Book.

**F.R. 759. Continuous survey of stores.** Continuous survey of stores, and the periodical checking of Inventory Books by the Audit Department, will not relieve Accounting Officers of their responsibility for satisfying themselves, by occasional stock-taking, that the balances on the stores Ledgers or Inventory Books are actually in stock. Hence every Accounting Officer must see that at least a group of the items of the stores of his department is verified monthly, and the results reported to him on Form Treasury 127. The form relating to each verification must be filed of record for reference whenever required.

**F.R. 760. Loss or Shortage of Stores.** The procedure to be followed is laid down in F.R. 102 et, seq. Stores should be written off the Inventories, Stock Books, etc., with the due authority.

**F.R. 761. Annual audit examination.** The Auditor-General may call for the Inventory Book at any time. Whenever he does so, the Inventory Book, together with all the receipt and the issue vouchers, for the previous year as, well as the current year must then be made available to the Audit Officers. If they are posted, they must be sent under registered cover. If handed over or forwarded by post, an acknowledgement should always be obtained.

**F.R. 762. Stock Levels.** (1) It is the duty of appropriate Stores Officers, with the assistance of Storekeepers, to take steps to maintain adequate stocks to the satisfaction of the Accounting Officer. At the same time, however, particular care must be exercised to ensure that only stocks of necessary stores are held, and that there is no overstocking. If any excessive stocks are disclosed, or unnecessary expenditure incurred, or any loss results from overstocking, the officers responsible will, in the absence of satisfactory explanation, be liable to make good the value of the excess stock, or any loss thereby caused to government.

(2) The appropriate Stores Officer should set out a scheme by which, as a matter of routine, the need for placing orders is brought to his notice well in time. Records should be maintained indicating, inter alia, the quantity of stocks in hand, and the prevalent rate of consumption, so that the amount of the order to be placed can be estimated. Stores Officers should also take into account, in the case of stores which have to be ordered from abroad, the probable period which will elapse between initiating action to order stores and actual delivery.

**F.R. 763. Stores Rules.** In the case of departments holding large quantities of stores, or of departments engaged in the manufacture or repair of articles, adequate Rules must be drawn up by the departments for the guidance of its officers. These Rules must be prepared in consultation with the Chief Accounting Officer and the Audit, and should be submitted to the Treasury for approval. Subject to the relevant Financial Regulations, these Rules should, as far as possible provide, inter alia, for-

- (a) The procedures in regard to :
  - (i) The receipt, custody, and correct disposal of stores ;
  - (ii) Satisfactory storage ;
  - (iii) Collection and acceptance of money received by sale of stores ;
  - (iv) Accounting for an verification of stores.
- (b) Safeguards to prevent ;
  - (i) under-acceptance and over-issue of stores ;
  - (ii) over-stocking, accumulation, and deterioration of stores ;
  - (iii) unnecessary handling, transport, etc.,
  - (iv) theft and pilferage.

- (c) Security of stores.
- (d) Methodical arrangement of stores in custody, so as to admit of easy and prompt verification.
- (e) Securing satisfactory and adequate facilities, including equipment, for easy, quick, and economical handling, together with the proper maintenance and care of such facilities.
- (f) The maintenance of stock records, registers, inventories, etc.
- (g) Maintenance of distribution lists in the case of stores assigned to particular officers, branches or units, for their official use or temporary custody.
- (h) Accounting for both receipts and disposals of stores.
- (i) Checking of stock records and accounts.
- (j) Physical verification of stores.
- (k) The dispatch of stores, and proper acknowledgement.
- (l) The responsibilities of officers connected with-
  - (i) the acquisitions of stores ;
  - (ii) approval of stores ;
  - (iii) acceptance of stores ;
  - (iv) receipt, custody and security ;
  - (v) sale, issue or other disposal of stores ;
  - (vi) handling and transport.

**(No F.R.R. Issued Under Nos. 764-766)**

#### **Section4 – Surplus and Unserviceable Articles**

##### **F. R. 767 (1) Surplus equipment to be notified to the PASU.**

Departments having any spare equipment or stores should furnish a list of such spare equipment or stores to the PASU, stating :

- (a) if they are serviceable and useful to other Government Departments ;and
- (b) the places where they are kept.

The articles and should not, however, be dispatched to the PASU, without previous consultation with him.

(2) *Surplus equipment which can be repaired at the Government Factory.* Surplus articles such as typewriters, duplicators, adding machines, etc., which need repairs before they could be used in any other Government Department, should be sent to the Government Factory. The cost of repairs and any transport charges involved should be borne by the Government Factory.

(3) *Reconditioned equipment.* The Factory Engineer should inform the PASU particulars of the reconditioned equipment (other than typewriters) available, so that the latter could inform departments requiring such equipment to obtain them from the Factory Engineer. Their cost, assessed by the Factory Engineer, will be a charge to the appropriate provision in the Estimates of the receiving department.

Reconditioned typewriters will be sent by the Factory Engineer to PASU to be issued to department which may be in need of them.

**(No F.RR Issued Under Nos. 768 & 769)**

**F.R. 770. Unserviceable Articles – Boards of Survey**

(1) A Board charged with the task of surveying unserviceable stores (F.R. 756) should not recommend their sale or destruction unless they are satisfied that the articles are not of use to other Government Departments.

Where necessary, inquiries in this connection should be made in advance by the department concerned for the information of the Board.

(2) The Board should forward its recommendations on Form General 47, to the Accounting Officer, (or Chief Accounting Officer, if the Board is appointed by him). The order, condemning the unserviceable articles, shall be given by him, or other officer delegated for the purpose, after due consideration of the recommendations of the Board.

If he disagrees with the opinion of the Board, the matter should first be referred back to the Board for reconsideration, and subsequently submitted, if necessary, to the Chief Accounting Officer, where applicable, for instructions.

(3) However, in any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs. 3,000, a Chief Accounting Officer, or the officer delegated for the purpose, should not condemn the article and authorise its destruction, unless the views of the Board have been checked by reference to an independent Government Official, competent to express an opinion on the matter (e.g. in the case of a motor car, the Commissioner of Motor Traffic should be requested to have it examined by an examiner of motor cars, before destruction is authorized).

**F.R. 771. Condemning of Unserviceable Articles without a Board of Survey Report.** (1) Except as provided for in (2) below, no article on charge may be condemned or written-off as unserviceable, unless it has been reported on as unserviceable by a Board of Survey and action has been taken in terms of F.R. 770 above.

(2) An accounting Officer may condemn, as unserviceable and write-off article without waiting for the appointment of a Board of Survey charged with the task :-

- (a) In the case of minor stores of a perishable nature ;
- (b) Whenever it is desirable and in the interest of Government that unserviceable stores should be condemned and written-off, provided that :
  - (i) its value in terms of F.R. 105 (1) is less than Rs. 50 ; or
  - (ii) if its value is not less than Rs. 50, the authority of the Chief Accounting Officer has been obtained ; or
  - (iii) in case where it is impossible to await the authority of the Chief Accounting Officer under (ii) above (such as in the destruction of an animal in the Zoo, or a quantity of perished vegetable), the general authority of the Treasury has been obtained, which specifies the limits, and circumstances in which such action could be taken.

(3) When an article is condemned under (2) above, the manner in which it is to be disposed of should be clearly laid down and an officer appointed to carry out the order. The officer so appointed should follow the procedure applicable to store condemned by a Board or Survey. A copy of the order of the Head of Department condemning the store, and a statement of the manner in which they were disposed of, should be sent to the Auditor General. Reference to the authority from the Chief Accounting Officer, or the Treasury, as the case may be, for the disposal of the unserviceable stores in question, should also be quoted in the case of stores not less than Rs. 50 in value.

**F.R. 772. Disposal of Condemned Articles (other than metal articles).**

(1) Condemned articles, other than metal articles should be disposed of by public auction or by open tender, after public advertisement. If such articles are unsuitable for sale, they must be destroyed.

(2) The following rules must be observed in connection with the sale and destruction of unserviceable articles :-

- (a) Reasonable publicity must be given to the notice of sale ;
- (b) A member of the Board must be present at the sale and at the authorized destruction of articles ;

- (c) A member of the Board, together with another responsible officer of the department should ensure that, before the sale and when the articles are not submitted for those condemned or sold, other and that they are not fitted with unused or better parts than those which belong to the condemned articles ;
  - (d) Articles ordered to be sold, but for which no bids have been received, or sold but not removed, must be destroyed in the presence of a member of the Board, or otherwise disposed of, as directed by the Head of Department, after the lapse of time provided for in the conditions of sale ;
  - (e) A certificate by a member of the Board, of articles sold and prices realized, and articles destroyed, must be attached to the Board's proceedings ;
  - (f) The Sri Lanka Government mark must be obliterated in the presence of a member of the Board and a certificate to that effect added to the Board's proceedings.
- (3) All articles sold, destroyed, or otherwise disposed of should be written-off the Inventory Books and stores records of the department.
- (4) Proceeds of sale. The proceeds of the sale of unserviceable stores must be credited to Revenue under Head 9 – “ Sales of Capital Goods”, Sub- head 2, item 1, “Sales of Old stores and Cast Animals”. The proceeds of the sale of stores held on a Stores or other Advance Account should, however, be credited to the Advance Account the nett loss only being charged to the Profit and Loss Account or other corresponding account of the Activity .- See also F.R. 775.

**F.R. 773. Condemned Metal Articles and Salvaged Material (Ferrous & Non-Ferrous)**

(1) Ferrous Material :

- (a) Ferrous scrap materials accumulated in Commercialised Departments and in activities conducted on advance accounts should be disposed of, by selling such scraps to a Government Department or a Corporation requiring them, at a price mutually agreed upon which is consistent with the current market price. Any material which cannot be so disposed of, may be transferred to Railway Work Shop, Ratmalana if the

Chief Mechanical Engineer agrees to accept the materials. Otherwise, action should be taken to dispose them in terms of F.R. 774 following tender procedure after consulting the Procurement and Advisory Services Unit, Ministry of Finance.



- (b) The Railway Department will retain its ferrous scrap.
- (c) Non commercialised Departments may dispose of ferrous scrap material free of charge as follows :

#### Cast Iron

Cast Iron scrap should be sent under the advice to the Factirt Engineer who will transfer any quantity surplus to his requirement for the use at the Railway Work Shop, Ratmalana.

#### Ferrous Scrap other Cast Iron

Scrap falling under this category will be taken over by the Department of Railway. The departments should consign their scrap materials to the Railway Work Shop at Ratmalana under the advice to the Chief Mechanical Engineer, Railway. When a dump of 1500 MT scrap metal is available for disposal, the Chief Mechanical Engineer will notify the Procurement and Advisory Services Unit, Ministry of Finance, who will call for World Wide tenders.

The Railway Department will hand over the scrap to the successful tenderer. Small quantities of scrap accumulated in Departments may be disposed of by the Head of the Department as indicated in F.R. 774 after consulting the Procurement and Advisory Services Unit, Ministry of Finance.

(2) Non-Ferrous Material.- All non-ferrous scrap material should be disposed of as follows :-

- (a) Commercialised Departments and activities run on Advance Accounts should dispose of such scrap to Government Departments and Corporations which require it, at a price mutually agreed upon, which is consistent with current market prices. The Railway Department will retain its scrap.
- (b) Any non-ferrous surplus scrap, not dealt with as in (a) above, should be disposed of as follows by all departments :
  - (i) Non-ferrous scrap which can be smelted should not be sold. Any unwanted non-ferrous material, which has scrap value, such as brass, copper, aluminium etc. should be sent to the Government Factory, if the value of the quantity justifies the expense on transport etc. Otherwise it should be disposed of in terms of F.R. 774;
  - (ii) Material which cannot be disposed of in terms of (i) above, or which has no scrap value, should be destroyed, the relevant provisions of F.R. 772 being observed. Before doing so, the PASU should also be consulted.

Note.- The Factory Engineer will smelt scrap material in excess of his requirements and convert it into bars or bricks or such other regular shapes with distinguishing marks on them. Thereafter, they will be stored by him carefully for future use.

(3) Departments should arrange for the transport of non-ferrous scrap material to the Government Factory, only in quantities which will justify the expenditure on transport etc. The Factory Engineer, will wherever possible, arrange for the transport of scrap material in Colombo and its suburbs. The expenses including rail freight, up to the point of collection by the Government Factory should be met by the dispatching department from its provision for "Incidental Expenses".

(4) Confiscated Knives and Unserviceable Firearms.- Confiscated knives and unserviceable firearms should be consigned in securely fastened packing cases to the Commander, Sri Lanka Navy, who will make arrangements for dumping them, in the sea. A list, in triplicate, of the articles so dispatched should be prepared. The original should be forwarded by post or by hand to the Commander, Sri Lanka Navy, and the duplicate inserted in the package, The triplicate copy should be retained for purpose of record. The Commander, Sri Lanka Navy, will acknowledge receipt of the articles.

**F.R. 774. Sale of Government Property or an exclusive privilege.**

Whenever any movable property (other than items falling under F.R.773 (1) ) belonging to Government or any exclusive privilege is to be disposed of, the department concerned shall proceed in accordance with the Tender Regulations laid down in Section 1 of this Chapter. However, sale by public auction may be resorted to with the authority of the Chief Accounting Officer.

**F.R. 775. Customs duty and Turnover Taxes on Goods Sold.** In terms of the provisions of the Customs Ordinance, Customs duty and Turnover Taxes are payable to the Customs Department on goods sold, which have been admitted duty free into the Inland. The strict application of these provisions involves a great deal of work which is of no real value when goods are sold by a Government Department by public auction or open tender, because if buyers are required to pay Customs Duty and Turnover Tax in addition to the sale price, the latter tends to be correspondingly reduced. The amount realized by sale should therefore be regarded as inclusive of Customs Duty and Turnover Tax at time of sale, and the full amount credited to Revenue.

In the case of goods the value of which is estimated to be over Rs. 5,000, the Customs Department should be consulted on the amount of the Customs Duty and Turnover Taxes in order to fix the upset price at the correct level.

(No FR Issued under Nos.776 and 779)

### **Section 5 – Works and Services**

- Note 1.* - The term "Construction Department" will be used to indicate any department which, in terms of F.R.R. 787 to 790, is permitted to undertake works of construction or maintenance.
- Note 2.* - The extent to which Construction Departments are permitted to undertake works of construction or maintenance is indicated in F.R.R. 787 to 790.
- Note 3.* - See also Notes and 1 and 2 appearing at the beginning of this Chapter, and F.R. 685.

**F.R. 780. Public Works and Services.** (1) *Economy and Efficiency*, - In the execution of public works and services, every department should pay due attention to the need for economy and efficiency and ensure completion of tasks within the target dates specified and the financial provision available.

(2) *Authorisation and Approval* – Officers concerned should acquaint themselves with the provisions of F.R.R. 136 and 137.

**F.R. 781. Schedules of Departmental Rates.** Departments regularly undertaking civil engineering works should maintain departmental schedules or rates for different parts of the Island. These schedules should be used as a basis for estimates and to check tenders, quotations, etc. They should be periodically revised and maintained up-to-date.

**(No. F.R. issued under No. 782)**

**F.R. 783. Works to be entrusted to certain Approved Societies.**

(1) Repairs, improvements and construction works of specified Departments may be entrusted to certain approved Societies without following the tender procedure at estimated cost. The names of such approved Societies and the limits up to which works could be entrusted to the Societies will be notified by the Treasury from time to time.

(2) Normal tender procedure should be followed when the provision under (1) above is not applicable.

**F.R. 784. Performance of Labour Services.** (1) Labour Services required by Government Department, e.g. Loading, Unloading, weighing and stacking of foodstuffs, should be given on contact without inviting public tenders, and regardless of the total value of the service, to registered Co-operative Labour Societies and Multi-Purpose Societies.

(2) As such services are normally paid for at a piece rate for individual items; a reasonable piece rate for each item of service should be determined on the basis of a reasonable output of work per man – day and wage levels prevailing in the area where the service is required.

For this purpose the Government Agent of each district will set up a Committee to fix rates for labour services within his district, and such rates may be applied in entering into contract with Labour Societies in terms of (1) above. Where such rates have not been fixed, the approval of the Secretary to the Ministry concerned should be obtained for the rates adopted.

(3) The Ministry in charge of the Department of Co-operative Development and the Ministry in charge of the Department of Labour will take steps to ensure that the Co-operative Labour Societies to which such services are entrusted are properly run. An officer of the Department of Co-operative and one from the Labour Department would either be ex-office members of the Committee, or keep it under close examination.

**F.R. 785. Repairs to Motor Vehicles, Machinery and other Equipment.**

(1) Government Departments which are provided with appropriate workshop facilities, will carry out repairs to Government departmental vehicles, machinery or other equipment in such workshops.

(2) Other Government Departments will, whenever possible, entrust their repairs to a department which is provided with workshop facilities.

(3) When Government workshop facilities are not available:

(a) The most favourable terms should be obtained by inviting quotations from several firms. Ordinary rules of tender procedure shall apply.

(b) If (a) above is not practicable, for any reason, the following procedure shall apply:

(i) Where the cost or repairs does not exceed Rs. 10,000 the work may be entrusted to the local agents of the make of the vehicle, the machinery, or the equipment in question by the following:

(a) a staff officer on a salary scale, the initial of which is Rs. 36,000/- per annum and which carries a minimum incremental rate of Rs. 1,200 per annum, with not less than 5 years service, may authorise repairs up to Rs. 10,000;

(b) a staff officer of the category referred to at (a) above, with not less than 10 years services may authorise repairs up to Rs. 15,000;

(c) a Head of a Department may authorise repairs up to Rs. 25,000.

If there are no local agents, one or more local firms may be generally approved for the purpose by the Secretary of the Ministry concerned and the work entrusted to one of them.

- (ii) Where the cost of repairs exceeds Rs. 25,000, the same procedure as in paragraph (i) shall apply, except that the authority of the Secretary to the Ministry concerned shall be necessary in each instance. This authority may be exercised by Secretaries to Ministers of State, and Secretaries to Ministers in charge of specific subjects in their capacity of Additional Secretary to the Cabinet Ministries however, should control the votes as Chief Accounting Officers to avoid excesses.

In these cases, the payment voucher for the repairs shall bear a statement indicating the circumstances under which (a) above could not be applied, and quote reference to the general or special authority of the Secretary to the Ministry concerned.

(4) All particulars (relevant dates, the nature of repairs, expenditures thereon, etc.) relating to repairs effected to Government vehicles, machinery, etc., should be recorded in the registers required to be maintained in terms of F.R. 802.

**(No. F.R. issued under No. 786)**

**F.R. 787 Responsibility for Construction.** (1) *Main Construction Department.*- The general rule is that the Buildings Department is responsible for the execution and construction of all works of Government. The exceptions to this general rule are indicated in F.R.R. 788 to 790.

(2) *Compliance with F.R. 685.* - All Construction Departments shall comply with F.R. 685, in the execution of construction and maintenance works, which they are authorised to undertake under these Regulations. Construction works are not normally performed departmentally on check roll, unless the department concerned is organised and provided with the necessary facilities for such performance, or unless specific authority for the purpose exists.

(3) *Preparation of Plans, Specifications, etc., and Supervision.* - Whether or not any works are given out on contract, the construction Department concerned shall prepare the requisite estimates, plans, specifications, bill or quantities, schedules of rates, etc., and, in addition, when the works are to be given out on contract, the tender documents. It should also provide adequate supervision of the type normally provided by Supervising Engineers and Clerks of Works.

**F.R. 788. Construction Departments other than the Buildings Departments.** (1) Departments which are functionally organised to construct specialised works will be responsible for their construction, including the installation of mechanical or electrical equipment, e.g., irrigation structures by the Irrigation Department.

(2) (a). The following departments are authorised to construct works required for their own use or any works that may be required by other Departments within their own Ministries:-

Irrigation Department,  
Railway Department.

(b) The above departments may also undertake works for departments of Ministries other than their own, when necessary, with the approval of the Secretaries to the Ministries concerned.

(3) The following departments are authorised to construct buildings and ancillary works for their own use, up to the limit of cost specified below:-

<b><i>Department</i></b>	<b><i>Without Buildings Dept. supervision Rs.</i></b>	<b><i>With Buildings Dept. supervision Rs.</i></b>
Agriculture Department :	250,000	-
Ministry of Health :	(a) 50,000	-
	(b) Prefabricated buildings, irrespective of cost	-
Small Industries Department (Provided a Civil Engineer is on the staff) :	50,000	200,000
Ministry of Education :	100,000	200,000
Forest Department :	15,000	-
Wild Life Department :	5,000	7,500
Army, Navy and Air Force :	500,000	-
Ministry of Justice (Estimates to be prepared by the Buildings Department and payment to be made after inspection by the Buildings Department) :	-	50,000
Prisons Department :	300,000	-
Survey Department :	75,000	-

The above limits may be raised by the Treasury, on the recommendation of the Secretary to the Ministry concerned when it is established that the department is technically competent to undertake and supervise larger construction works, and can comply with F.R. 787 (3) to the additional extent required, and in addition, that it is capable of maintaining such constructions in good condition.

**F.R. 789. Maintenance, (including the execution of repairs), and Additions and Improvements.** (a) Departments which, in terms of F.R. 788, are authorised to execute or construct any works will normally be also responsible for the maintenance, additions and improvements to such works within the limits prescribed in that Regulation. If, however, a department indicated in that Regulation desires to undertake the maintenance of any buildings which that department itself would not have had authority to construct, such maintenance should be undertaken only with the concurrence of the department which was responsible for the construction of such buildings.

*Illustration:* The Ministry of Education is, in terms of F.R. 788 (3) above, authorised to construct buildings and ancillary works up to the limit of Rs. 200,000. Schools such as the Royal College, Royal Primary School, Training Colleges, etc., have been constructed by the Buildings Department. The Ministry of Education may, in terms of the above paragraph, undertake the maintenance of the latter school buildings with the concurrence of the Buildings Department, and provision for such maintenance shall then be made in the Annual Estimates of the Ministry of Education.

(b) The following Ministries are permitted to undertake, to the extent indicated, the maintenance of, and additions and improvements to the buildings of their own departments, even though they are not authorised to undertake construction works in terms of F.R. 788.

- |  |  |
|--|--|
| (i) Ministry of Public Administration,<br>Provincial Councils and Home Affairs | Home Ministry Buildings  |
| (ii) Ministry of Agricultural Development and<br>Research                      | Minor additions and<br>improvements of Agrarian<br>Services Buildings up to<br>Rs. 2,500 |

**F.R. 790. Installation and Maintenance of Electrical Works.**

(1) Departments which are responsible for constructing a specialised work which involves the installation of electrical equipment, e.g. a sewerage disposal plant, or workshops, will also be responsible for its maintenance and repairs and for any improvements or additions.

(2) The following departments may undertake the installation and maintenance of any electrical works even in ordinary buildings erected for their use, including additions and improvements to existing installation:-

Railway Department,  
Sri Lanka Army,  
Sri Lanka Navy,  
Sri Lanka Air Force.

(3) Departments, which in terms of F.R. 788 (3) are authorised to construct buildings and ancillary works costing not less than Rs. 50,000 may undertake the installation and maintenance of electrical works in buildings constructed or maintained by them, in consultation with the Ceylon Electricity Board.

*Note:-* Under these provisions the department concerned may make standing arrangements with the Ceylon Electricity Board regarding the designs, standards and specifications required and the manner of executing and supervising electrical works.

(4) When the Buildings Department carries out new works or extensions, the allied electrical works will be the responsibility of that department.

**(No. F.R.R. issued under Nos. 791 - 793)**

### **Section 6 - Authorities for Deviations**

*Note . -* Where, in terms of these Regulations, tenders or quotations have to be called even on a restricted basis, it is implied that the lowest (or highest in the case of a sale) tender or quotation which satisfies all requirements, should be accepted. Otherwise F.R. 799 procedure should be followed.

**F.R. 794. (1) Emergency Purchases by the Director, PASU.** The PASU, may make the following types of purchases from suppliers registered with him, up to the limits prescribed:-

- (a) Open Order Purchase,- Goods up to the value of Rs. 500 may be purchased at the urgent request of a Head of Department.
- (b) Purchase on quotation at the request of a Head of Department.- Stores to the value of Rs. 2,000 (In the case of the Postal, Railway and Irrigation Departments, the limit will be Rs. 5,000)
- (c) At the request of Ministry Tender Board - Stores to the value of Rs. 15,000.

In the case where the Director, PASU, cannot supply in time stores required under the above sub-sections, a Secretary may authorise the emergency purchase of the required stores in the most advantageous manner possible. All such cases must be reported to the Treasury.



(2) *Urgent Purchases by Sri Lanka Mission Abroad.* Heads of Sri Lanka Missions Abroad may make urgent purchases on quotations, provided that the aggregate value of such purchases does not exceed Rs. 3,000 per annum. The Secretary to the Ministry of Foreign Affairs will prescribe for each Mission, details regarding the exercise of this authority.

**F.R. 795. Purchase of Spares for Machinery and Equipment.**

(a) Spares which are available on open tender should be purchased by following normal tender procedure.

(b) Spares which are obtainable only from the manufacturer or his local agents or through the Crown Agents, should be purchased after quotations have been obtained from these three channels of supply.

(c) In case of emergency, spares may be purchased in accordance with F.R. 796 (1) or (3).

**F.R. 796 (1) Direct Departmental Purchases of Articles of small value -** Heads of Departments or Local Heads of Departments or officers in charge of separate Units or Institutions of Departments may purchase direct articles of small value up to Rs. 1,500 per day when it is un-economical to follow normal procedure to procure them, or when it is more economical to purchase them locally than to obtain them through the normal channels, subject, however, to any restrictions that may be laid down by the Head of Department. Total of such purchases, during any calender month, should not exceed Rs. 6000.

In making such purchases preference should be given to products of Government Industrial Institutions and Government Corporations wherever practicable.

(2) Frequent applications of the Provision of paragraph (1) above - When a Department, a sub office of a Department or a separate Unit or Institution of a Department find it necessary to make frequent local purchases of the articles for the discharge of the functions of such Departments, sub office, Unit or Institution, the Treasury will specify the frequency, the conditions and the limits within which such Department, Sub Office, Unit or Institution should be permitted to deviate from (1) above.

(3) Direct Departmental Purchases - In an emergency, the purchase of the immediate requirement of stores, irrespective of the value may be authorised by the Head of Department or by the Deputy under delegated authority. Such purchases may also be authorised on his own responsibility by a Staff Officer in charge of a sub-office. Written application requesting covering sanction of the purchase should, however, be made immediately to the Secretary to the Ministry concerned, with a copy to the Auditor-General.

**F.R. 797. Authorised deviations from General Tender Procedure relating to Works and Services.** (1) *Urgent works and services, the cost of which does not exceed Rs. 3,000.* - The Head of any Department may grant general or specific authority to Heads or Officers-in-Charge of institutions or units of the department, to incur expenditure on minor urgent repair works, the postponement of which might cause further damage or loss to Government property or impair the services performed at such institutions or units, e.g., a roof leak in a hospital ward, a broken window in a store, or repairs to essential furniture. The permissible maximum expenditure is Rs. 3000 which may be debited to the provision for Incidental Expenses, if no other appropriate provision exists.

*Note.* - The Head of Department should, if he wishes to delegate general authority under this Regulation, prescribe a limit not exceeding Rs. 3000 for expenditure at any one time, according to the class or type of institution or unit, subject to any further restrictions he may wish to impose, in order to ensure that expenditure is not excessive and is incurred only under the circumstances prescribed.

(2) *Damage caused by floods, etc.* - A Government Agent may undertake urgent repairs arising out of damage caused by floods, etc., provided that the cost does not exceed Rs. 5,000. The same procedure as set out in F.R. 783, may be followed by the Government Agent, if convenient.

(3) *Works, cost of which does not exceed Rs. 50,000.* - In the case of works for the Buildings Department, Irrigation Department, the Railway Department, and the Postal Department, it is optional, at the discretion of the Head of Department, either to invite tenders following usual tender procedure, or to invite quotations locally, for works (or for any parts thereof) the cost estimate of which does not exceed Rs. 50,000, to be done on agreement within the amount of the cost estimate in accordance with the Rules of those Departments, and at rates not exceeding those for which the works could be carried out Departmentally. In the case of works estimated to cost over Rs. 50,000 this discretion should be exercised by the Ministry Tender Board.

(4) *Works, the cost of which it is difficult to estimate.* - In the case of works, the extent of which it is difficult to foresee and for which therefore no approximate estimate can be prepared, the Head of a construction Department may give out such works at rates to be agreed on between himself and selected contractors, subject to the condition that these rates must never exceed those for which the department itself could carry out the works on check-roll. If the cost of the work is likely to exceed Rs. 50,000 the authority of the Ministry Tender Board should be obtained.

Stone setts, rubble and metal may be purchased on similar agreements without calling for tenders.

(5) Check-roll Work. – The Chief Accounting Officer may prescribe general rules or issue specific directions authorizing works of particulars types, the cost of which is not estimated to exceed Rs. 50,000, to be performed departmentally on check-roll, by a Construction, Department, when it is financially advantageous to Government and the department is fully equipped for the tasks. In the case of works costing over Rs. 50,000, this discretion should be exercised by the Ministry Tender Board.

**(No. F.R. issued under No. 798)**

**F.R. 799. (1) General Authority for deviating from normal Tender Procedure for Works and Services.** When, owing to urgent and exceptional circumstances, it becomes necessary to deviate from prescribed tender procedure, the authorities indicated below, may, within the limits prescribed, authorize such deviation, provided that the reasons therefore are explicitly recorded in writing:-

<b>Competent Authority</b>	<b>Limits</b>
(a) Head of Department – his personal approval is required	Up to Rs. 50,000 in the case of 'A' Class Departments, and Rs. 25,000 in the case of all other Departments
(b) Departmental Tender Board (subject to the personal approval of the Head of the Department).	Up to Rs. 2,000,000
(c) Ministry Tender Board (subject to the personal approval of the Secretary to the Ministry concerned).	Up to Rs. 5,000,000
(d) Cabinet of Ministers	Above Rs. 5,000,000

*Note .* – The above does not permit the acceptance of late tenders.

(2) *General Authority for deviation from procedures prescribed for Stores and Supplies.*  
 – (a) In urgent and exceptional circumstances, when real and appreciable injury would be caused to the activities of the Department by delay in following normal procedures are inappropriate to the type of articles required and the provisions of F.R.R. 794 to 796 are also inadequate to meet the contingency, the authorities mentioned in (1) above, may, within the limits prescribed, authorize deviation from the procedures prescribed for the procurement of stores provided the reasons therefore are explicitly recorded in writing.

(b) In the exercise of the powers delegated under (a) above, the competent authority should -

- (i) as far as possible, avoid the purchase of stores which are normally procurable through the PASU, Government Institutions and State Corporations;
- (ii) ensure that strict economy is observed; and
- (iii) avoid the purchase of stores, the necessary for which should have been foreseen or were included in the forecasts referred to in F.R. 720, unless they cannot be supplied by the appropriate source.

(3) Every authorization granted in terms of (1) and (2) of this Regulation should be noted in a Register meant for the purpose. A copy of every authorization should be forwarded to the Auditor-General.

**(No. F.R.R. issued under Nos. 800 & 801)**

#### **Section 7 – Miscellaneous**

**F.R. 802. Supervision of vehicles, plant, machinery, workshops, etc.** (1) Heads of Departments which are provided with vehicles, technical equipment, machinery and plant, workshop facilities, etc., should take steps to ensure that these are not excessive, and that they do not remain idle. The maintenance of adequate records which will enable departments to ascertain idle time will be a positive advantage in this direction.

(2) Officers responsible for the management of vehicles, technical equipment, plant and machinery, workshops and other facilities, are specially enjoined to see that the necessary records are maintained and that their work is planned and efficiently executed. They should also exercise due supervision and care in the custody, use and maintenance of vehicles, plant, machines, equipment and tools.

(3) The records referred to above should be maintained in respect of each vehicle, plant etc. They should indicate, inter alia, the date of purchase, cost history, repairs effected from time to time, expenditure thereon, idle time, etc. It should also indicate the dates for regular inspection, servicing and maintenance and the costs, if any, incurred thereon.

**(No. F.R. issued under No. 803)**

**F.R. 804 Transfer of Stores from one Government Department to another.** (1) *Temporary Transfers:-* When stores are temporarily transferred from one department to another, they should be dealt with as unrecorded issues in the Inventory Book – see F.R. 753 (3). Receipts on Form General 219 should however be obtained for such issues.

(2) *Permanent Transfer*, - (a) When stores are permanently transferred from one department to another, they should be duly entered as issues and receipts in the respective Inventory Books of the departments concerned, and both issue Orders and Receipt Orders should be exchanged in terms of the relevant provisions of F.R. 753.

(b) In addition to the passage of documents referred to in (a) above, charges, if appropriate, should be levied in terms of F.R. 807, in the case of the permanent transfer of stores from one department to another. – See F.R. 297 also.

**F.R. 805. Works and services for Provincial Councils, local authorities and private parties etc.** (1) *Circumstances*.- A Government Department may carry out a work for, or render a service to a Provincial Council, or a local authority, or a private body in the following circumstances:-

- (a) When the party is itself unable to do the work owing to the lack of proper staff, expert knowledge, or suitable contractors.
- (b) When the Government Department concerned is peculiarly fitted to carry out the work.
- (c) When the Government officers, whose assistance is sought for, have the necessary time to spare without prejudice to or without neglect of their own departmental duties.

(2) *Procedure*. – The procedure to be followed in these cases will be as follows:-

- (a) No work must be undertaken until the full amount of the estimated cost, as indicated in F.R. 807, has been deposited in advance. (The Colombo Municipal Council is exempted from the requirement of paying in advance). Any variation from this rule, or an application to pay the money in installments must first be approved by the Treasury (Department of Public Finance).
- (b) The estimated cost must include all the charges referred to in F.R. 807 unless the prior consent of the Treasury (Department of Public Finance) has been obtained for waiving the whole or any part thereof. The estimated cost must be notified to the party concerned, and approval of the estimate obtained in writing before the work is commenced.
- (d) When any contract has been entered into under this Regulation, no variation of the contract or waiver of any part of the agreed sum payable shall be granted without the prior sanction of the Treasury (Department of Public Finance). This Regulation does not prevent additional items, which are found necessary in the course of carrying out a contract, being undertaken, but all such additional items shall be charged for on the basis laid down

in this Regulation and approval in writing by the party concerned and payment of the additional charge shall be obtained before such additional items are proceeded with.

*Note.*- This Regulation is applicable to job works and services, and not to those rendered at standard rates to the general public.

**F.R. 806 . (1) Issue of Stores to Government Officers and Private Parties.** Issue of stores to individual Government Officers or to private individuals for unofficial purposes, must not be made without the authority of the Chief Accounting Officer concerned.

**(2) Works and services for Government Officers.** No Government Department should normally undertake any private work or service for a Government Officer; but, in exceptional circumstances, where such work or service cannot be done by any not-Government workshop or institution, it may be undertaken by a Government Department with the prior approval of the Secretary to the Ministry in charge of the department.

*Note 1.* – This F.R. does not apply to works, services and supplies rendered at standard rates fixed for sale or supply to the general public.

*Note 2.* – The charges recoverable under this F.R. shall be as provided for in F.R. 807.

**F.R. 807. Charges for issue of Stores and for Works and Services performed by Government Departments.** The charges prescribed below should be recovered by a Government Department for:

- (a) Stores transferred from one department to another;
- (b) Stores issued to Provincial Council, local authorities or private parties;
- (c) Works and Services performed for another Government Department, a Provincial Council, Local Authority or private party.

Such charges should be credited to the appropriate Head of Revenue or Advance or other Account. When Head is appropriate, the credit should be to Revenue Head 6, "Sales & Charges", Sub-head 1, "Sales", Item 4 "Miscellaneous Receipts", Sub Item 4, "Sundries".

## (1) Charges recoverable by a non-Commercialised Government Department-

## (a) from a non-Commercialised Government Department:

Stores	Labour	No charges recoverable. If however, there is specific provision in the Estimates of the receiving department, the cost of the stores, labour and incidental expenses (transport etc.) should be debited to such provision and credited to Revenue Head 6, "Sales and Charges", Sub-head 1, "Sales", Item 4, "Miscellaneous Receipts", Sub-Item 4, "Sundries".
Overheads, etc.		

## (b) from a Commercialised Department (Including Advance Account Activities):

Stores	...	Cost inclusive of Customs Duty and Turnover Taxes plus 2 ½ percent thereof.
Labour	...	Wages plus living allowances.
Overheads	...	Departmental overheads as computed by the department.

## (c) from a provincial Council, local authority or a Statutory Corporation:

Stores	...	Cost inclusive of Customs Duty and Turnover Taxes plus 15 per cent thereof.
Labour	...	Wages plus living allowances.
Overheads	...	Departmental overheads as computed by the department.

## (d) from a private party:

Stores	...	Cost inclusive of Customs Duty and Turnover Taxes plus 25 percent thereof.
Labour	...	Wages including living allowances.
Overheads	...	Departmental overheads as computed by the department.
Additional Charges	...	10 percent of total of Stores and labour.

## (2) Charges recoverable by Commercialised Government Departments and Advanced Account Activities:-

(a) Standard rates should apply in regard to supplies and services arising from a normal trading activity.

(b) Where supplies and services outside normal trading activities (i.e. ad hoc job, works and services) are rendered, the following recoveries should be made:-

- (i) From a non-Commercialised Government Department -
- |                      |     |   |
|----------------------|-----|---|
| Stores               | ... | At cost inclusive of Customs Duty and Turnover Taxes. |
| Labour and Overheads | ... | Wages plus living allowances plus overheads.          |
- (ii) From a Commercialised Department - (Including Advance Account Activities)
- |                      |     |   |
|----------------------|-----|---|
| Stores               | ... | At cost inclusive of Customs Duty and Turnover Taxed. |
| Labour and Overheads | ... | Wages plus living allowances plus overheads.          |
| Additional Charges   | ... | 5 percent of total of Stores and Labour.              |
- (iii) From a Provincial Councils, a Local authority or a Statutory Corporation-
- |                      |     |  |
|----------------------|-----|--|
| Stores               | ... | Cost inclusive of Customs Duty and Turnover Taxes plus 15 percent thereof. |
| Labour and Overheads | ... | Wages plus living allowances plus overheads.                               |
| Additional Charge    | ... | 10 percent of total of Stores and Labour.                                  |
- (iv) From a private party -
- |                      |     |  |
|----------------------|-----|--|
| Stores               | ... | Cost inclusive of Customs Duty and Turnover Taxes plus 25 percent thereof. |
| Labour and Overheads | ... | Wages plus living allowances plus overheads.                               |
| Additional Charge    | ... | 10 percent of total of Stores and Labour.                                  |

*Note 1.* - The rates and charges prescribed in this Regulation are applicable only in cases not covered by other specific Regulations. (e.g. This Regulation is not applicable to Works executed by a Construction Department for other departments, sale by public auction or tender, the procurement of stores by Requisitions etc., and sale of scrap [F.R. 773]).

*Note 2.* - *Cost of Stores.*- Cost of Stores should include in addition to the cost price, any direct charges such as cost of transport, packing, etc. A departmental charge of 2 ½ percent on the total should be included to cover the cost of handling. Where, however, the store keeping overheads have actually been worked out to be a higher percentage, such percentage should be charged as handling charges with Treasury concurrence.



Where cost of transport cannot be accurately assessed, it may be estimated at a reasonable percentage of the cost price of the stores. Any indirect variable charge should be similarly assessed as a percentage of the cost price of stores.

*Note 3. –Overheads.-* (a) Where no standard rates are appropriate, the department concerned should prepare and submit to the party concerned its own estimate based upon the full cost in terms of the above Regulation the overheads would ordinarily cover the following expenses:-

- (i) Salaries of overseers with proper additions for pensionary contributions or retiring allowances – (25 percent in respect of pensionable
- (ii) Depreciation of plant, machinery, tools, vehicles, fittings and fixtures, furniture, etc.
- (iii) Repairs and renewals to plant, machinery, tools, etc.
- (iv) Fuel, engine oil, cotton waste, grease, etc.
- (v) Economic rent.
- (vi) Payment for water, gas, etc.
- (vii) Electricity (power as well as lighting)
- (viii) Traveling and transport.
- (ix) Salaries of administrative, technical, supervisory, accounting, clerical and minor staff with proper additions for pensionary contributions, leave, salaries, passages, holiday warrants, concessionary season tickets, etc.
- (x) Medical Services.
- (xi) Legal and Police charges.
- (xii) Audit Fees.
- (xiii) Printing, binding and stationary.
- (xiv) Postal and Telecommunication Services.
- (xv) Interest on Capital.

(b) In cases where it is not convenient to compute departmental overheads, they may be taken to be 50 percent of wages plus living allowances.

*Note 4 – Claim vouchers to show the accounts to which the payments should be credited.-* Claim vouchers sent by the PASU, to Provincial Councils and local authorities must show the accounts to which the sums thereon claimed should be credited. Such sums must be remitted to the Director, PASU or paid into the Treasury or nearest Kachcheri and receipts must be furnished to the Director, PASU, in proof of payment.

Claim vouchers sent by other Government Departments must be settled in the Manner desired by them.

**(No. F.R.R. issued under Nos. 808 – 824)**

**CHAPTER XIV**

**MISCELLANEOUS**

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**CHAPTER XIV**  
**MISCELLANEOUS**

**Section 1 – Stamps**

**F.R. 825 Stocks of Postage and Revenue Stamps.** The main stock of stamps will be kept by the Commissioner General of Inland Revenue in the stamps vault at his office. A stock book will be maintained in which will be entered under each denomination the number of stamps received and issued and this book on each occasion of either receipt or issue, will be initialed by the by the officers appointed by the Commissioner General of Inland Revenue to have charge of stamps. The stamp will be issued on application and a receipt will be taken from the officer to whom they are issued.

**F.R.826 (1) Supplies of stamps to be obtained from the Commissioner General.** Government Agents will obtain supplies of stamps from the Commissioner General of Inland revenue and will keep a record of their receipt and issue in Form General 68.

(2) *Sale of stamps at a Kachcheri.* – (a) The Government Agent shall appoint one of his shroffs to be the Stamp Vendor at his Kachcheri. For this purpose he will issue a Stamp Imprest to the Shroff, in terms of F.R.827, from his Main (Vault) Stock. The shroff shall record his receipt and issues in Form G.A.M. 71.

(b) The collections from the sale of stamps by the shroff should be credited daily to Revenue and a receipt issued in favour of the shroff for all such collections. The shroff will apply to the Government Agent for a renewal of his Imprest, using Form G.A.M. 90 along with the official receipts issued to him daily for the value of the stamps sold. The Government Agent, or the officer delegated for this purpose, shall check the application and tally the total with the aggregate of the official receipts submitted, before granting a renewal.

(c) The Shroff's Stamp Imprest Register shall be checked daily by the officer delegated for the purpose, in order to ensure that all sales are properly accounted for and credited to Revenue.

(d) The amount of Stamp Imprest to be granted to the Shroff shall be determined by the Commissioner General of Inland Revenue and any variation in the amount of Imprest should be approved by him.

(e) However, any special issue of stamps for immediate sale over the counter may, when necessary, be made from the Main (Vault) Stock of Stamps, when the particular denominations or value of stamps in the hands of the shroff prove to be inadequate. The full value of such issues should be immediately credited to Revenue and receipt issued in favour of the Government Agent himself.

**(3) Renewal of Main ( Vault) Stock.** Government Agents shall obtain stamps from time to time from the Commissioner General of Inland Revenue, in order to replenish their Main ( Vault) Stock. For this purpose application shall be made to the Commissioner General of Inland Revenue on Form G.A.M. 90, along with a covering letter and official receipts issued by them for all -

- (a) renewals by ex-officio stamps vendors – (F.R. 827);
- (b) renewals by the shroff at the Kachcheri – (2)(b) above;
- (c) collections through special sale of stamps – (2)(e) above.

**F.R. 827. Imprests.** (a) Ex-officio vendors of stamps. (i.e., certain Government Departments which have been authorized by the Commissioner General of Inland Revenue to maintain an imprest for stamps), will receive on credit, from the Commissioner General of Inland Revenue, in the case of the Colombo District, and from the Government Agents, in the case of other districts, a first supply of stamps to the extent of such sum as may be approved by the Commissioner General of Inland Revenue in each case. They will keep a record of receipts and issues in Form G.A.M. 71.

(b) The vendors must replenish their credit stocks as often as may be necessary, and at least once a week, by remitting to the Commissioner General of Inland Revenue or the Government Agent, as the case may, the cash realized in respect of the sale of stamps, and simultaneously receiving in exchange, stamps to the exact value of the cash paid in. Applications for stamps to the extent of a part only of the sum paid in, will not be accepted. The vendors must be able to produce the whole of their credit stock in stamps and / or cash ( and in the case of the Kachcheri Shroff – see F.R. 826 (2) (a) and (b), - in stamps, cash and / or official cash receipts), whenever called upon to do so.

( c) The officer-in-charge of an office in which there is an ex-officio vendor must check the vendor's imprest at frequent but intervals, making a note of the fact in the vendor's account book (G.A.M.71).

(d) The Government Agent shall issue to himself receipts for the amounts remitted to him by ex-officio stamp vendors for their renewal of stamps imprests. These receipts shall be forwarded in due course to the Commissioner- General of Inland Revenue as indicated in F.R. 826(3).

Note: - F.RR 826 and 827 do not apply to the Postal Department.

The Postmaster – General will obtain his supplies of stamps from the Commissioner – General of Inland Revenue. Stamps will be issued to him on receipt by the Commissioner – General of Inland Revenue of applications which will set out the quantity and value of each denomination which he requires.

**F.R. 828. Cancellation.** (1) The provisions of section 8 (3) of the Stamp Ordinance ( Cap. 358), must be strictly carried out. These provisions require that the stamps fixed to all documents (other than foreign bills of exchange drawn in, but payable out of the Island, and receipts attached to Public accounts) received in or issued from any public office should be so marked that such stamps cannot be used again. This marking may be done by the use of a metal hand stamp and special obliterating ink procurable from the Director, Procurement and Advisory Services Unit of the Ministry of Finance. This method must be used in all Government offices, which frequently deal with documents bearing stamps of the value of fifty cents and over. Government offices which only occasionally deal with such documents must continue to mark stamps by cutting or punching a piece out of each stamp, taking care to avoid as far as practicable, the excision of dates and initials which appear on them.

(2) In using the metal hand stamps, care should be taken that the cancellation mark is well struck with sufficient ink and that it extends slightly beyond the sides of the stamp so that part of it appears on the document itself.

(3) The cancellation mark should bear the correct date of stamping.

*Exception* - The Registrar General's Department should punch stamps affixed to duplicates of deeds so that a portion of each stamp is cut out completely.

**F.R. 829. Fees other than Court Fees Paid in Stamps.** (1) *Verification and Cancellation.* - In all cases where fees, other than Court Fees, duties or charges, are collected by adhesive stamps, the stamps should be cancelled, in accordance with the provisions of F.R. 828, by the Staff Officer signing the licence, permit, or document, or authorizing the services, for which the payment in stamps is collected. He shall also take steps to see that unused stamps to the proper values have been affixed to the appropriate documents.

(2) *Licences etc. paid in stamps* - In cases where duties, fees, and similar receipts on account of licences are collected by adhesive stamps, the stamps will be affixed on the counterfoils of the licences ( or on the application therefore, where there are no counterfoils), by the Officer-in-charge and cancelled in terms of (1) above.

(3) *Other fees and duties paid in Stamps.* - These should be similarly recorded in registers by the departments responsible for their collection, separate folios of the register being used for different classes of fees.

*Note* - Regarding Court Fees paid in stamps see F.R. 605.

**(No. F.R.R. Issued Under Nos. 830 -834)**

## Section 2 – Hire of Buildings

**F.R. 835. Authority.** (1) Except as hereinafter provided, the authority of the Secretary to the Ministry concerned is required –

- (a) for new hiring of land and/or buildings;
- (b) for renewals of existing hiring of land and/or buildings, either on the same terms as the original hiring or on new terms; and
- (c) for the payment of an advance, or for any unusual features in the hiring terms.

(2) A Head of a Department whose votes contain specific Monetary Provision for payment of rent is empowered to act on his own authority and responsibility in hiring a building , or renewing an existing hiring, subject to the following conditions and limitations:-

- (a) The Head of the Department must satisfy himself that the building is required for a purpose within the scope of the provision, and that no Government building suitable for that purpose is available.
- (b) The negotiations for the hiring or renewal of an existing hiring must be conducted under the direction of the Head of the Department, who must record in writing his personal approval of the terms agreed upon before the arrangements are completed.
- (c) The Government Agent of the district must be consulted in the case of all hirings (including renewals of existing hirings) below Rs. 50 a month. In the case of hiring of Rs. 50 a month or over, the Head of Department concerned should consult the Chief Valuer. If the Head of Department is unable to accept the finding of the Chief Valuer the matter should be referred for decision to the Secretary to the Ministry in charge of the department hiring the land and/or building.
- (d) The hiring terms must be of an ordinary character.
- (e) The period of the agreement or lease must not exceed three years.
- (f) The rent must not exceed Rs. 250 a month, in the case of a new hiring or an existing hiring which is to be continued on new terms, or Rs. 500 a month, in the case of an existing hiring which is to be continued on the same terms.
- (g) The hiring, or renewal of an existing hiring, must not involve additional expenditure likely to cause an excess on the provision for the current year or a demand for a material increase of provision in succeeding years.

(3) An approval standard form of written agreement or lease must be used without material alteration when the hiring terms are of any ordinary character. Terms relating to payment of advances or to any unusual features. Terms relating to payment of advances or to any unusual features should be specifically embodied in the written agreement in consultation with the Attorney-General. Copies of all written agreements must be sent to the Auditor-General on completion

*Note 1.-* The authority given to a head of a Department under (2) above relates only to the hire of land and /or buildings required for a public purpose, and does not include renting quarters for the use of public officers.

*Note 2. -* When the lease of a rented building where the electrical installation has been put up at Government expense is due to expire, the department concerned should take necessary action to dismantle and take over the installation. – See F.R. 751.

**F.R. 836. Buildings of Government Officers.** – Government officers should not lease, or rent out to Government, buildings and lands belonging to themselves or their families, without the prior approval of the Secretary to the Ministry in charge of the department requiring the building or land.

**(No F.R.R. Issued Under Nos. 837 – 839)**

### **Section 3 – Sales under Writ for the State**

**F.R. 840.(1) Court Order to be obtained to bid at sale.** In all cases where the State is a decree-holder, a Court order under Section 272 of the Civil Procedure Code (Cap.101) should be obtained empowering the decree-holder to bid at the sale and to set off the purchase money against the amount of the writ; and a duly authorized officer of Government should be present at the sale on behalf of the State and bid accordingly, until the bids approximate to what may fairly be regarded as the actual value of the property. Whenever, for any special reason, the attendance of a State Attorney-at-Law is considered necessary, the Head of the Department concerned should communicate with the Attorney-General without whose express instructions the State Attorney-at-Law cannot attend.

**(2)Adjournment of Sale.** Apart from the right of the Fiscal under Section 265 of the Civil Procedure Code to refuse to accept a bid where the Fiscal is not satisfied as to the bona fides of a bidder or a bidder's ability to pay down the amount of a deposit required, the Fiscal may, under Section 342 of the Civil Procedure Code, in his discretion, adjourn a sale provided also that the Fiscal shall in his return to the execution, or sooner, report to the Court the cause for which the adjournment was made.

It is discretionary with the Fiscal to adjourn a sale under Section 342 of the Code and where the highest bid is so low that the interests of the State would be prejudiced by its acceptance, the officer present on behalf of the State (see (1) above) should suggest to the Fiscal that he adjourn the sale.

**(No F.R.R. Issued Under Nos. 841 -844)**

#### **Section 4 – Official Telephones**

**F.R. 845 . (1) Register of Official Telephones.** Heads of Departments should arrange to maintain a record of all official telephones (both office and bungalow telephones), assigned to their department. This should be substantially in the form prescribed in Appendix 26. It will be convenient to maintain these records in two lists, one for office telephones and the other for bungalow telephones. It should be noted that an official bungalow telephone may be attached to Government quarters occupied by an officer, or to his private bungalow.

Particulars required should be maintained not only in respect of each direct line telephone, but also in respect of each extension telephone assigned from a shared sub-exchange or from any direct line.

(2) Changes. - Changes in the particulars already recorded in the Register of Official Telephones maintained in the department, resulting from any cause whatsoever (removals of telephones, new or additional lines or extensions, any kind of staff changes such as transfers, new appointments, changes in designation, etc.), should be noted in the Register, as soon as they occur.

(b) It will be the duty of the officer to whom a telephone is assigned or the officer in charge of the institution, branch or section of the department, in which the telephone is installed, to notify the Head of his Department any changes due to be recorded in the Register of Official Telephones.

Note 1. - When an officer, branch or section of a department, is moved from one situation to another, involving the use of a different telephone, arrangements can be made with the local office of Sri Lanka Telecom to assign to the latter telephone, the number of the telephone originally used by the officer, branch or section, provided the telephones involved are both within the same exchange area. This possibility should be verified from the Sri Lanka Telecom before making application for physical removal of telephones necessitated by changes in the department, if officers concerned in the change have not themselves verified and reported this possibility when reporting changes in terms of (2)(b) above.

Note 2. - See(7) below regarding consequential Directory changes to be reported to the Superintendent of Telecommunication Traffic.



**(3) Vacation of quarters (private, departmental or general quarters).** – (a) An officer who has to vacate a bungalow, which is provided with an official telephone, should notify his Head of Department regarding such telephone as soon as he receives notice or desires to vacate the bungalow or becomes aware the necessity to do so, specifying -

- (i) date of proposed vacation;
- (ii) whether it is due to a transfer, resignation, retirement or other cause;
- (iii) if it is due to a transfer, the new post, station or the department (if transferred outside his present department), to which he is transferred.

If his transfer is to another department, he should also apply to his new Head of Department for a telephone, if he is entitled to one in his new post and his predecessor had been provided with an official bungalow Telephone.

(b) The head of the Department to whom notice under (a) above is given should immediately inform the Sri Lanka Telecom indicating in every case -

- (i) the date of proposed vacation;
- (ii) reasons for vacation ( transfer, retirement, etc.);
- (iii) whether the telephone should be reinstalled else-where (subject to provisions of (6) below); and
- (iv) if it is not to be reinstalled elsewhere in his department, that the telephone should be treated as recovered by the Sri Lanka Telecom.

If the telephone involved is presently in Government quarters the Head of the Department should, in addition, indicate to the Sri Lanka Telecom.

- (v) whether the incoming officer belongs to his department;
- (vi) if the letter belongs to another department, the name of that department; and
- (vii) whether the incoming officer is known to be entitled to a telephone.

This information will help the Sri Lanka Telecom to deal with the removal or recovery in the most economical manner.

(4) **Transfers, Retirements, etc. ( without vacation of quarters- private, departmental or general quarters).** When an officer provided with an official bungalow telephone:-

- (a) is transferred to another post or department, and does not have to vacate quarters, or
- (b) retires or resigns his post, whilst living in quarters.

He cannot retain the telephone provided for him, unless, in the case of (a) above, his predecessor in the post or department had been provided with an official bungalow telephone. The officer concerned should-

- (i) in the case of (b) above, immediately request his Head of Department to take action to have the telephone removed;
- (ii) in the case of (a) above -
  - A. if he is transferred to another post in the same department, apply to the Head of his department for retention of the telephone, if his predecessor in the new post had been provided with an official bungalow telephone . The Head of Department will apply to Sri Lanka Telecom recommending appropriate action.
  - B. If he is transferred outside his department, apply to the Sri Lanka Telecom, through the Head of his present department and the Head of his new department, for retention of the telephone, if the predecessor in the new post had been provided with an official bungalow telephone.

The Head of Department should forward the application of the officer to the new department, with his recommendation; and the Head of the new department should apply to the Sri Lanka Telecom recommending appropriate action.

If the application is ultimately allowed, the telephone will be treated as having been transferred to the new department from the specified date and appropriate entries should be made in the Registers of both departments.

Note 1. - Departments are advised to use the form prescribed in Appendix 27 when applying to the Sri Lanka Telecom.

Note 2. - Resulting changes, when effected, should be noted in the Register of Official Telephones and immediately notified to the Sri Lanka Telecom as indicated in (7) below.

(5) **An officer on leave outside the Island.** See F.R. 846(2)(d)

(6) **Grant of bungalow telephone to a transferred officer whose predecessor had none, amounts to a new connection.** When an officer is transferred to another post or station or department, he should not be provided with an official bungalow telephone unless his predecessor in the new post had already been provided with one and the officer himself is otherwise entitled to one. If these conditions are not satisfied the grant of a bungalow telephone to the transferred officer should be treated under F.R. 846 (i.e. as a new connection).

(7) **Telephone Director Entries and Amendments.** All changes relating to telephones, which necessitate changes in the entries already recorded in the current Telephone Directory, should also be notified at once to the Sri Lanka Telecom. This notification is necessary to avoid omissions and inaccuracies in the next revision of the Telephone Director and to ensure that, until such revision is published, the Directory Enquiries Section of Sri Lanka Telecom is provided with up to date information relating to official telephones, for the benefit of public inquirers. For the purpose of notifying such changes the Head of a Department should forward to the Sri Lanka Telecom particulars on the Form prescribed in Appendix 28.

(8) **Neglect or delay in the notification changes, or vacation of Quarters.** An officer who neglects or delays to notify in due time, a proposed vacation of quarters or, an impending change as indicated under (3) to (6) above, will be surcharged the expenses or the loss involved as a result of such delay or neglect. He will also be charged the full rental due during any period of non-allotment of the telephones.

**F.R. 846 New Connections.** (1) *Office Telephones.* - Applications for new connections, whether exchange lines or extensions, should be made in duplicate to Sri Lanka Telecom. Such applications should be signed personally by the Head of the Department or a duly authorized Deputy. When a new department makes an application for the first time, the prior approval of the Secretary to the Ministry concerned should be obtained in the first instance. Thereafter application should be made by the Head of the Department to Sri Lanka Telecom.

Particulars for insertion in the Telephone Directory should also be forwarded with every application. The specimen form prescribed in Appendix 28 may be used for this purpose.

(2) *Bungalow Telephones* – (a) Applications for new official Telephone connections to bungalows should also be made as indicated in (1) above stating whether:

- (i) rental will be paid by the officer concerned; or
- (ii) rental will be paid by the department

(b) Rental should normally be charged on all official bungalow telephones; and it should be paid by the officer concerned, provided however that, in any case in which the Secretary to the Ministry concerned is of opinion that the officer will be frequently called up for duty outside office hours, rental will be paid from provision in the Estimates of the department concerned. For this purpose, departments should include provision in their Estimates, annually.

(c) An officer who has to pay rental on an official bungalow telephone, may opt to have the monthly or annual rental recovered on the pay abstract.

(d) Officers exempted from paying rental, in terms of (b) above, should however pay it for periods of leave out of the Island, in excess of six months, during which the telephone is retained.

(3) **Recording in Register** – Particulars of all new connections should be recorded without delay in the Register of Official Telephones – F.R. 845.

**F.R. 847. Removal of Official Telephones.** (1) *Removal of office telephones* from one position to another in the same buildings or from one building to another in the same town may, if required, be carried out by Sri Lanka Telecom without reference to the Secretary to the Ministry concerned.

(2) *Removal of official Bungalow Telephones* – (a) Removal of official bungalow telephones from one building to another in the same town may, if required, be carried out by Sri Lanka Telecom without reference to the Secretary to the Ministry concerned in the following cases:-

- (i) Where the change of residence by an officer is necessitated by order of Government;
- (ii) where the incoming officer does not occupy the same bungalow as the out going officer; and
- (iii) Where the change of residence is involuntary and necessitated by circumstances beyond the control of the officer concerned.

(b) Cost of removal of official bungalow telephones to suit the convenience of the officer concerned should be paid for by him.

(c) Where removal expenses are to be borne by Government, a certificate to the effect should be furnished. Such certificates should be signed personally by the Head of the Department.

(3) *Application for removal.* - All applications for removal of office or of official bungalow telephones should be made substantially on the form prescribed in Appendix 27 and be also accompanied by particulars required in the form prescribed in Appendix 28. Applications should be forwarded to Sri Lanka Telecom through the Head of the Department concerned.

See also Notes to F.R. 845(2).

**F.R. 848. Local Calls.** (1) *Private Local Calls originated from Office Telephones.* - Private local calls may be allowed on office telephones with the prior sanction of an officer duly authorized to permit such calls.

(2) *Charges for Private Local Calls.* - A local message fee, at the current rate per call, applicable to the particular exchange area, is payable by the officer originating private calls over any official telephone (office or bungalow). In the case of such calls originated over bungalow telephones the fee is always payable by the officer to who the telephone has been allocated, irrespective of who originated the calls.

**F.R. 849. (1) Inland Trunk Calls -**

(a) *Originating Trunk Calls.* -

The Head of a Department may delegate his Authority of originating trunk calls to suitable officers. Every officer making a trunk call whether direct dialed or operator assisted (STD) or non STD) should enter the particulars of the calls in the register maintained under F.R. 850 for the purpose and should indicate whether the call is for official purpose or private. If official, the cost of the call should be met from, Departmental Votes, and otherwise, it should be recovered from the officer.

(b) *International Telephone Calls.*-

The Head of a Department on his own responsibility may delegate the authority to any senior officer to originate International Telephone Calls or provide him with the facilities for International Direct Dialing (I.D.D.). All International Telephone Calls Originated through an official telephone should be entered in the register maintained by the officer responsible and in the event of officers failing to comply with the requirement, the cost of calls will be surcharged to the officer.

(2) *Private Trunk Calls, not ordinarily permitted on office telephones.* The Head of the Department is responsible for taking proper precautions that trunk calls shall not ordinarily originate from his office telephones, except on government business. However, in an emergency, the Head of a Department may allow an officer to originate a private trunk call and recover the amount due from the officer concerned. At the time of booking the call the exchange should be informed that the fee due on the call should be notified. The exchange will do this immediately after the call is over. The fee given should be noted in the appropriate Column III of the register of Telephone Calls.

**F.R.850. Register of Telephone Calls** (1) *Types of Calls Registered.* A Register of Telephone Calls should be maintained on the form prescribed in Appendix 29, for each office and bungalow telephone, including every extension telephone. Calls Should be recorded therein as follows, before making them:-

Telephone	Types of calls which must be recorded
(a) Office telephones	(i) Local Calls – All private calls (ii) Trunk Calls- Both official and private calls.
(b) Official Bungalow telephones	All official local and trunk call
(c) Official bungalow telephones connected to departmental sub exchanges	As for Office telephones

(2) *Responsibility* – The Head of the Department or the officer-in-charge in a sub-office is responsible to take all necessary steps to ensure the proper maintenance of the Registers prescribed under (I) above.

**F.R.851. Settlement of Charges for Telephone Calls.**

(1) *Submission of bills by Sri Lanka Telecom:* - Monthly bills for telephone calls taken will be rendered by Sri Lanka Telecom. The Head of the Department is responsible for settling promptly all the monthly bills rendered after necessary verification from the relevant registers. In case Sri Lanka Telecom disconnects any telephone due to non settlement of bills expenses of re-connection of the telephone will have to be treated as a loss to the Government under F.R.156.

(2) *Recovery of charges for private telephone calls made through office telephones.* – At the end of every month returns of private call originated over office telephones should be prepared from the Register of Telephone Calls. The Head of Department should ensure that the amounts due are recovered from the officers concerned from their salaries for the month following that in which the calls were made.

*(3) Recovery of charges for private calls made through official bungalow telephones.*  
 – On receipt of the monthly bill (referred to in (1) above) from Sri Lanka Telecom, the Head of Department will ascertain the number of private calls made through each official bungalow telephone and recover the full amount due from the salary of the officer to whom the bungalow telephone has been allotted, as far as possible, in the month in which the bills are received.

*(4) Disposal of recoveries for private calls.* – Recoveries should be credited by the department, to Revenue.

*(5) Returns* – The returns referred to in (2) above should be filed of record in the department.

**F.R. 852. Head of Department to collect and account for all charges due.**  
 It shall be the duty of every Head of Department to ensure that steps are taken to collect promptly all charges due on private (local or trunk) calls originated from the office telephones, as well as from official bungalow telephones. He should satisfy himself that all such private calls have been accounted for, in the manner prescribed in F.R.851.

**F.R.852 (1) Prevention of abuse of Official Telephones.** Every telephone should be placed in charge of a particular office, and departments should take adequate steps, including the installation of locking devices, to ensure that the telephones are not put to improper use. In the case of telephones connected to a sub-exchange adequate instructions should be given to the operators so as to avoid the improper use of telephones, especially in the booking of trunk calls. A Head of Department is entitled to treat as private any call not entered in the Register of Telephone Calls (F.R.850) unless satisfactory evidence can be adduced by the officer in charge of the telephone that it is not a private one, and he gives satisfactory explanation for not entering it in the Register.

*(2) Official Calls on Private Telephones* – Calls on Government account will not be allowed on private telephones. However, where a Government officer uses a private telephone for an official call he should pay for it and claim reimbursement from appropriate departmental votes.

**F.R.854** Telephone referred to in this section is the normal stationary telephone equipment supplied by Sri Lanka Telecom. The authority of the Secretary should be obtained for procurement of hi-tech special models / types of telephones.

When making purchases of such equipment, tender procedure should be followed.

## **Section 5 – Purchase of Newspapers**

**F.R.855 Purchase of Newspapers.** Departments must not subscribe to local or foreign newspapers at the expense of public funds except with the approval of the Secretary to the Ministry concerned.

**(N.F.RR. Issued Under Nos.856 – 559)**

## **Section 6 – Specifications of Land under Irrigation Works**

**F.R.860 Specifications.** Government Agents will be responsible for the preparation of specifications of land benefited by irrigation work in their provinces under Section 50 of the Irrigation Ordinance (Cap.285), and for this purpose shall apply to the Director of Irrigation Ordinance (Cap.285), and for this purpose shall apply to the Director of Irrigation for reports on irritability and for advice as to the nature and extent of the Irrigation rates to imposed. In the event of any difference of opinion between the Government Agent and the Director of Irrigation, the point at issue must be referred to the Secretary to the Ministry in charge of the subject of Irrigation for instructions.

**F.R.861. Amendment** (1) The discretion to amend or not to amend a specification lies absolutely with the Government Agent under section 50 (2) of the Irrigation Ordinance and should the Government Agent find a difficulty in clearly ascertaining the areas or boundaries of proposed subdivisions of an allotment, the owners may be required to get their several shares surveyed as a condition precedent to a change in the specification.

(2) So long as a specification remains un-amended, the allotment shown in it are as units (or the crop or produce of them) specially bound and liable for the payments due, and sub-divisions should not be recognized.

**(No F.RR Issued Under Nos. 862 – 864)**

## **Section 7 – Expenditure in Connection with Forest Offences**

**F.R.865 (1) Paid Forest Department Votes.** Bona fide expenditure incurred by Grama Niladharis and by officers of the Forest Department, in the detection of forest offences and the handling and safeguarding of timber and other forest produce under seizure, will be reimbursed from public funds. Applications for the reimbursement of such expenditure should be made, in the case of offences committed in State Forests, other than reserved Forests or Proposed reserves, to the Government Agent in charge of them, and, in the case of offences committed in



Reserved Forests, or Proposed Reserves to the Conservator of Forests. On being satisfied with the correctness of the charge, the Government Agent or the Conservator of Forests, as the case may be, will sanction payment. The expenditure should be charged to the provision for expenses in forest offences, connected with timber, firewood and other forest produce, annually provided in the Estimates under Head: Forest Department. For this purpose, Government Agents will be granted Allocations from this provision.

(2) *Removal and custody.* - In every case possible, where instructions have been received for the removal of timber or other forest produce, under seizure, to safe custody, such material should be removed directly to the compound of the nearest Grama Niladari or Forest Officer. For services so rendered by Grama Niladharis, in storing and taking care of timber and other forest produce, reimbursement will be made to the extent of 10 per cent of their disposal value, the same being a charge on the Votes of the Forest Department.

(3) *Watchers.* - In cases where watchers have to be employed, for whom payment is made monthly, the expenses incurred should be reimbursed monthly on the production of bona fide under-receipts. The employment of watchers should, as far as possible, be avoided.

(4) *Storage.* - When it is found necessary, for reasons given, that timber or other forest produce under seizure, should be stored in private premises, a reasonable sum may be paid as rent to the owner of the premises, during the period of their occupation, provided the owner of the premises undertakes responsibility for the safety of the timber or other produce stored.

(5) *Recovery.* - In cases where timber and other forest produce under seizure is eventually released and made over to parties after compounding an offence, all bona fide expenditure incurred in the handling and safe custody of the material should be first met from the Votes of the Forest Department, and recovered from the parties to whom it has been made over, as a condition of the release of the timber or other forest produce. Such recoveries should be credited to Surcharge Account if made in the same year. If not, the amount recovered should be credited to revenue.

(6) *Other Expenses.* - No expenditure incurred by Grama Niladaries or Forest Officers, save such as is incurred in the actual seizure of timber and other forest produce, will be recognized unless the prior authority of the Government Agent or the Divisional Forest Officer to incur expenditure has been obtained. All cases reported by the Grama Niladaris relating to offences committed in Reserved Forests or Proposed Reserves should be passed on by the Government Agent to the Divisional Forest Officer. The latter will signify his assent to the removal by Grama Niladaris of timber and other forest produce under seizure, or will arrange with the Government Agent for its removal by officers of the Forest Department.

(7) **Remote Places** - Pending the receipt, by Grama Niladaris or officers making a seizure, of instructions to remove material from a forest or remote place to a place of greater safety, fees for watching such material in such forest or remote place will be paid if they are considered by the Government Agent, or the Divisional Forest Officer, to be reasonable.

**(No F.R.R Issued Under Nos. 866-869)**

### **Section 8 – State Gifts**

**F.R. 870. State Gifts.** Gifts received by a Minister, Member of Parliament or a Public Officer, from a Head or Representative of a Foreign, State, should be regarded as received by him solely in his capacity as a representative of the Government of Sri Lanka. Such gifts should be disposed of in the following manner:-

- (i) Any gift received should, in the first instance, be reported to the Ministry of Foreign Affairs.
- (ii) If, in the opinion of the recipient, the gift has been received by him in a personal capacity, and not solely as a representative of the Government of Sri Lanka, a case should be stated to the Ministry of Foreign Affairs for the retention of the gift by the recipient.
- (iii) All gifts should be valued by the Director General of Customs.
- (iv) Gifts to the value of Rs. 150 or less should be returned to the recipient for retention by him.
- (v) Gifts valued at over Rs. 150 may be purchased by the recipient at his option at the assessed price. If he does not exercise that option, the gift should be transferred to the Director, National Museum, for retention in the Museum.

**(No F.R.R Issued Under Nos. 871-874)**

### **Section 9 – Statutory Funds, etc.**

**F.R. 875. Financial Regulations are generally applicable to all Departments.** (1)The Financial Regulations shall apply to all Government departments, irrespective of the Fund from which their activities are financed, or to which their Collections are remitted, unless :

- (a) Such Fund has been created by Statute and specific Rules or Regulations framed thereunder apply to the Fund or its activities; or

- (b) specific authority (which should be applied for through the Chief Accounting Officer concerned) has been granted by the Secretary to the Treasury, exempting the Fund from the provisions of any part or whole of the Financial Regulations.

(2) Notwithstanding (1) above, the Secretary to the Treasury or the Deputy Secretary to the Treasury shall retain the right to inquire into the financial transactions of the Fund, whenever this is found to be necessary.

**(No F.R.R Issued Under Nos. 876-879)**

### **Section 10 – Security of Public Officers**

**F.R. 880 Officers required to give security.** (i) Officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties.

(ii) Provided that any officer may be exempted by the Secretary to the Ministry concerned from furnishing security, if he is satisfied that, inter alia, the amount of money or value of revenue stamps, stores, in the personal charge of the officer on any particular day does not exceed three months' salary of the officer.

**F.R. 881. Security to be furnished within two months.** (i) An officer appointed to a post carrying security should furnish security within two months from the date of appointment or transfer to such post. In case of neglect to furnish the required security within three months, the salary of the officer will be withheld and action may be taken in terms of Section 8(2) of the Public Officers (Security) Ordinance which provides that his office shall be deemed vacated and a fresh appointment made thereto.

(ii) Heads of Departments must ensure that their subordinates who are required to give security do so within the prescribed time.

**F.R. 882. Acting Officers.** (i) An officer appointed to act in a post requiring security shall be called upon to give security in the same manner as though he were permanently appointed to it.

(ii) Where an officer holding a post requiring security is granted long leave, the Head of the Department should take all necessary steps well in advance of the date of commencement of such leave to ensure that adequate security is furnished by the officer appointed to act.

**F.R. 883. New appointment, transfers, resignations, etc. to be reported.** All new appointments to posts requiring security and the transfer, resignation, dismissal, death, etc., of officers who have furnished security must be reported monthly to the Secretary to the Ministry concerned and the Auditor General.

**F.R. 884. Minor Employees.** A Head of Department may require minor employees, i.e. those who are entitled to an initial salary of Rs. 16,560 per annum or less, to furnish security in a suitable manner. A separate bond on Form General 258 or 258a, should be obtained from such officers and filed departmentally.

In every such case, a report should be made to the secretary to the Ministry concerned.

**F.R. 885. Procedure to be followed in furnishing security.**

(1) Security is generally furnished in one or more of the following ways :-

- (a) by personal bond and deposit of moneys or prescribed securities;
- (b) by personal bond and guarantee of the Public Service Mutual Guarantee Association;
- (c) by personal bond and guarantee of such public company or association approved for the purpose by the Deputy Secretary to the Treasury;
- (d) hypothecation of immovable property in the case of Grama niladaris, or any other officers or class of officers approved by the Deputy Secretary to the Treasury.

(For further particulars see Section 2 of the Public Officers (Security) Ordinance (Cap.612)).

(ii) When an officer is appointed to a post requiring security, the Head of Department will submit a recommendation on Form General 235 to the Secretary to the Ministry concerned for the purpose of an assessment of the financial responsibilities of the post. The Secretary to the Ministry will thereafter issue to the Head of Department the determination under Section 4 of the Public Officers' (Security) Ordinance stating the amount and the mode of furnishing security together with the appropriate prescribed personal bond form.

The personal bond form duly completed by the officer together with other relevant documents, viz., guarantee bond and determination should be returned by the Head of Department to the Secretary to the Ministry within one month of receipt. Where, however, the security is to be furnished through the Public Service Mutual Guarantee Association, the Head of Department will forward the completed documents to the Secretary, Public Service Mutual Guarantee Association. The latter will in turn forward them with the Association's guarantee to the Secretary to the Ministry as early as possible.

(iii) On receipt of the duly completed personal bond form and other relevant documents, the Secretary to the Ministry will after Scrutiny forward them to the Attorney-General's Department for examination and endorsement by State Counsel as being in due form. Thereafter the security documents shall be registered and the registration number and the date of registration shall be endorsed on the bond. The Secretary to the Ministry will issue to the Head of Department concerned a certificate of registration on Form Treasury and Audit 42 and keep the documents in safe custody.

(iv) Any revision in the amount of security required to be furnished which would result in a reduced premium or discontinuance of security, in respect of a post, must received the sanction of the Secretary to the Ministry. A reduction in the amount of security furnished by a guarantee bond of a public company should be made effective only the next renewal date of the bond.

**F.R. 886. (1) – Completion of Security Bonds – points to be noted.** Care should be taken to observe the following in the completion of security bonds :-

- (i) The name of the officer should be given in full and spelt uniformly in all documents.
- (ii) The amount of security should be expressed both in figures and words.
- (iii) In all bonds the designation of the officer should be shown as “an officer in the service of the Government of Sri Lanka.”
- (iv) In the case of female officers the following clause should be inserted at the end of the bond form :  
“It is hereby agreed that the words ‘he, ‘him’ and ‘his’ shall wherever they appear in this bond be read as ‘she’ ‘her’ and ‘her’.”
- (v) every bond must be attested by a District Judge, Judge of a Primary Court, Justice of the Peace or by any two subscribing witnesses.
- (vi) every alteration in a bond should be authenticated by the officer and attested by the witnesses. Any alteration made subsequent to the execution of the bond need not be attested by the original witnesses.
- (vii) the personal bond and the determination referred to in F.R. 885 as well as the collateral security documents should be securely attached together and forwarded to the Secretary to the Ministry concerned.

**(2) Place of Execution.** All security bonds should be executed in Sri Lanka.

**F.R. 887. Collateral Security.** Collateral security of the nature described in Section 2 of the Public Officers (security) Ordinance and equal in amount to that given in the personal bond, must be furnished in all cases.

**F.R. 888. Guarantee Bonds.** Where the bond of any public company or association is hypothecated as collateral security by an officer, the Head of Department is responsible for ensuring that premiums are regularly paid and that premium receipts are furnished in due time and forwarded with the registration number and date indicated thereon to the Secretary to the Ministry. Where necessary, the Head of Department may pay the premia from the salary of the officer concerned in order to obviate lapse of the fidelity bond. An oversight on the part of the Head of Department does not absolve an officer from his personal responsibility in the payment of the premia as and when due. Serious notice will be taken of such lapses by officers.

**F.R. 889. Approved Companies.** The Deputy Secretary to the Treasury will communicate to Secretaries to Ministries and Heads of Departments from time to time the names of public Companies approved by Government for purposes of guaranteeing the fidelity of officers.

**F.R. 890. Hypothecation of Immovable Property.** Where immovable property is offered as security under the instrument of mortgage, the Head of the Department will cause a biennial re-appraisal thereof to be made and will report results to the Secretary to the Ministry. When title deeds are hypothecated as security, the amount at which properties named in the deeds have been appraised should be set forth and the appraisal report should invariably be attached to the title deeds.

**F.R. 891. Security Register.** (i) A Security Register containing the names of all officers required to give security shall be maintained preferably in alphabetical order in the Head office of each Department. The Register shall provide for the following columns :-

- (1) Name of Officer and designation;
- (2) Nature of Security and amount;
- (3) Registration No. of bond and date;
- (4) Bank Pass Book No.;
- (5) renewal of premium, date and by whom;
- (6) Date of application for Certificate of "No-Claim",
- (7) No. and date of Certificate of "No-Claim" ;
- (8) Particulars of credit to revenue of refund premium.

(ii) The Head of Department shall detail a responsible officer to periodically check this Register and initial it in proof thereof.

(iii) The Registration Number and the date of registration of the Security documents shall be communicated by the Head of Department to the officer, for reference at time of application for refund of security or cancellation of the bond.

(iv) When an officer who has furnished security is transferred to another Department, full particulars thereof should be communicated to that Department.

**F.R. 892. Revision of Lists of Officers required to furnish Security.**

A revised statement of all officers required to furnish security, should be prepared on Form General 183 as at the end of every third year up to the end of the third calendar year on which the last statement was due. This statement together with a separate statement showing the names of officers who are no longer required to furnish security, the registration number and date of security documents and the reasons for discontinuance of security, must be sent to the Secretary to the Ministry concerned and to the Auditor-General by the Head of Department before the 15<sup>th</sup> of February following the end of the third calendar year referred to above. The names of the officers should be arranged in alphabetical order.

**F.R. 893. Certificate of No-Claim.** (i) When an officer ceases to hold a post in respect of which he has furnished security, action should be promptly taken by the Department with a view to early release of security. All applications in duplicate on Form General 156 for certificates of "No Claim" in terms of Section 11 (1) of the Public Officers (Security) Ordinance, in respect of security bonds furnished by permanent officers should be forwarded direct to the Auditor-General. The Auditor-General will report to the Secretary to the Ministry concerned whether the certificate may be issued and the Secretary to the Ministry will act accordingly and take action at the same time for the refund of any security monies due to the officer. The security documents, duly cancelled, shall be returned to the officer through the Head of his Department.

(ii) Application on Form General 157 for certificates of "No Claim" in respect of security furnished by temporary officers should be sent direct to the Secretary to the Ministry concerned. The Secretary to the Ministry will issue the necessary certificates. Where, however, temporary officers have certified vouchers or have signed cheques on Government Account, the application for the certificate of "No-Claim" should be routed through the Auditor-General who shall report to the Secretary to the Ministry whether the certificate may issue.

(iii) In cases whether the State has a claim against the Officer for breach of his security bond, which can be satisfied by a portion only of the security deposit, a certificate should issue in terms of Section 11(3) of the Public Officers (Security) Ordinance.

