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Department of State Accounts  
GENERAL TREASURY

මගේ අංකය } රා.ගි./ගි.සේ./ප්‍ර/44  
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Your No. }

දිනය } 19/05/2010  
திகதி }  
Date }

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State Accounts Circular No. 208/2010

All Secretaries to Ministries

Heads of Departments

**Instructions regarding the accounting procedure in accordance with the composition of new Ministries and winding up of work on old accounts.**

Your kind attention is drawn to the Budget Circular No.148 dated 10.05.2010 titled. "Allocation and Accounting of Financial provisions for Expenditure Heads according to composition of new Ministries" under the signature of the Secretary to the Ministry of Finance & Planning and Secretary to the Treasury on the above subject.

02. On earlier occasion when Ministries were reshuffled, the Department of State Accounts had to face numerous problems in rectifying unsettled accounts and inactive accounts in the Treasury books. This situation had arisen as there wasn't a suitable and unified system for accounting on Advance Accounts, Deposit Accounts and other Accounts. As such, in order to avoid repetition of similar instances, all Secretaries to Ministries and Heads of Departments are requested to follow the following accounting instructions.

These accounting instructions are categorized under four main schemes.

- Public officers advance "B" account.
- Deposit Account.
- Control of Accounts in terms of Budget allocation for 2010.
- How CIGAS Computer program could be used for these changes.

### 3. Public Officers Advance "B" Account.

Public Officers Advance "B" Account is operated within the new structure of Ministries.

3.1 A couple of Advance Accounts of the earlier Ministry have been assigned to each new Ministry having added three digits (011 and 012) after the head number assigned by the Department of Budget. New Ministries which did not have such a Head, a couple of new Accounts will be opened in the Treasury Ledger. Please refer to Schedule 3 of the Budget Circular No.148.

3.2 According to the Budget Circular No.148, if a new Ministry has been assigned a Head number of an earlier Ministry, the operating of the Public Officers Advance "B" Account should be transferred to the new Ministry. Hence, all activities pertaining to the Advance Account of the new Ministry (payment and recovery) should be carryout by this Account.

3.3 Similarly, if a new Ministry is constituted amalgamating two or more earlier Ministries, it is the responsibility of the new Ministry to settle the balances as at 30.04.2010 and close down the Accounts of the earlier Ministries, except their couple of Accounts (with its Head Number). Accounts that should be closed down are given in column 4 of annexure 01 of this circular.

3.4 Procedure to be followed in closing down Advance "B" Accounts in earlier Ministries.

3.4.1 The balance of a Public Officers Advance Account at any time is composed of 3 sub Accounts.

- a) Loan balances to be recovered from officers in service as at the date of accounting.
- b) Loan balances remaining in the book on officers who are not in service on that date and those who have gone on transfer.
- c) Officer who have come on transfer from other Ministries and Departments with an outstanding loan balances which are yet to be settled to those Ministries or Departments.

3.4.2 All amounts referred to under 3.4.1.(a) above comprising balances of Festival Advances, Special Advances and Loans etc. to be recovered to the Public Officers Advance "B" Account from officers who were serving in the earlier Ministry as at 30.04.2010, should be transferred to the Advance Account "B" of the new Ministry under its Head number. (Irrespective of any administrative decision in respect of the staff of the earlier Ministry,

this has to be done for accounting purposes as there should be an operational institution to which loan balances of officers have to be transferred when they are going on transfer). The taking over of outstanding loan balance can be effected by entering in registers for the control of loans like CC10 and Festival and Special Advances of those who are in service and identifying "The Former Ministry" as a creditor and entering corresponding entries in creditors register.

- 3.4.3 After taking over, the new Ministry should settle the amount through the Summary of Accounts May 2010 by debiting their Advance Account and by crediting the Advance Account from where the loan balances were transferred. In this process, the main part of the balance of the Advance Account of the earlier Ministry will be included in the Advance Account of the new Ministry while the Creditors Balance entered in books of the former Ministry will be left out.
- 3.4.4 If the whole or a part of the staff of the former Ministry is transferred to another Ministry or a Department, action could be taken in terms of the Budget Circular No.118 and the settlement of balances could be effected through the Account of the new Ministry.
- 3.4.5 Outstanding balances of the Public Officers Advance Account of the former Ministry consist of the amounts indicated in 3.4.1.(b) and 3.4.1.(c) above and unrectified errors, if any of those Accounts. As such, it is the responsibility of the new Ministry to settle them systematically by entering relevant data to the old account and opposite entries to relevant departmental accounts through the monthly Account summaries (or permitting other Departments them to do so) after having studied the related types of figures and details thoroughly. In this regard, you are instructed to contact the relevant officers in charge of subject of the former Ministry and get the necessary details before they forget.
- 3.4.6 The closing down of these old Accounts should be completed before August 31<sup>st</sup> 2010 and if it is not possible, a transfer sheet must be sent to the Department of State Accounts during the month of September, 2010 along with an identified balance analysis to enable them to transfer the balance to your new Account. If no such transfer sheet is received from your Ministry before 30<sup>th</sup> September 2010, the Department of State Accounts will take action to transfer the all balances to your Account and it is then your responsibility to submit a statement of reconciliation inclusive of those statistics on behalf of your Account for the year-end.

### **3.5 Loan balances relating to Provincial Councils.**

If a certain Ministry has taken action in terms of the Budget Circular No.118 which has instructed not to take over the full loan balance of an officer who has come on transfer from a Provincial Council with an outstanding loan balance which cannot be settled in cash at once and therefore, to record only the amount recovered on installments by entering in a temporary register. It should be correctly identified and taken over to book of Accounts in the same manner, as instructed in 3.4.2 above and later, the loan should be settled by the new Ministry. In this regard, it is hereby instructed to obtain the assistance of officers who were in charge of the subject earlier.

### **3.6 Making entries in the former Account by other Departments.**

If any outstanding loan balances prior to 30-04-2010 to be settled by a former Ministry to any other Ministry or Department, it has to be done as per the Budget Circular 118 with the concurrence of the relevant authorities.

### **3.7 Public Officers Advance Account "B" and CIGAS Computer Program.**

The manner which the Public Officers Advance "B" Account should be formulated under the CIGAS Computer Programme is given under paragraph 01 of annexure 02.

## **4. Special Deposit Accounts and Miscellaneous Deposit Accounts entrusted to the new Ministry.**

4.1 Miscellaneous deposit Accounts of categories 6000/3 and 6000/15 mentioned in Schedule 3 of Budget Circular No.148, (responsibilities have been conferred) will become as an accounts on which action has to be taken by the new Ministries. The new Ministries should note that they can make Credit their Miscellaneous Deposits only to the Accounts given in column 05 of annexure 01 (attached) and no credits should be made to miscellaneous deposits referred to in column 06 belonging to the former Ministry. In other words, new deposits should not be accepted for those Accounts. Action should be taken to terminate those Account balances gradually by making debit entries only to refund of such deposits and to transfer the lapsed deposits to the government revenue.

4.2 Action has already been taken by the Budget Circular No.148 to entrust the balance outstanding as at 30.04.2010 of the Deposit accounts of the former Ministries under category 6000/11 which contain the balance provision transferred from past years under F.R.215(3), to the new Ministries to which the relevant subjects have been entrusted. If an amount transferred to a deposit account

on behalf of a former Ministry related to a subject which is not affiliated to the new Ministry, the said second Ministry should make a request to the Department of State Accounts to take it out from the said Deposit Account and transfer it to the new Ministry in change of the subjection.

- 4.3 If any former Ministry has allocated provision under category 6000/11 to any other Ministry or Department, the Department / Ministry which obtained the said provisions should not debit such money to those Deposit Accounts without consulting the relevant new Ministry to which the responsibility for such General Deposit Accounts has been entrusted.
- 4.4 The new Ministries should satisfy themselves that the General Deposit Account balances given in Treasury books on behalf of former Ministries reconcile with the balances in Deposit Ledgers of the said Ministry as at 31.12.2009 and as at 30.04.2010 and details of those balances are listed in separate individual lists of balances. If such reconciliation has not been done and details have not been prepared, they should be done with the assistance of the former staff.
- 4.5. Regarding adjustments in the CIGAS Computer Program in respect of Deposit Accounts, please see annexure 2.

## **5. Incurring expenditure under various estimates for the year 2010 and summarizing of Accounts.**

- 5.1 Beginning from May, 2010, summaries of accounts in respect of Ministries should be sent to the Department of State Accounts only through the Heads, allocated to the new Ministries by the Budget Circular No.148.
- 5.2 Similarly, no Department or Ministry should include account entries of an expenditure Head or any other Account of an abolished Ministry, in their future Summaries of Accounts in settlement of transactions, if is not in accordance with the instructions given in this Circular.
- 5.3. Since the Budget Circular 148 has instructed not to utilize, saving under "Vote on Account", the payments have to be stopped in order to comply with the Circular. Similarly, if there are savings in provisions allocated to other Department, action should be taken by the Departments and Ministries which made such provision to block their expenditure and accounting them by debiting to those Accounts after that date. And also Department which have obtained provisions should avoid using or accounting those provisions.

- 5.4. If it is necessary to correct an error relating to the period from January to April 2010 in respect of Head which does not operate at present, a transfer sheet should be submitted to the Department of State Accounts giving all the necessary details.
- 5.5. When the new Ministries are entrusted with duties, the staff of former Ministries should not think that they are completely free from accounting responsibilities. As such, it is the responsibility of the former staff to formally hand over completed Book of Accounts, Vouchers and Registers, Status Report in writing or in whatever manner, computer software of accounts up to the date of handing over, computer software relating to preparation of salaries and their software storages and all CIGAS Computer printouts of the last month etc., to the authorities of the new Ministry.
- 5.6. Adjustments in CIGAS Computer Program regarding incurring expenditure and accounting have been explained in annexure 02 of this Circular.
- 5.7. In case of any problem regarding the contents of this Circular or change of Ministries and accounting of Budget for 2010, the following officers of the Department of State Accounts may be contacted.

Mr. D.M. Kularathna – Director – Reform and Training - 011-2484733

Mrs. Chandrika Kulathilleke – Director - Accounting & Reporting - 011-2-484747

Mr. P. Ariyasena – Director – Accounting Services – 011-2-484753

Mr. Sumith Perera – Deputy Director – Accounting Services – 011-2-484737

Mr. Kapila Alwis – Assistant Director – Systems & Training – 011-2-484826

Sgd - D.P.R. Senadhipathy,  
Director General of State Accounts

Copy: - Auditor General – For information

**Public Officers Advance " B " Accounts and Deposit Accounts to which responsibilities were entrusted in terms of Budget Circular No148**

New Ministry		P.O.A."B" Accounts to which responsibilities were entrusted		Deposit Accounts to which responsibilities were entrusted	
Head (1)	Name (2)	To be carried forward	To be closed down	To be carried forward	Not to be Credited
102	Ministry of Finance and Planning	8493/102011 8493/102012	8493/104011 8493/104012	6000/15/16	6000/3/545 6000/3/642 6000/15/18
103	Ministry of Defence	8493/103011 8493/103012	8493/161011 8493/161012	6000/15/17	6000/3/166 6000/3/654 6000/15/71
105	Ministry of Economic Development	8493/105011 8493/105012	8493/107011 8493/107012 8493/132011 8493/132012	6000/15/19	6000/3/599 6000/3/592 6000/3/618 6000/15/21 6000/15/44
112	Ministry External Affairs	8493/112011 8493/112012	8493/151011 8493/151012	6000/15/25	6000/3/180 6000/3/651 6000/15/62
123	Ministry Construction, Engineering Services, Housing and Common Amenities	8493/123011 8493/123012	8493/125011 8493/125012 8493/169011 8493/169012	6000/15/36	6000/3/607 6000/3/625 6000/3/664 6000/15/38 6000/15/79
140	Ministry of Livestock and Rural Community Development	8493/140011 8493/140012	8493/163011 8493/163012 8493/164011 8493/164012	6000/15/52	6000/3/53 6000/3/655 6000/3/658 6000/15/73 6000/15/74
149	Ministry of Industry and Commerce	8493/149011 8493/149012	8493/167011 8493/167012	6000/15/60	6000/3/36 6000/3/661 6000/15/77
156	Ministry of youth Affairs	8493/156011 8493/156012	8493/129011 8493/129012	6000/15/66	6000/3/593 6000/3/581 6000/15/42
175	Ministry of State Resources & Enterprise Development	8493/168011 8493/168012	8493/172011 8493/172012	6000/15/78	6000/3/663 6000/3/662 6000/15/82

Note -- When the above accounting codes are computerized, code numbers should be used to conform to the CIGAS Computer Programme.

**Closing of former Accounts and Opening of New Accounts according to the Changes of Ministries – Guideline for CIGAS**

**1. Public Officer Advance Accounts**

New Ministries should open all Public Officers' Advance Accounts assigned to them (Advance Accounts for accounting transfer orders - Head No. + 012) and new Advance Account based on their Head number. New Ministry has to enter XE receipts by selecting former Ministries' Advance Accounts and enter XE payments by selecting new Ministry's Advance Account to takeover the amount transferred from the former Ministries.

**2. Accounting for Deposits, Which are Transferred to the new Ministry, through CIGAS Program.**

Deposit Accounts which are assigned to new Ministries in addition to the existing deposit accounts, have to be opened under the opening balance menu by following the path sequentially.

2. Ledger Accounts → Open → Deposit.

Then, Individual deposit balances under each deposit account should be entered one by one in to the CIGAS by following path

7. Deposit Details

Further, you should not enter any receipt in to this account and you can only enter repayment of those deposits.

**3. Adjustment in the CIGAS Program in Respect of Provisions, Payment and Accounting.**

A. Any savings against the allocation given for the 1<sup>st</sup> four month of the year 2010, can not be utilizes after 30<sup>th</sup> April 2010 and therefore you have to cut the balance allocation in the CIGAS program by using the following menu

Ledger → Transfers → Cut Provision

Allocations received under the article 150(3) of the constitution for the next three months from May 2010, have to be entered by using the following menu

Ledger → Transfers → Supplementary

B. All data backup and printout of former Ministries for the 1<sup>st</sup> four month of the year 2010 have to be taken and kept in safe custody by the new Ministry.

C. It should be noted that all unsettled sub imprest given by the former Ministries up to 30<sup>th</sup> April 2010, have to be settled by the new Ministry through their Monthly Summary of Accounts. Therefore, new Ministry has to open the Imprest Account of the former Ministry in their CIGAS by using the opening balance menu and each unsettled sub imprest should be entered in one by one.