

**KARNATAKA ZILLA PANCHAYATS (FINANCE AND  
ACCOUNTS) RULES, 1996**

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**KARNATAKA ZILLA PANCHAYATS (FINANCE AND ACCOUNTS) RULES, 1996**

Whereas, the draft of the Karnataka Panchayat Raj (Zilla Panchayat Finance and Accounts) Rules, 1996 was published in Notification No. RDP 21 ZPS 97, Part IV, Section 2-C(i) of the Karnataka Gazette, Extraordinary, dated 20-2-1997 as required by sub-section (1) of Section 311 of Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993) inviting objections and suggestions to the said draft from persons likely to be affected thereto within 10 days of its publication in the Official Gazette. And whereas, the said Gazette was made available to the public on 20-2-1997. And whereas, no objections or suggestions have been received by the State Government in respect of the said draft. Therefore, in exercise of the powers conferred by Section 259 of the Karnataka Panchayat Raj Act, 1993 (Act 14 of 1993) read with Section 311 of the said Act 1993, the Government of Karnataka hereby make the following rules, namely.

CHAPTER 1  
CHAPTER 1

**1. Title and commencement :-**

(1) These rules may be called the Karnataka Zilla Panchayats (Finance and Accounts) Rules, 1996.

(2) They shall come into force at once.

## **2. Definitions :-**

In these rules, unless the context otherwise requires.

(i) "Act" means the Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993);

(ii) "Auditor" means the Comptroller and Auditor General of India who conducts audit of the accounts of the Zilla Panchayats under S.262 of the Karnataka Panchayat Raj Act, 1993;

(iii) "Bank" means the Bank to which the Government Treasury business is entrusted;

(iv) "Central Government" means the Government of India;

(v) "Chief Accounts Officer" means the Chief Accounts Officer of the Zilla Panchayat appointed by the Government under sub-section (2) of S.196 of the Karnataka Panchayat Raj Act, 1993;

(vi) "Committee" means a standing committee of the Zilla Panchayat constituted under S.186 of the Karnataka Panchayat Raj Act, 1993;

(vii) "Contingent Charges" means expenditure which is incidental to the working of the office and includes expenditure on furniture, books, periodicals, postage and telegrams, bicycles, electrical charges, clearing charges, freight charges and all miscellaneous charges other than those that fall under any other head of expenditure like "Establishment", "Travelling Allowances", "Works", "Stocks" and "Tools and Plant";

(viii) "Financial Year" or "Official Year" or "Year" means the period of one year commencing on the first day of April of every year and ending with the 31st day of March of the succeeding year;

(ix) "Form" means a form appended to these rules;

(x) "Fund" means the Zilla Panchayat Fund as specified in S.225 of the Karnataka Panchayat Raj Act, 1993;

(xi) "Section" means a section of the Act;

(xii) "Treasury" means a Government Treasury and includes a Bank

carrying on Cash transactions of such Treasury.

## CHAPTER 2

### General Provisions

#### **3.** . :-

The accounts of the Zilla Panchayat shall be maintained separately for each financial year.

#### **4.** . :-

If, on a date specified under these rules for an act, proceeding or transaction, the Zilla Panchayat office is closed on account of a holiday, such act, proceeding or transaction shall be deemed to be duly done or taken, if it is done or taken on the next working day.

#### **5.** . :-

The Zilla Panchayat shall have all its transactions with the Government Treasury of the District. All its receipts of every description shall be paid into this treasury and any money required by it for disbursement shall be drawn from this treasury by presenting bills. These transactions shall be classified in the treasury accounts under the head of account "8448 Deposits of Local Funds 109 Panchayat Bodies Funds Zilla Panchayat Funds ..... Zilla Panchayat Fund."

#### **6.** . :-

The accounts of the Zilla Panchayat Fund at the Treasury is governed by the provisions of Chapter XVII of the Karnataka Financial Code and Article 222 of the Karnataka Treasury Code.

#### **7.** . :-

(1) Compilation of accounts and all matters concerning preparation of monthly and annual accounts and budget of the Zilla Panchayat shall be attended to by the Chief Accounts Officer.

(2) The Chief Accounts Officer may issue advices from time to time to the District Treasury Officer to transfer amounts from the Zilla Panchayat Fund to any Taluk Panchayat Fund and from any Taluk Panchayat Fund to the Zilla Panchayat Fund. Such transfer advices, if they will have the effect of reducing the balance at the credit of a Taluk Panchayat Fund, shall be based on specific authorisations or prior concurrence of the Taluk Panchayat from which amounts are to be transferred:

Provided, however, that no such authorisation or concurrence will

be required in the respect of action taken by the Chief Accounts Officer for setting right misclassifications.

**8.** . :-

Save as otherwise expressly provided in these rules or in orders issued by the Government under sub-section (1) of S.238 of the Karnataka Panchayat Raj Act, 1993 in all matters relating to drawal of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts by the Zilla Panchayats etc., the provisions of the Karnataka Treasury Code, Karnataka Financial Code, Manual of Contingent Expenditure, Karnataka Public Works Accounts Code, Karnataka Public Works Departmental Code, Stores Manual, Budget Manual, other Departmental Manuals, Standing Orders or instructions applicable to departments of Governments shall mutatis mutandis apply.

**9.** . :-

In administering the fund of the Zilla Panchayat for carrying out the purpose of the Act, the officers of the Zilla Panchayat shall exercise the administrative and financial powers as may be delegated to them under S.189 of the Karnataka Panchayat Raj Act, 1993. The Zilla Panchayat may also declare certain officers as heads of offices for the purpose of these rules.

**10.** . :-

In respect of the schemes of the State and Central Governments and externally aided projects transferred or entrusted to the Zilla Panchayat and implemented by it, separate accounts shall be maintained in the manner and format, if any, specified by the authorities concerned. The Departments of Zilla Panchayat concerned shall ensure that the projects or Schemes are implemented strictly in accordance with the guidelines issued in this behalf.

**11.** . :-

The pages in the account books and registers excluding receipt books, bill and cash book, shall be serially numbered and each page sealed with the seal of the Zilla Panchayat unless they are printed registers or forms and their pages are machine numbered at the press itself. In respect of receipt, bill and cash books, only printed books having their pages machine numbered at the press itself shall be used. Before such a book or register is taken up for use, the number of pages that it contains shall be certified in writing on the first page by the concerned officer, under his dated signature

after actual count.

**12.** . :-

(1) A stock account of receipt books, licence forms and other similar articles having money value shall be maintained in Form No. ZP 1, duly allotting separate pages for each category. They shall be in the custody of the Chief Accounts Officer. Out of the stock of receipt books and licence books with the Chief Accounts Officer, a certain number shall be handed over to such authorities as are authorised to issue receipts, licences, etc. Such authorities shall also maintain a stock account in Form No. ZP 1. No receipt book or licence book, etc., shall be issued to collection staff unless it is required for immediate use.

(2) Only one book of a particular kind shall be issued for use at a time after obtaining the acknowledgement of the staff member concerned to whom it is issued. Fresh issues shall be made only after the used book is returned and the fact recorded in the stock register. When this is not possible, the return of the used book shall be watched separately.

(3) The books shall be issued strictly in serial order duly noting in the stock register, the serial number of each book issued. The office seal of the Zilla Panchayat shall be affixed on each page of the books issued.

(4) When used receipt books are returned, the Chief Accounts Officer or other officer authorised by him, shall scrutinise the books to ensure that all the office copies of the receipts are intact and in order, In respect of receipt books issued by other authorities empowered to issue receipts, licences, etc., a similar scrutiny shall be conducted by the authority concerned. The used books should be kept in the personal custody of the Chief Accounts Officer, or the authority concerned, as the case may be.

**13.** . :-

Every correction or alteration in the accounts shall be made neatly in red ink attested by the Head of the Office, a single line being drawn through the original entry to be corrected. All corrections and alterations in the bills and vouchers shall be similarly attested by the officer drawing the bills or persons preferring the claims, while those in pay orders shall be similarly attested by the officer signing them. Erasures and overwritings are absolutely forbidden and no document with an erasure and overwriting or erasures and

overwritings shall be accepted.

**14.** . :-

(1) All moneys received by any person authorised by the Zilla Panchayat in this behalf shall forthwith and without any reservation, be brought to account in the appropriate register and paid into the treasury without undue delay. No portion of the collection shall be kept back or used for current expenditure.

(2) In cases where a Zilla Panchayat Officer receives both Zilla Panchayat revenues and Government revenues in his official capacity, the revenues and other amounts creditable to Government shall be arranged to be credited to the appropriate receipt head of account under Government, in the treasury promptly and on no account shall such revenues be credited to the Zilla Panchayat Fund. Note. Since the funds required for maintenance for the various assets of the Zilla Panchayats are provided by the Government, Government have issued instructions in June 1987 and February 1988 that the revenues generated from the resources of every department of the Zilla Panchayats have to be credited to Government.

**15.** . :-

Duplicate copies of documents may be issued by levying fee for every copy issued, in accordance with Karnataka Financial Code, 1958.

**16.** . :-

(1) Whenever an embezzlement or misappropriation of Zilla Panchayat Funds or other valuables, or loss of money or stores, by theft, negligence or fraud is discovered in any department of the Zilla Panchayat, the matter shall be reported to the Chief Executive Officer and Chief Accounts Officer. An investigation shall be made at once by the Chief Executive Officer or any other Officer authorised by him in this behalf. If a preliminary investigation discloses or leads to the suspicion of a criminal offence like forgery or theft, the matter shall be reported to Police authorities also.

(2) When the matter has been fully enquired into, the Chief Executive Officer shall place a report before the Zilla Panchayat indicating the total sum of money misappropriated or embezzled or values of stores articles or other properties lost, the circumstances under which the above loss was rendered possible, or the loss



occurred, the person responsible for the same and steps taken to recover the loss besides action taken to punish the guilty and to prevent recurrence of similar incidents in future. A report shall also be sent to the Accountant General, Karnataka. A detailed report shall be sent to Government also, if the defalcation or loss, etc., exceeds Rs. 5,000/-.

### CHAPTER 3

#### Receipts

#### **17.** . :-

All moneys received by any person authorised by the Zilla Panchayat in this behalf shall, without exception, be acknowledged on the same day by a receipt in carbon duplicate (using a double side carbon paper) in Form No. ZP 2 duly signed by the authorised person. The carbon copy of the receipt shall be given to the party making the payment.

#### **18.** . :-

(1) Cheques on local banks may be accepted towards any dues to the Zilla Panchayat.

(2) When amounts due to the Zilla Panchayat are paid by parties by means of cheques, only an acknowledgement for the receipt of the cheques shall be given to them in the first instance in Form No. ZP 3. A final receipt for the net amount realised shall be sent to the address of the party, in Form No. ZP 2 after the cheque is cleared and the proceeds thereof have been credited to the Zilla Panchayat Fund.

(3) In order to keep a record to ensure that all cheques received in payment of Zilla Panchayat dues are dealt with promptly and systematically, they shall be entered in a Register of Cheques Received, in Form No. ZP 4. This register shall be scrutinised every month by the head of the office concerned. By the fifteenth of the following month, a statement showing cheques outstanding at the commencement of the month, cheques received during the month, cheques realised during the month and cheques outstanding with reasons therefor shall be sent to the Chief Accounts Officer by each Head of Office

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#### **19.** . :-

If the amount of the receipt given under Rule 17 or Rule 18

exceeds rupees five hundred, the receipt shall be duly stamped, except when the receipt is granted to a Government Department for money paid by it to the Zilla Panchayat.

**20. . :-**

Any person paying money into the Treasury for being credited to the Zilla Panchayat Fund shall present it with a challan in Form No. ZP 5, in triplicate, conspicuously marked "CREDITABLE TO.....ZILLA PANCHAYAT FUND" and showing distinctly the nature of payment and the head of account in full. The challan shall be got countersigned by the officer of the Department concerned in token of check of the correctness of the head of account. Without such counter-signature, the Treasury shall not accept the remittances.

**21. . :-**

Each Head of the Office who realises revenue receipts and other dues of the Zilla Panchayat and remits the amounts collected to the Treasury for credit to the Zilla Panchayat Fund shall maintain a Remittance Register in Form No. ZP 6 showing particulars of amounts received in cash and by cheques separately. The Treasury Officer/Agency Bank shall acknowledge the remittance in the appropriate column of the Remittance Register.

**22. . :-**

(1) Each Head of Office of the Zilla Panchayat who is responsible for the realisation of revenue receipts and other dues of the Zilla Panchayat shall submit a statement of receipts realised and credited to the Zilla Panchayat Fund in each month to the Chief Accounts Officer by the tenth of the following month, after due verification of the credits shown in the statement with reference of Treasury accounts duly recording a certificate, as under, in the statement. "Certified that the credits included have been verified and agreed with those in the Treasury accounts."

(2) These statements of receipts shall be cross-checked in the office of the Chief Accounts Officer with reference to the Treasury Schedules of Receipts to ensure that the corresponding credits have actually appeared in the Treasury accounts.

**23. . :-**

Any grants, loans, etc., payable to the Zilla Panchayat shall be sanctioned by the Government duly specifying the name of the Zilla Panchayat, the amounts payable and the heads of account in

Government accounts to which the amounts are debitable. The Chief Accounts Officer is authorised to draw and disburse the amounts released by Government from the Consolidated Fund of the State. On receipt of the Government Order sanctioning grants, the Chief Accounts Officer shall prepare a Grant-in-aid bill for each major head of account under which the grants are released by the Government and submit the bills to the Treasury for payment. Such bills do not require counter-signature of any other authority. At the Treasury, these bills should be passed for payment by transfer credit to the Zilla Panchayat Fund. A similar procedure shall be followed in respect of loan releases also.

**24. . :-**

(1) All grants, loans, etc., payable to Taluk Panchayats by Government shall be passed on through the Zilla Panchayat concerned.

(2) The grants, loans, etc., payable to the Taluk Panchayats shall be sanctioned by the Government duly specifying the names of the Taluk Panchayats, the amounts payable either individually or in lump and the heads of account in Government accounts to which the amounts are debitable. The Chief Accounts Officer is authorised to draw and disburse the amounts released by Government from the Consolidated Fund of the State. On receipt of the Government Order sanctioning grants, the Chief Accounts Officer shall prepare a Grant-in-aid bill for each major head of account under which the grants are released by the Government and submit the bills to the Treasury for payment. Such bills do not require counter-signature of any other authority. At the Treasury, these bills should be passed for payment by transfer credit to the Zilla Panchayat Fund. A similar procedure shall be followed in respect of loan releases also.

(3) In the accounts of the Zilla Panchayat, the amounts of such bills shall be credited initially to a suspense head "Taluk Panchayat Suspense". When the amounts due to the Taluk Panchayats are subsequently transferred to them, the payments have to be debited to the same suspense head in the accounts of the Zilla Panchayat. In the accounts of the Taluk Panchayat, the receipts have to be accounted for under the appropriate head of account. It shall be the responsibility of the Chief Accounts Officer to issue advices promptly to the District Treasury Officer to transfer the amounts relating to each Taluk Panchayat Fund from the Zilla

Panchayat Fund with the least possible delay.

(4) Copies of the Government Order/Orders of distribution of grants should be endorsed to the concerned Treasury Officer. Copies of these orders as well as copies of Zilla Panchayat advices releasing funds to the Taluk Panchayats should be endorsed to the concerned Executive Officers also.

(5) It is the responsibility of the Chief Accounts Officer to send advices of credit promptly to the Executive Officers concerned as soon as the releases made by Government are credited to the Taluk Panchayat Fund. Exception. The procedure indicated above shall not apply to the amount of surcharge on stamp duty collected and passed on to the Taluk Panchayats periodically under sub-section (4) of S.205 of the Karnataka Panchayat Raj Act, 1993, through orders issued by the authority to whom relevant powers have been delegated by Government. In such cases, the amounts may be drawn by the Executive Officers concerned by presenting payee's receipts at the Treasury countersigned by such authority as may be specified by the department issuing the release order.

(6) The procedure outlined in sub-rules (1) to (5) above shall apply mutatis mutandis to the grants and loans channelised to Grama Panchayats through Zilla Panchayats by Government. In these cases also, the amounts will be drawn initially by the Chief Accounts Officer and credited to the Zilla Panchayat Fund under a separate suspense head "Grama Panchayat Suspense" and distributed in full subsequently to the Grama Panchayats concerned in the manner laid down in sub-rules (3) to (5) above.

#### CHAPTER 4

##### Payments

#### **25. . :-**

All moneys required for expenditure of whatsoever nature shall be drawn from the Zilla Panchayat Fund in the Treasury in accordance with the procedure laid down in these rules.

(i) All claims against the Zilla Panchayat shall be preferred at the Treasury in the relevant forms prescribed under Karnataka Financial Code and Manual of Contingent Expenditure or other relevant Departmental Manuals insofar as payment of salaries, travelling allowance, contingencies, etc., are concerned, by the officers authorised in this behalf. However, such claims shall be subject to counter-signature of such authority, as may be specified by the

Chief Executive Officer in accordance with the guidelines, if any laid down by Government in this regard.

(ii) Salaries and allowances payable to the Adhyaksha and the Upadhyaksha are governed by the rules issued by Government in this behalf. Claims of the Adhyaksha and the Upadhyaksha on this account shall be preferred in the bill forms prescribed for Gazetted Officers of Government. The Chief Accounts Officer shall issue a formal authorisation to the concerned Treasury specifying the entitlements of salaries and allowances of the Adhyaksha and the Upadhyaksha. Their travelling allowance bills shall be scrutinised and passed by the Chief Executive Officer in accordance with the provisions of the rules mentioned above.

(iii) The Chief Accounts Officer or any other officer of the Zilla Panchayat authorised in this behalf may draw and disburse all claims towards salaries, travelling allowance, sitting fees and other expenditure relating to the members of the Zilla Panchayat, staff and offices coming under General Administration of the Zilla Panchayat.

(iv) All bills presented at the Treasury shall be conspicuously stamped "DEBITABLE TO.....ZILLA PANCHAYAT FUND."

(v) The claims pertaining to the Engineering and Forest Departments of the Zilla Panchayats shall be paid by the respective authorised officers by issue of cheques on the Treasury to the extent of Letters of Credit released by the Chief Accounts Officer. The financial transactions relating to these departments shall be governed by the relevant provisions of Departmental Codes, Rules or Standing Orders in force as applicable to these Departments in the Government and/or by any special orders issued by the Government under S.238(1) of the Karnataka Panchayat Raj Act, 1993. They shall render accounts by the 10th of every month to the Chief Accounts Officer.

(vi) Claims relating to the grants-in-aid of aided educational institutions under the Zilla Panchayat shall be paid out of the Zilla Panchayat Fund, on the bills signed/countersigned by the authorised officer of the department. The drawal and disbursement of such bills shall be according to the procedure in vogue under Government.

(vii) Approval of the Chief Executive Officer is necessary before any

officer can be authorised to draw moneys from the Zilla Panchayat Fund at the Treasury by presenting bills and/or by cheques. Once such approval is given by the Chief Executive Officer, the Chief Accounts Officer shall take steps to place the authorised officers in account with the Treasury by sending the necessary advices to the Treasury Officer and spelling out the conditions, limitations, etc., subject to which the bills presented by the officers are to be honoured. No withdrawals are to be allowed from the Zilla Panchayat Fund unless the officer preferring bills against the Fund has been placed in account with the Treasury by the Chief Accounts Officer in the manner detailed above.

(viii) All drawing officers who are authorised to draw moneys from the Zilla Panchayat Fund in the Treasury should maintain a bill register in Form No. ZP 7.

(ix) The drawing officers, while preferring the salary bills shall append recovery schedules in support of all deductions effected in the bills. Separate schedules should be prepared for deductions creditable to the Zilla Panchayat Fund and those creditable to State funds. Where the deductions effected are adjustable in the accounts of the Treasury by the Treasury Officer, the Government head of account to which the amount of each recovery schedule are creditable should be distinctly indicated (i.e., recoveries towards Income Tax, Profession Tax, Group Insurance, repayment of advances creditable to State Government accounts, etc.). Where the recoveries are adjusted in the accounts of the Zilla Panchayat by the Chief Accounts Officer, the head of account of the Zilla Panchayat to which they are creditable should be indicated in red ink (i.e., recoveries towards repayments or advances paid out of the Zilla Panchayat Fund, fines, recoveries of excess payments etc.) and in such cases, the bills should be passed by the Treasury for the net amount.

(x) An officer of the Zilla Panchayat supplied with funds for expenditure shall be responsible for such funds until accounts in respect of them have been rendered to the satisfaction of audit. In cases in which the vouchers and acquittances of actual payees are not sent elsewhere for audit, the officer is responsible for the safe custody of these important documents.

## **26. . :-**

(1) Cheque books required by Disbursing Officers authorised to

draw money from the Zilla Panchayat Fund in Treasuries (like the Divisional Officers of the Engineering and Forest Departments) should be obtained by them from the Treasury Officer on a requisition signed by the Disbursing Officer himself. Ordinarily, not more than one cheque book will be issued at a time. However, if the circumstances so warrant, more than one cheque book may be supplied to the Disbursing Officer.

(2) Cheque books on receipt should be carefully examined by the Drawing Officer concerned who should count the number of leaves contained in each book and record a certificate of count on the fly leaf or at the back of the cheque book. The Drawing Officers should maintain an account of cheque books obtained from the Treasury in Form No. ZP 8. The cheque books shall be kept under lock and key in the personal custody of the Drawing Officer. He shall notify the Treasury Officer and the Chief Accounts Officer promptly, the number of the cheque book and the number of cheques it contains and the date from which he has brought each book into use. Counterfoils of used cheque books shall also be kept in the safe custody of the Drawing Officer and produced for audit or inspection whenever required.

(3) When a transfer of charge takes place, a note should be recorded in the cash book over the signature of both the relieved and the relieving officer, showing the number of unused cheques and cheque books made over and received in transfer by them respectively.

## **27. . :-**

(1) As a rule, no cheque should be drawn unless it is intended to be delivered immediately in payment of a claim or the proceeds thereof are intended for immediate disbursement by the Drawing Officer.

(2) No Treasury or Bank shall honour a cheque presented for encashment three months after the month in which it was issued unless it is renewed by the Drawing Officer concerned. Renewal of a cheque shall be noted in the cash book against the original entry.

(3) When a cheque is cancelled for any reason, the fact of cancellation shall be noted in the cash book and also on the counterfoil and the original cheque. The cancelled cheque shall be filed with the counterfoil. The relative pay orders on the bills shall also be simultaneously cancelled.

(4) If a cheque is cancelled before the cash book is closed for the day on which the cheque was issued, the entries in the cash book, the bill and other connected records shall be struck out in red ink under the initials of the Drawing Officer. If the cheque is cancelled after the cash book has been closed, the amount of the cheque shall be adjusted by reverse entries in the cash book with a suitable note. The fact of cancellation of the cheque shall also be noted on the bill and other connected records.

**28.** . :-

(1) When a Drawing Officer receives a report that a cheque drawn by him is lost or destroyed, he shall immediately report the fact to the Treasury Officer and the Bank through which cash transactions are conducted and request them to stop payment if the cheque alleged to have been lost or destroyed is presented thereafter. If the cheque referred to has already been paid, such a fact shall be reported immediately by the Treasury Officer or Bank authorities to the Drawing Officer for taking further needful action.

(2) If the cheque alleged to have been lost has not been paid as verified from the records of the Bank, a written confirmation of the Bank having recorded the "Stop Order" in its records should be obtained and the fact intimated to the Treasury Officer by the Drawing Officer for issue of non-payment certificate to facilitate issue of a fresh cheque in lieu of the cheque lost.

(3) When a fresh cheque is issued, its number and date shall be noted against the original entries in the cash book with the remark that the original cheque has been lost and with a note on the counterfoil of the fresh cheque to the effect that "Issued in lieu of Cheque No.....dated.....lost."

CHAPTER 5

Treasury Procedures

**29.** . :-

(1) The Treasuries shall maintain separate accounts for the transactions of the Zilla Panchayat, Taluk Panchayats and Government.

(2) In each of the District Treasuries, a separate Zilla Panchayat Fund account shall be opened on the lines set out in Article 290 of the Karnataka Financial Code read with Article 222 of the Karnataka



Treasury Code. All revenue receipts and other amounts relating to the Zilla Panchayat Fund remitted to the Treasury supported by challans signed by the authorised officers of the Zilla Panchayat shall be credited to this Fund.

(3) The Treasury Officer shall exercise the same checks on the bills presented by the authorised officers of the Zilla Panchayat, as in the case of Government bills before passing them for payment.

(4) The Treasury Officer shall ensure that the Drawing Officers have indicated the major, minor, sub and detailed heads of account of the Zilla Panchayat budget in the bills preferred by them.

(5) Wherever claims are drawn by Zilla Panchayat Officers on salary bills inclusive of fund and other deductions creditable to the Government accounts, the gross amount should be debited to the Zilla Panchayat Fund by the Treasury Officer and the deductions effected as per the schedules appended to the bills towards fund and other deductions should be credited by transfer credit to respective heads of accounts of Government in the Treasury accounts.

(6) Drawal of moneys through cheques from the Zilla Panchayat Fund in the Treasury, insofar as Engineering, Forest, etc., Departments of the Zilla Panchayats are concerned, shall be regulated as per the provisions of Chapter XII of the Karnataka Treasury Code.

(7) The Treasury Officer of the district shall send Schedules of Receipts and Payments of the Zilla Panchayat which is in account with him, in Form No. ZP 9 and Form No. ZP 10 respectively, to the Chief Accounts Officer. The payment schedule shall be sent in two lists, the first list comprising transactions from the first to the tenth of the month by the fifteenth of the month and the second list comprising transactions from the eleventh to the end of the month by the ninth of the following month. The Schedules shall be accompanied by.

(a) challans in support of the receipts credited to the Zilla Panchayat Fund in the case of receipt schedules;

(b) vouchers (paid bills) in support of payments made from the Zilla Panchayat Fund in the case of payment schedules;

(c) schedules of Engineering Department cheques paid with paid

cheques;

(d) schedules of Forest Department cheques paid with paid cheques;

(e) schedules of cheques paid, of District Social Welfare Officer and District Officer for Backward Classes and Minorities, with paid cheques.

(8) The Treasury Officer shall also prepare PLUS AND MINUS MEMORANDUM showing opening balance, receipts and payments and closing balance of the Zilla Panchayat Fund in Form No. 51 of the Karnataka Treasury Code and forward it to the Chief Accounts Officer by the ninth of the following month with copies thereof to the Rural Development and Panchayat Raj Department of Government.

#### CHAPTER 6

Duties and Functions of the Accounts Staff

#### **30. . :-**

(1) The Chief Accounts Officer shall be the Head of the Finance Department of the Zilla Panchayat. He shall work directly under the Chief Executive Officer. He shall be assisted by such officers and staff as may be necessary in carrying out the function assigned to him under these rules.

(2) The Chief Accounts Officer will be in overall charge of the work relating to the finance, budget and accounts of the Zilla Panchayat.

(3) All important communication, references received from or addressed to the Government, the Auditor (Accountant General, Karnataka), financing agencies, etc., on matters relating to finance, accounts, budget and audit of the Zilla Panchayat shall be shown to him on their receipt or before issue, as the case may be. Any other communication or reference having financial implication which a departmental officer considers to be important may also be sent to the Chief Accounts Officer.

(4) The Chief Accounts Officer shall discharge the following duties and functions in relation to the budget, accounts and audit of Zilla Panchayat transactions.

(i) He shall be responsible for ensuring that the budget estimates of the Zilla Panchayat are properly framed keeping in view the instructions issued in this behalf and that they are submitted to the

Finance, Audit and Planning Committee within the prescribed time schedule. For this purpose he may obtain any information or return from the departmental officers of the Zilla Panchayat.

(ii) He will scrutinise the budget proposals submitted by the departmental officers of the Zilla Panchayat thoroughly and assist the Chief Executive Officer in the formulation of the budget proposals of the Zilla Panchayat to be submitted to the Finance, Audit and Planning Committee.

(iii) He will examine and advice on all schemes of new expenditure for which it is proposed to make a provision in the budget.

(iv) He will ensure that monthly and annual accounts of the Zilla Panchayat are prepared properly and promptly in accordance with the provisions contained in Chapter VIII of these Rules.

(v) He will obtain necessary periodical returns of progress of expenditure, watch and review and progress against sanctioned grants and issue such instructions as may be found necessary to the departmental officers of the Zilla Panchayat.

(vi) He will watch the progress of expenditure relating to plan schemes besides rendering accounts for claiming assistance from the State or Central Government or from any external body financing schemes/projects implemented by the Zilla Panchayat.

(vii) He will regulate the expenditure of the various departments of the Zilla Panchayat according to the balance available in the Zilla Panchayat Fund by issuing monthly allocations and letters of credit.

(viii) He will scrutinise the proposals for supplementary grants sought for by the Departments and advice the Chief Executive Officer suitably.

(ix) He will keep himself in regular touch with the audit objections and inspection reports of the Auditor and/or their early settlement. He may guide the other departmental officers in the matter of processing and settlement of audit objections and paras issued to the departments.

(x) He will keep a close watch on the recoveries of due to the Zilla Panchayat and repayment of loans and interest.

(xi) He will ensure maintenance of proper accounts relating to specific purpose grants received by the Zilla Panchayat and issue of

utilisation certificates therefor.

(xii) He will obtain periodical returns of stores and stocks and their value accounts from the departments and review them. He will offer his remarks on such returns and place them before the Chief Executive Officer.

(xiii) He will furnish any information, statistics, etc., that may be called for by the Chief Executive Officer, the Finance, Audit and Planning Committee or the Adhyaksha on matters relating to budget, accounts and audit of the Zilla Panchayat transactions.

(5) The Zilla Panchayat shall, before sanctioning proposals having financial implications, obtain the advice of the Chief Accounts Officer. If his advice is not accepted, reasons therefor shall be recorded in writing.

(6) The Chief Accounts Officer shall be consulted on all proposals for the release of Zilla Panchayat funds and for investment or surplus funds and his views obtained.

(7) The Chief Accounts Officer shall be consulted and his opinion obtained, in respect of all Schemes or Projects proposed by the Departments of the Zilla Panchayat.

(8) All proposals for the sanction of grants-in-aid, loans and scholarships shall be referred to the Chief Accounts Officer for his advice before final orders are passed.

(9) All cases of serious financial irregularity noticed in any department of the Zilla Panchayat shall be reported to the Chief Accounts Officer besides the Chief Executive Officer. All matters involving serious contravention of financial provisions or serious financial irregularity, proposals to sanction expenditure in relaxation of or deviation from any financial rules or principles, proposals for write off of loss or abandonment or remission of revenue, shall be referred to the Chief Accounts Officer and his opinion obtained, before final orders are passed.

(10) The Chief Accounts Officer shall arrange for internal audit of accounts of the various departments of the Zilla Panchayat periodically. The Chief Accounts Officer shall bring any defects or irregularities noticed during the internal audit to the notice of the Chief Executive Officer for his information and necessary further action.

(11) The Chief Accounts Officer shall bring to the notice of the Chief Executive Officer all instances in which the subordinate officers have exceeded the financial powers delegated to them.

(12) The Chief Accounts Officer shall report to the Chief Executive Officer all instances of payments made contrary to the rules and regulations besides cases where payments have been made in the absence of any provisions in the budget estimates.

(13) The Chief Accounts Officer shall be responsible for compiling the monthly and annual accounts of the Taluk Panchayats in his district in accordance with the Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996.

(14) The Chief Accounts Officer shall arrange for the internal audit of the various offices of the Taluk Panchayats in his district periodically and report the results of audit to the Executive Officer concerned for his information and necessary further action. The Chief Accounts Officer shall bring any major defects or irregularities noticed during the internal audit to the notice of the Chief Executive Officer also with his recommendations regarding the further course of action.

(15) The Chief Accounts Officer shall also discharge the other duties and responsibilities vested in him under the Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996.

**31. . :-**

(1) Wherever any Head of Department of the Zilla Panchayat is assisted by an Accounts Officer, the Accounts Officer attached to such department shall discharge the following functions.

(i) The Accounts Officer will work directly under the Head of the Department. He shall scrutinise the Abstract and Detailed Contingent bills, travelling allowance bills and other bills requiring counter-signature of the Head of the Department;

(ii) He shall be responsible for reconciliation of departmental figures of receipts and expenditure with those booked by the Chief Accounts Officer;

(iii) He shall watch the progress of expenditure relating to plan schemes besides rendering accounts for claiming assistance from the State or Central Government or from any external body financing schemes/projects implemented by the Zilla Panchayat;

(iv) He shall advise the Head of Department in furnishing replies to the Audit Reports and Objection Statements of the Auditor as well as the inspection reports issued by the Chief Accounts Officer;

(v) He shall attend to all matters connected with the preparation of budget estimates;

(vi) He shall ensure prompt remittance of departmental receipts by periodical inspection of the accounts maintained in this behalf. He shall also ensure during such inspection that amounts due to be credited to Government are not retained by the Zilla Panchayat;

(vii) He shall scrutinise the comparative statements of tenders prepared by the Administrative/Technical personnel relating to supplies, services and works, if any;

(viii) He shall furnish opinion on all proposals having financial implications;

(ix) He shall advise the Head of the Department in all matters pertaining to grants-in-aid, loans and advances, refunds, writes off, etc.;

(x) He shall generally assist the Head of the Department in controlling the expenditure.

(2) The Head of the Department shall ensure that all proposals having financial implications to be submitted to the Chief Executive Officer are invariably referred to the Accounts Officer for his opinion. The Head of the Department shall see that the Accounts Officer is given full opportunity to become conversant with such sanctions and proceedings of the Administrative and Technical Officers.

(3) Wherever the Accounts Officer considers that any transaction or proceedings of the Administrative/Technical authorities are opposed to prescribed rules or orders, he should bring the fact to the notice of the Head of the Department with statements detailing the reasons for his comments and seek orders. If he is overruled, he should immediately make a brief note of the case in a register of objections and place it before the Head of the Department for reconsideration and orders. The Head of the Department may on reconsideration accept the advice of the Accounts Officer and order action accordingly. Where he disagrees with the advice of the Accounts Officer, he shall record the reasons for disagreeing with

the advice and order for implementation of his decision.

(4) The Accounts Officer shall furnish an extract of his objections and their final outcome entered in the register during the previous six months by the fifteenth of April and October of every financial year to the Head of the Department as well as the Chief Accounts Officer.

(5) Wherever cases involving avoidable heavy expenditure or serious losses come to the notice of the Accounts Officer, he shall immediately report such cases to the Chief Accounts Officer without waiting till transmission of half yearly extracts of audit objections, to be made in the normal course.

(6) The Accounts Officer may be entrusted with the local inspection of accounts of stores and stock and physical verification of stocks held by subordinate offices, by the Head of the Department.

**32. . :-**

(1) In a department of the Zilla Panchayat where no Accounts Officer is functioning but the accounts matters are dealt with under the supervision and control of an Accounts Superintendent, the Account Superintendents of such departments shall perform the duties and functions that are specified in Rule 31 to be discharged by the Accounts Officer working in the departments of the Zilla Panchayat.

(2) Such Accounts Superintendents shall be responsible for the proper maintenance of initial accounts and registers, scrutiny of supply bills, work bills and other bills before passing them for payment, reconciliation of departmental figures with the figures as per the accounts of the Chief Accounts Officer, verification of prompt realisation of revenues and remittance of receipts, scrutiny of cash book with reference to vouchers and other records, etc.

(3) If a department of a Zilla Panchayat does not have an Accounts Officer or an Accounts Superintendent, it shall be the responsibility of the Head of that Department to ensure that the duties and functions in sub-rules (1) and (2) are discharged by an official designated by him.

(4) The Accounts Superintendents working in the engineering divisions of the Zilla Panchayat shall discharge the duties and functions as laid down in Chapter IV of the Karnataka Public Works

CHAPTER 7

Budget Estimates of Zilla Panchayats

**33. . :-**

(1) The Finance, Audit and Planning Committee shall cause to be prepared and laid before the Zilla Panchayat, at a meeting to be held between the first day of February and the tenth day of March every year, an Annual Estimate of the receipts and expenditure of the Zilla Panchayat for the ensuing financial year.

(2) The Annual Budget Estimate shall be prepared in three parts viz., Revenue Account, Capital Account and Debt and Deposit Accounts (vide Annual Accounts Format in Appendix I to these Rules). It is the responsibility of the Chief Executive Officer to ensure that the Annual Estimate is prepared well in time and laid before the Finance, Audit and Planning Committee. After approval by the Committee, it shall be laid before the Zilla Panchayat for approval. The Budget is passed by the Zilla Panchayat shall be sent to Government before such date as may be prescribed by Government.

(3) The estimates of receipts of the Zilla Panchayat relating to fees and other items of revenue and the grants released by Government to the Zilla Panchayat under S.207 of the Karnataka Panchayat Raj Act, 1993 and s.208 of the Karnataka Panchayat Raj Act, 1993 and of the expenditure other than those mentioned in sub-rule (4) shall be included in the budget.

(4) The estimates of receipts and expenditure relating to the non-plan and plan schemes entrusted to the Zilla Panchayat by the Government, for which funds are also placed at the disposal of Zilla Panchayat shall be included in the budget.

(5) The classification of Budget Heads of Accounts of the Zilla Panchayat shall be as prescribed in the List of Major and Minor Heads as in the case of Government. Further sub-heads and detailed heads may be opened under each minor head according to requirements as per the budget heads obtaining in Government.

(6) Provisions under Plan and non-Plan should be distinctly shown in the budget.

(7) Details of fixed charges including grants to aided institutions



and works estimated to cost one lakh of rupees or more shall be indicated in a separate Appendix in the manner prescribed for Budget Estimates of Government.

(8)

(i) It is irregular to incur any expenditure on items for which no provision has been made in the budget. Likewise, it is irregular to incur expenditure on any item in excess of the budget provision;

(ii) The restriction mentioned above, will not, however, apply in case the item is an excepted item vide S.230 of the Karnataka Panchayat Raj Act, 1993.

(9)

(i) Modifications to the budget provisions are allowed under the Act by way of revision, reappropriation or supplementary grants vide S.257 of the Karnataka Panchayat Raj Act, 1993 and s.258 of the Karnataka Panchayat Raj Act, 1993.

(ii) Revision of budget may be resorted to.

(a) When it is found that the realistic estimates regarding receipts, prepared after taking into account current trends, differ substantially from the figures assumed at the time of budget formulation and consequently the provisions for expenditure under various heads require substantial changes;

(b) When the amounts earmarked for release as per the Central/State budget differ substantially from those assumed by the Zilla Panchayat earlier, or

(c) When the distribution to be made for different activities require change as indicated by the Government. These are not changes which can be made by reappropriation or supplementary grants as wholesale changes are involved and hence the provision in the Act for revision of budget.

(iii) Reappropriation is to be resorted to when there is no increase in the provision overall and adjustments can be made within the total provision. It has however, to be borne in mind that proposals for reappropriation have to take into account the restrictions laid down in the Act or the stipulations made by the funding organisations;

(iv) If there is no occasion for revision of the budget and additional

funds are required either because the existing provision is inadequate and the necessary funds cannot be found by reappropriation, or because an entirely new scheme or activity has to be taken up, a supplementary grant has to be obtained;

(10) Drawing Officers of the Zilla Panchayat shall invariably satisfy themselves regarding the availability of budget provision before proposing/incurred any expenditure from Zilla Panchayat funds.

(11) The Chief Accounts Officer is responsible to verify with reference to the paid vouchers received by him, that no expenditure that is not covered by budget provision, is incurred by Drawing Officers of the Zilla Panchayat. If any such expenditure is noticed, unless the expenditure relates to an excepted item, he shall place the amount under objection and immediately take up the matter with the Drawing Officer concerned for regularisation of the expenditure.

#### CHAPTER 8

Compilation of Accounts and Control over Expenditure

#### **34. . :-**

(1) The Chief Accounts Officer shall compile the monthly and annual accounts of the Zilla Panchayat from (i) The Treasury Schedules received in two lists the first by the fifteenth of the month and the second list by the ninth of the following month from the Treasury Officer along with the challans and paid vouchers including paid cheques and (ii) the accounts rendered by Cheque Drawing Officers like the Divisional Officers of the Engineering and Forest Departments.

(2) On receipt of the Treasury Schedule including the schedules of paid cheques, it shall be ensured that challans in support of all credit entries and paid vouchers/paid cheques in support of all debits are available and total debits and credits are arithmetically correct. If any schedules/ challans/vouchers are wanting, the matter should be taken up immediately with the Treasury Officer to get them. The classification furnished in the challans and paid vouchers shall also be checked and corrections made wherever necessary. If any items of receipt or expenditure do not pertain to the Zilla Panchayat but relate to other organizations like the Government, Taluk Panchayat etc., action should be initiated to get the amounts transferred to the account of the organization concerned.

(3) All receipts entered in the Treasury Schedule, shall be posted to the compilation sheet of receipts in Form No. ZP 11 according to the Zilla Panchayat Budget Heads of accounts, i.e., Major/Minor/Sub-head and Detailed Heads with reference to the classification furnished in the challans and checked by the Chief Accounts Officer. It has to be ensured that cash receipts which are required to be taken in reduction of expenditure as per the rules are classified as minus expenditure under the appropriate expenditure head concerned in the compilation sheet. Amounts in respect of wanting challans or schedules shall be classified in the compilation sheet under the head "Treasury Suspense" subordinate to the minor head "Suspense Account (Civil)" under "8658 Suspense Account." If any challan does not pertain to the Zilla Panchayat at all, the amount thereof shall be classified under the head "Other Miscellaneous Items" subordinate to the minor head "Suspense Account (Civil)" under "8658 Suspense Accounts", pending rectification of the misclassification.

(4) Based on the classification recorded, and corrected during check of classification by the Chief Accounts Officer in the paid vouchers accompanying the Treasury Schedules, the payments shall be posted datewise to the compilation sheet of expenditure in Form No. ZP 12 according to the Zilla Panchayat Budget Heads. Amounts in respect of wanting vouchers or schedules shall be classified in the compilation sheet under the head "Treasury Suspense" subordinate to the minor head "Suspense Account" under "8658 Suspense Accounts." If any voucher does not pertain to the Zilla Panchayat at all, the amount thereof shall be classified under the head "Other Miscellaneous Items" subordinate to the minor head "Suspense Account (Civil)" under "8658 Suspense Accounts", pending rectification of the misclassification. Refunds of revenue which stand included in the Treasury Schedule of Payments shall be classified under the appropriate receipt head concerned in the compilation sheet.

(5) After posting of all the challans and vouchers of both the Schedule of Receipts and the Schedule of Payments is completed, the totals of each detailed head are to be struck and thereafter, the totals of sub-heads, minor heads, etc. These totals as per the compilation sheet shall be tallied with the receipts as per the Treasury Schedule of Receipts, and payments as per the Treasury Schedule of Payments by drawing up Proof Sheets in Form No. ZP 14.

(6)

(i) Adjustment of amounts classified under the suspense heads "Treasury Suspense" and "Other Miscellaneous Items" shall be watched through suitable subsidiary registers.

(ii) The clearance from the subsidiary register and accounts adjustment in respect of treasury suspense items are to be carried out on receipt from the treasury, of the wanting documents or acceptable alternative documents such as details of credit in the case of challans and certificates of payment in respect of vouchers.

(iii) As regards items provisionally classified under "Other Miscellaneous Items", it may be necessary to ensure, if need be, in consultation with the drawing officer concerned of the Zilla Panchayat, that those items do not pertain to the Zilla Panchayat. If it is found that any such item actually pertains to the Zilla Panchayat, action should be taken to propose necessary adjustment entries in the accounts bringing the amount concerned under the appropriate head of account and clearing the suspense head. In other cases suitable action shall be taken to set right the misclassifications.

Examples.

(a) If the misclassification represents an item of credit or debit which has to be correctly brought to account in the books of a Taluk Panchayat, the accounts of which are maintained by the same Chief Accounts Officer, the Treasury Officer will have to be advised to make the necessary transfer of funds to or from the Zilla Panchayat or Taluk Panchayat concerned and include the transaction in the relevant treasury schedules.

(b) In cases where an item has been wrongly credited to the Zilla Panchayat Fund instead of Government, a refund bill will have to be prepared by the Chief Accounts Officer and presented to the Treasury, for payment by transfer to the appropriate receipt head in the accounts of Government by minus credit to the aforesaid suspense head in the Zilla Panchayat accounts.

(c) If, however, the error has to be set right only at the Treasury- for instance, in cases where a charge relating to Government has been debited erroneously to the Zilla Panchayat Fund or in cases of credits where there is some uncertainty as regards to the final adjustment thereof, action has to be taken to return the challans or

vouchers concerned to the Treasury and to request the Treasury Officer to withdraw the erroneous credits or debits, as the case may be. The acknowledgment of the Treasury Officer for having received the challans or vouchers has to be obtained. The clearance of the items from the subsidiary register and necessary accounts adjustments are to be made on receipt of advices from the Treasury Officer, that the erroneous credits/debits to the Zilla Panchayat have been withdrawn and the Zilla Panchayat Fund balance corrected suitably in the Treasury Accounts.

(7) All adjustments and rectification of errors in accounts of previous months, if any, shall be effected by Transfer Entries in Form No. ZP 15 and incorporated in the Classified Abstracts.

(8) The monthly totals under the several heads of accounts shall be posted from the compilation sheets to a Classified Abstract of Receipts in Form No. ZP 16 and a Classified Abstract of Expenditure in Form No. ZP 17 under the relevant columns in respect of all the Treasury transactions of the Zilla Panchayat.

### **35.** . :-

(1) The departments authorised to make payments by cheques on the Zilla Panchayat Fund in the Treasury shall compile the monthly accounts as per the departmental codes/manuals issued by Government or as per these rules, as the case may be and submit the same to the Chief Accounts Officer by the 8th of the following month. The Chief Accounts Officer shall verify these accounts and ensure that.

(a) All documents noted as submitted in the Forwarding list have been received; (If any schedules or other documents have not been received, immediate action should be taken to call for all the wanting schedules/documents and to watch their receipt);

(b) Totals of credits and debits of the monthly accounts have been correctly worked out and tallied with each other;

(c) Totals as shown in the accompanying schedules and classified abstracts are correct and those figures have been correctly incorporated in the monthly accounts;

(d) Opening cash balance agrees with the previous month's closing balance and the current month's closing balance has been correctly worked out;

(e) In cases in which figures of one account should work into another account, the two accounts are reconciled; and

(f) Classification of transactions is correct and conforms to the prescribed heads of account.

(2) Under the procedure obtaining in Government, remittances made and cheques drawn by the officers preparing and rendering accounts on the Public Works pattern are treated as remittance transactions and are accounted for in the divisional accounts under "I Remittances into Treasuries" or "II-Public Works Cheques" as the case may be, under the minor head "P.W. Remittances" subordinate to the major head "8782 Cash Remittances, etc., between officers rendering accounts to the same Accounts Officer." The contra entries (namely, on receipt of the P.W. Remittances or encashment of P.W. cheques) will appear in books of the Accounts Office through the treasury accounts. For the purpose of reconciliation of the divisional figures with treasury figures in respect of cheques drawn, a copy of the Treasury subsidiary register of cheques cashed, is obtained from the Treasury with a certificate of total issues and their agreement with the cash book of the division is effected in Part II of Form P.W.A 26 Schedule of Settlement with Treasuries, giving details in respect of the differences, if any. For remittances into treasuries, a consolidated receipt is obtained from the treasury by the Divisional Officer and reconciled with the cash book and differences explained in the monthly Schedule of Settlement with Treasuries rendered by P.W. Divisional Officers to the Accounts Office. The procedure followed by Forest Divisions is broadly similar to that outlined above. But in place of the Schedule of Settlement with Treasuries, Forest Divisional Officers submit a statement of cheques and a statement of revenue along with their monthly accounts. This system of accounting of the transactions through remittance heads will be followed by engineering and Forest Divisions of Zilla Panchayats. The monthly divisional accounts will have to be supported by the Schedule of Settlement with Treasuries or other prescribed statements.

(3) On receipt of the monthly divisional accounts supported by the Schedule of Settlement with Treasuries in the office of the Chief Accounts Officer, it shall be verified whether the remittances acknowledged by the Treasury as reported in the Schedule of Settlement with Treasuries agree with the corresponding receipt entries in the Treasury Schedules.

(4) The payments made by cheques as reported by the Treasury shall be dealt with in the following manner.

(a) The amount of each paid cheque received from the Treasury should be compared with the amount entered against it in the List of Cheques drawn, forwarded along with the monthly accounts by the cheque drawing officers. The month of payment should be noted against each cheque entry in the list. The fact of scrutiny should be noted in the Treasury Schedule of Paid Cheques.

(b) In respect of engineering and forest divisions, the pairing off of debits and credits as above, should be done without waiting for the receipt of the monthly Schedule of Settlement with Treasuries.

(c) For analysing the differences between the departmental figures of total cheques issued and the corresponding Treasury figures of cheques paid, a Register in Form No. ZP 18 should be maintained. Entries should be made in this register every month, separately in respect of each cheque drawing officer.

(d) Any difference between the amount of cheque as shown in the list of cheques drawn and that shown as paid in the Treasury Schedule against the corresponding cheque should be promptly investigated.

(5) After ensuring the correctness of the actual receipts and actual payments as stated in sub-rule (1) above, the transactions for the month as reported by these officers shall be posted directly to the Classified Abstracts of Receipts and Expenditure. (Form No. ZP 16 and Form No. ZP 17) under the relevant columns.

**36.** . :-

Appendix II to these rules contain special instructions regarding the procedures to be followed for paying scholarship amounts to Prematric and Post-matric students belonging to Backward Classes and Scheduled Castes and Tribes by cheques, and accounting of these transactions by the concerned officers. The provisions of sub-rule (4) of Rule 35 regarding paid cheques and Register of Cheques, etc., shall apply to these transactions also.

**37.** . :-

(1) After ensuring the correctness of the actual receipts and payments as found in the Treasury Schedules and monthly accounts rendered by the engineering, forest, etc., departments

and posting these figures in the Classified Abstracts as stated above, and after incorporation of the transfer entries, the Classified Abstracts should reflect the overall picture of the receipts/expenditure of the Zilla Panchayat for the month. The Chief Accounts Officer shall then draw up a plus and minus Memorandum of the Zilla Panchayat for the month; this balance will be the same as the aggregate balance with the Treasury as appearing in the books of the Chief Accounts Officer. After this is done, the balance with the Treasury in the books of the Chief Accounts Officer shall be compared with the balance as per the plus and minus memorandum furnished by the Treasury Officer. Normally, there should not be any difference between the two balances. However, if any difference is noticed it should be reconciled and appropriate action taken to set it right.

(2) Abstract of the monthly receipts and expenditure under each head of account of the Zilla Panchayat shall be posted from the Classified Abstracts to the Consolidated Abstracts of Receipts and Payments duly recording the progressive total from month to month, in Form No. ZP 19.

(3) From the Consolidated Abstract of Receipts and Expenditure of the Zilla Panchayat, the monthly accounts shall be prepared in Form No. ZP 20, before the 20th of the following month and, together with the comments, if any, of the Chief Accounts Officer thereon, placed before the Finance, Audit and Planning Committee of the Zilla Panchayat through the Chief Executive Officer.

(4) Based on the postings in the Consolidated Abstracts, the annual accounts of the Zilla Panchayat shall be prepared in the form given in Appendix I to these rules. If the Chief Accounts Officer has any comments to make on the annual accounts, he may include these comments in a statement to be appended to the accounts.

### **38. . :-**

(1) Statements II, III and IV of the Annual Accounts (Vide Appendix I) require the exhibition therein of variations between the budget provision and actual receipts/expenditure. It shall be ensured by the Chief Executive Officer that explanations for the variations between the final modified grant and actual expenditure shown in Statements III and IV are obtained from the controlling officers and a consolidated explanatory note on the variations is prepared thereafter. The annual accounts, the comments, if any, of



the Chief Accounts Officer thereon and the remarks and explanations of the controlling officers on the variations shall be placed before the Zilla Panchayat for consideration and approval through the Finance, Audit and Planning Committee.

(2) The annual accounts and the aforesaid accompaniments thereto, shall be examined by the Finance, Audit and Planning Committee. The Chief Accounts Officer and the Chief Executive Officer shall render all necessary assistance to the Committee in conducting this examination. During the course of such examination it will be open to the Committee to call any Head of Department to appear and give evidence before it.

(3) During the examination referred to above, the Committee shall consider, among other things, whether any items of irregular expenditure in the nature of expenditure incurred without budget provision, excesses over budget provision, etc., can be ratified by the Zilla Panchayat, the conditions subject to which the expenditure may be ratified including the action, if any, to be taken against the officers concerned, etc.

(4) After the accounts are examined in detail as explained above and the views of the Committee are finalised on all relevant matters, the Committee shall pass the accounts with or without observations and place them before the Zilla Panchayat.

(5) The process outlined in sub-rules (1) to (4) above shall be completed in such a manner that the annual accounts are passed by the Zilla Panchayat within three months from the close of the official year as required by sub-section (3) of S.259 of the Karnataka Panchayat Raj Act, 1993.

(6) When the annual accounts are finally passed by the Zilla Panchayat, a copy of the accounts shall be submitted to the Government as required under S.260 of the Karnataka Panchayat Raj Act, 1993. A copy of the accounts shall also be sent to the Accountant General, Karnataka.

### **39. . :-**

(1) With a view to ensuring strict control over expenditure, all controlling officers/heads of departments administering grants of the Zilla Panchayat are responsible for watching the progress of expenditure on services under their control. The controlling officers/heads of departments shall forward a consolidated

statement of expenditure including the expenditure, if any, incurred by their subordinate officers every month, under each of the several minor/sub/detailed heads to the Chief Accounts Officer before the 20th of the following month.

(2) The Chief Accounts Officer shall verify the statements received with reference to the figures booked by him under the heads of account operated by each of the departmental officers of the Zilla Panchayat to ensure that.

(a) the expenditure reported is in agreement with the figures booked by him;

(b) the expenditure has not exceeded the funds released by letters of credit or allocations placed at the disposal of the heads of departments; and

(c) the expenditure is within the grant earmarked therefor.

(3) If any difference is noticed between the figures reported and the figures booked by the Chief Accounts Officer, the Chief Accounts Officer shall take immediate steps to bring the differences to the notice of the Controlling Officers/Heads of Departments and request them to reconcile the difference. It has, however, to be noted here that the primary responsibility for reconciliation of departmental figures with Accounts Office figures is that of the Controlling Officers/Heads of Departments and the requirement mentioned earlier on the part of the Chief Accounts Officer does not in any way, dilute this responsibility. But in respect of differences noticed by the Accounts Office, the responsibility to follow up the matter until the differences are brought to nil, vests in the Chief Accounts Officer.

(4) All cases of non-receipt of expenditure statements from heads of departments, deviations, if any, in respect of the matters mentioned in sub-rules (2) and (3) above and any delay or failure to reconcile departmental figures with Accounts Office figures, shall be reported to the Chief Executive Officer by the Chief Accounts Officer.

#### **40. . :-**

(1) The Chief Accounts Officer shall also attend to the compilation of accounts, preparation of monthly and annual accounts of Taluk Panchayats of the district coming under his jurisdiction and allied

matters, as laid down in R.29 OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996, r.30 OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996, r.31 OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996 and r.32 OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996 (Chapter VIII) of the Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996.

(2) The Chief Accounts Officer shall submit a Consolidated Statement of Receipts and Expenditure of the Zilla Panchayat and all the Taluk Panchayats of the district to Government every month and also annually in Form No. ZP 21 before such dates as may be laid down by Government in this regard.

#### CHAPTER 9

#### Establishment

#### **41. . :-**

(1) Every Head of Office/Drawing Officer authorised to draw establishment bills from the treasury shall maintain a Scale Register in Form No. ZP 22. In this register, the various posts sanctioned, their number, scale of pay, period of currency, etc., shall be noted under the initials of the Head of Office/Drawing Officer. Separate pages shall be allotted in respect of each sanction to establishment.

(2) Temporary establishment shall be recorded separately in the Scale Register at the end of the space allotted for permanent establishment and shall not be mixed up with it. The period for which the temporary establishment is sanctioned and the order of sanction shall be distinctly specified in the Scale Register.

(3) If any of these establishments are categorised under Plan and Non-Plan, the entries relating to them shall be made in different sections of the Scale Register.

(4) All fixed recurring charges such as house rent allowance, conveyance allowance, etc., shall be recorded on a separate page of the Scale Register.

(5) Whenever any revision is made or a change occurs in respect of the details noted in the Register, the revised particulars shall be noted in the columns provided for the purpose and duly attested by the Head of Office/Drawing Officer.

(6) The Chief Accounts Officer shall maintain a similar Scale

Register in his office for the whole establishment of the Zilla Panchayat.

(7) It is the duty of each Head of Office/Drawing Officer to ensure that whenever a change is made in his Scale Register, necessary particulars for updating the corresponding register of the Chief Accounts Officer are communicated to him forthwith without any loss of time. In addition, updated copies of the Scale Register shall be furnished to him by each Head of Office/Drawing Officer every year by the 15th of April.

(8) The designated Heads of Offices/Drawing Officers of the Zilla Panchayat shall prefer the salary claims of the staff in accordance with the provisions laid down in Articles 115 and 116 of the Karnataka Financial Code. Further, they are responsible for effecting recovery of fund deductions and repayment of advances from the salary claims of the employees besides maintenance of proper accounts therefor.

#### CHAPTER 10

General Procedure for Collection and Remittance of Zilla Panchayat Moneys

#### **42. . :-**

(1) All the revenue receipts and other amounts due to the Zilla Panchayat, except the grants payable under S.207 of the Karnataka Panchayat Raj Act, 1993 and s.208 of the Karnataka Panchayat Raj Act, 1993 shall be collected by the Zilla Panchayat.

(2) It shall be the responsibility of the Heads of Offices concerned to ensure that the various fees, rents and other amounts due to the Zilla Panchayat are promptly demanded, realised and credited to the Zilla Panchayat Fund. For this purpose, they shall maintain a Collection Register in Form No. ZP 23 to record all revenues realised and credited to the Zilla Panchayat Fund. They shall also maintain a Demand, Collection and Balance Register in Form No. ZP 24.

(3) Collections of amounts due to the Zilla Panchayat mentioned in sub-rule (1) above, shall be made only by a person authorised to do so, by the Chief Executive Officer or the head of the department concerned. The person making the collection shall be supplied with a Day Book in Form No. ZP 25 and a Receipt Book in the form prescribed and current at the time of supply. The books shall be in his personal custody. On every working day at the specified hour, the Day Book and the Receipt Book together with the collection

shall be handed over by the person making the collection to the officer, duly authorised to receive such collections, or to the cashier, if there is any. The authorised officer or the cashier, shall acknowledge all such collections handed over to him, in the Day Book both in words and figures, after satisfying himself about the correctness of the entries made and totals arrived at in the Day Book and after ensuring that the collections are duly entered in the Office Cash Book. The person handing over the collections shall be responsible for the amount collected until the collections are handed over and acknowledgement of the authorised officer or the Cashier receiving the amount is obtained in the Day Book.

(4) Collections shall also be made directly from the parties desirous of making payments at the Zilla Panchayat Office, by the official duly authorised in this behalf or the cashier, if there is any, at the office of the Zilla Panchayat. When collections are made by the official or the cashier, the receipts to be issued to the payee shall be signed by the Chief Accounts Officer or the Accounts Officer/Accounts Superintendent, if specifically authorised by the former, and each item of receipt shall be posted in the concerned Day Book and brought to account in the Office Cash Book immediately on receipt of the amount by him.

(5) After all the items of receipts are entered in the Office Cash Book, the Accounts Officer/Accounts Superintendent or the cashier shall prepare a challan in Form No. ZP 5 and simultaneously write up the Treasury Remittance Register in Form No. ZP 6. The Challan and the Treasury Remittance Register shall then be checked and attested by the Chief Accounts Officer. The collections shall thereafter be sent to the Treasury along with the Treasury Remittance Register. The Chief Accounts Officer shall keep a watch over the remittance of collections to the Treasury.

(6) The instructions given in sub-rules (4) to (5) above shall mutatis mutandis apply in respect of other officers also if they are authorised by the heads of departments concerned, to collect Zilla Panchayat moneys.

#### CHAPTER 11

Remissions, Writes Off and Refunds

#### **43. . :-**

Remissions of demands for fees etc., shall be allowed in accordance with the rules and by-laws providing for such remissions. Notices of vacancies and other applications from the persons concerned in this

connection and orders passed thereon by the competent authority after due inquiries and report by the concerned officers of the Zilla Panchayat shall be filed in serial order and according to the several divisions of the District. The remissions granted shall also be noted against the items concerned in the Demand Register in the column provided for the purpose. A Register in Form No. ZP 26 shall be maintained to record all cases of remissions therein.

**44.** . :-

Remissions may be sanctioned by the competent authority subject to the following conditions.

(i) Grant of remissions shall be at the absolute discretion of the sanctioning authority and no person can claim remission as a matter of right;

(ii) In all cases of revenue from lease and amounts due under contract, the lessees and the contractors shall be held liable according to the terms of their agreements and remissions shall never be granted except in cases in which the lessee or the contractor has unduly suffered on account of unforeseen events beyond his control.

**45.** . :-

Writes off of irrecoverable amounts due to the Zilla Panchayat sanctioned in accordance with the rules applicable in this regard shall also be entered in the Register in Form No. ZP 26. Note. Remissions/writesoff of sums exceeding one thousand rupees require the previous sanction of the Government under S.261 of the Karnataka Panchayat Raj Act, 1993.

**46.** . :-

In respect of claims for refunds of deposits or of fees paid in excess to the Zilla Panchayat, the provisions of the Karnataka Financial Code and the Karnataka Treasury Code shall mutatis mutandis apply. However, it is necessary in addition, that all such claims are prechecked and authorised for payment (through an enfacement on the bills) by the Chief Accounts Officer. In the absence of such authorisation, the refund bills shall not be honoured by the Treasury Officer or the agency Bank concerned.

CHAPTER 12

Contingent and Other Charges and Stock Accounts for Materials and Property

**47.** . :-

(1) The Provisions of the Manual of Contingent Expenditure and other departmental Manuals framed in this behalf for the departments in Government, shall mutatis mutandis apply for drawal and incurring of contingent and miscellaneous expenditure out of the Zilla Panchayat Fund.

(2) The Officers drawing moneys on Abstract Contingent (A.C.) bills shall render accounts through Non-payable Detailed Contingent (N.D.C.) bills, to the Chief Accounts Officer within a fortnight of the close of the month in which A.C. bills are drawn.

(3) The Chief Accounts Officer shall enter in a Register of A.C. bills in Form No. ZP 27, all A.C. bills drawn by various officers of the Zilla Panchayat at the time of compilation of accounts with regard to paid vouchers received from the Treasury. The receipt of the N.D.C. bill in each case shall be watched through this register. At the end of every month, an abstract of the pending A.C. bills shall be drawn up and placed before the Chief Accounts Officer, along with a note of action taken for obtaining the wanting N.D.C. bills.

(4) The Chief Accounts Officer shall exercise a careful watch over the A.C. bills not adjusted. On receipt of the N.D.C. bills, the Chief Accounts Officer shall ensure that the expenditure incurred as seen from the vouchers attached, has been sanctioned by the authority competent to do so and conforms to the prescribed rules and regulations. The A.C. bill shall be treated as adjusted only to the extent of the expenditure admitted on such scrutiny. Where any A.C. bill drawn by an officer of the Zilla Panchayat remain unadjusted through N.D.C. bill for over one month, he shall report the fact to the Chief Executive Officer and obtain orders for issue of advice to the Treasury Officer not to honour any bill presented by the defaulting Drawing Officer and take action accordingly.

(5) Though the amounts drawn on A.C. bills are provisionally debited to the relevant head of account, the unspent amount of A.C. bill remitted back to the Zilla Panchayat Fund, shall be taken as a reduction of expenditure under the concerned head of account, on adjustment of the A.C. bills.

**48. . :-**

The officers of the Zilla Panchayat who are already provided with permanent advances, shall continue to hold such permanent advances. Any change in the amount of permanent advance, shall be with the sanction of the Chief Executive Officer on the advice of

the Chief Accounts Officer. Permanent advance to any office for the first time shall also be sanctioned by the Chief Executive Officer on the advice of the Chief Accounts Officer. The provisions of the Manual of Contingent Expenditure shall apply in respect of all other matters relating to permanent advance.

**49. . :-**

(1) The holder of a permanent advance shall, on first receiving it and thereafter on the 1st of April each year, sign an acknowledgement in the following terms and forward the same to the Chief Accounts Officer. "I hereby acknowledge that the amount of Rs.....being the permanent advance of Rs.....of Zilla Panchayat is due from and has to be accounted for by me."

(2) The acknowledgement shall always be for the full sanctioned amount. On transfer of charge of office, a similar acknowledgement for the full amount shall be signed by the relieving officer and the same forwarded to the Chief Accounts Officer.

**50. . :-**

A stamp account showing the purchases, issues and balances of stamps shall be maintained in Form No. ZP 28 by every head of office/drawing officer. The balance on hand shall be verified with the balance as per stamp account by the head of office or any other officer duly authorised by him, at least once a month and the result thereof recorded in the register under his signature.

**51. . :-**

(1) The Heads of Departments of the Zilla Panchayat shall maintain a Register of Movable properties as prescribed under the Karnataka Financial Code and other Departmental Codes. In this Register, the movable properties shall be accounted itemwise allotting a separate page for each item.

(2) The properties transferred from the erstwhile District Board, District Local Board, Village Panchayats, or Taluk Boards shall be accounted for separately. The provisions of Articles 168 to 174 of the Karnataka Financial Code shall apply in this behalf.

(3) For consumable stores and other articles, a separate stock register in which a sufficient number of pages shall be allotted for each kind of articles according to requirements, shall be maintained in Form No. ZP 29.



(4) Heads of offices who independently maintain and handle stores and movable property shall also maintain similar registers as described above.

**52.** . :-

(1) A Register of Immovable Properties, other than lands, roads and completed works shall be maintained in Form No. ZP 30 by all the Heads of Departments.

(2) All lands transferred by the Government, lands purchased or acquired by the Zilla Panchayat and lands transferred from the erstwhile District Board, District Local Board, Village Panchayats or Taluk Boards shall be entered separately in a Register of Lands in Form No. ZP 31.

(3) A Register of Roads indicating the roads vested with the Zilla Panchayat, those transferred to it and also those newly constructed, shall be maintained by the Executive Engineer in Form No. ZP 32.

(4) A Register of Other Completed Works indicating the completed works vested with the Zilla Panchayat, those transferred to the Zilla Panchayat and also those newly constructed, shall be maintained by the concerned Executive Engineer. Form No. ZP 30 with suitable modifications may be used for this purpose.

(5) In respect of properties belonging to the Forest Department, particulars of immovable properties shall be maintained by the concerned officer, as per the Departmental Codes or Manuals.

(6) A consolidated record of immovable properties duly classified into categories such as agricultural land, non-agricultural land, buildings, roads, irrigation tanks, ponds, lakes, wells, water supply schemes, parks, gardens, playgrounds, etc., belonging to or vested in the Zilla Panchayat shall be maintained by an officer authorised in this behalf by the Zilla Panchayat, based on the particulars furnished by the Heads of Departments.

**53.** . :-

(1) Physical verification of stocks and stores in the departments and offices coming under the general administration of the Zilla Panchayat shall be conducted by an officer nominated by the Chief Executive Officer at the end of every year and he shall record a certificate indicating the results of such verification under his

signature. Shortages that come to notice shall be got made good from the official in-charge of stores, if they cannot be accounted for or explained satisfactorily and excesses, if any, found shall be taken to stock as receipts.

(2) In respect of other Heads of Departments and Heads of Offices who independently maintain and handle stores and moveable property vide Rule 51(4), a similar physical verification of stocks and stores shall be conducted by an officer nominated by the Head of the Department or by the Head of Office concerned, as the case may be. The instructions given in sub-rule (1) shall apply mutatis mutandis to such physical verification also.

#### CHAPTER 13

Public Works, Forest and Other Cheque Drawing Officers

#### **54. . :-**

(1) The Executive Engineers of the Zilla Panchayat connected with Public Works, Irrigation, etc., shall be responsible for the execution and maintenance of works undertaken by the Zilla Panchayat or transferred to it by the Government.

(2) In matters relating to the maintenance of accounts at sub-divisional and divisional levels, submission of accounts to the Accounts Office (that is, the office of the Chief Accounts Officer), preparation and sanctioning of estimates, inviting of tenders, execution of works, procurement of stores and their utilisation, purchase of tools and plant, hiring of tools and plant and in all other matters relating to work, etc., the provisions of the Karnataka Public Works Accounts Code, Karnataka Public Works Departmental Code and Stores Manual and other instructions and orders issued by Government shall mutatis mutandis apply.

(3) All orders or instructions issued by the Superintending Engineers and Chief Engineers from time to time regarding works or procedures, shall also be strictly followed by the engineers of the Zilla Panchayat

.

(4) The Schedules of Rates as applicable to the engineering divisions of Government in the district shall be adopted by the engineers of the Zilla Panchayat while preparing the plans and estimates of works. The other general principles laid down in the Accounts and Departmental Codes regarding data rates and extra

item rates shall also be followed.

(5) Regarding technical sanction to works, the Executive Engineers concerned may accord technical sanction up to the limit delegated to them. However, where sanction of the Superintending Engineer or the Chief Engineer is required for any works beyond their powers as per provision of the relevant code or instructions in force, such works shall be got approved from the competent authority.

(6) Notwithstanding the provisions of sub-rules (2) to (5) above, matters relating to.

(a) Purchase of stores, equipments and other articles;

(b) Invitation and acceptance of tenders for works contracts and supplies; and

(c) Execution, inspection and payments in respect of and schemes. shall be governed by general or special orders issued by Government under S.238 of the Karnataka Panchayat Raj Act, 1993.

#### **55.** . :-

(1) The financial transactions of the Forest Department are conducted as laid down in the Departmental Manual issued by Government read with the provisions of Articles 263 to 269 of the Karnataka Treasury Code.

(2) The Disbursing Officers of the Forest Department shall compile the monthly accounts based on the initial accounts maintained in their offices including those of the subordinate offices.

(3) They shall submit monthly accounts under the relevant heads of account operated by them, to the Chief Accounts Officer by the 8th of the following month.

(4) Remittances made by and cheques drawn by Engineering and Forest Divisions of the Zilla Panchayat rendering accounts on the Public Works and Forest pattern are treated as remittance transactions and accounted for in the Divisional Accounts under "I Remittances into Treasuries" or "II P.W./Forest Cheques" as the case may be, under the relevant minor head "102 Public Works Remittances" or "103 Forest Remittances" subordinate to the Major head "8782 Cash Remittances ....." The manner in which these remittance transactions appearing through the divisional accounts

and through the Treasury accounts are to be reconciled and brought to account has been laid down in Rule 35 supra. It has to be borne in mind that the remittance heads are to be operated upon only in respect of cheques drawn on and credits made to the Zilla Panchayat Fund. Credits to Government accounts cannot be made through the divisional accounts; they have to be settled only through a cheque drawn in favour of the Government Officer or the Government Department concerned or remitted direct into the Treasury supported by a Challan marked clearly as "Creditable to Government" and showing the appropriate detailed classification in Government account.

**56. . :-**

As regards District Social Welfare Officers and District Officers for Backward Classes and Minorities who are authorised to draw cheques on treasuries, only for payment of scholarship amounts to certain categories of students, the instructions contained in Appendix II to these Rules shall be followed.

CHAPTER 14

Grants

**57. . :-**

(1) Grants received by the Zilla Panchayat from Government or any other agency, shall be entered separately in a register in Form No. ZP 33 by the Chief Accounts Officer. Expenditure incurred from out of the grants shall be noted against each grant in the said register. The concerned heads of departments of the Zilla Panchayat shall incur the expenditure as per the terms and conditions of the grant.

(2) The concerned heads of departments shall furnish utilisation certificates to the appropriate authorities in respect of specific purpose grants through the Chief Accounts Officer. They shall also submit a quarterly statement showing opening balance of grants, grants received, the grants utilised, the items of expenditure on which grants were utilised and the closing balance at the end of each financial year, to the Chief Accounts Officer.

CHAPTER 15

Debt Heads

**58. . :-**

(1) All loans received by the Zilla Panchayat from the Government or any other source shall be recorded, each on a separate page in a

Register of Loans in Form No. ZP 34. Loans may be floated, raised or received by the Zilla Panchayat only with the previous sanction of the Government as prescribed in S.229 of the Karnataka Panchayat Raj Act, 1993.

(2) The Chief Accounts Officer shall take action for arranging repayment of loans together with interest promptly on the due dates and note the repayment in the Register of Loans against each loan. He shall report the position of loans at the end of each year to the Chief Executive Officer.

(3)

(i) When any loan is raised by the Zilla Panchayat which is repayable not in annual instalments, but after a specific period, it shall create a Sinking Fund to facilitate the liquidation of the loan on the due date.

(ii) The Sinking Fund shall be created by transferring a portion of the Zilla Panchayat Fund half yearly, which together with the cumulative interest earned on it, shall be sufficient to meet the liability on the due date.

(iii) The amount so transferred to the Sinking Fund periodically shall be invested by the Chief Executive Officer, in Government securities or in Scheduled or Co-operative Banks as may be stipulated by Government in the order according sanction for raising of loan. The outgo on this account shall be debited in the accounts to Sinking Fund Investment Account. The concurrence of the Chief Accounts Officer shall be obtained for making such investments and the concerned Securities, Deposit Receipts and other documents shall be kept in the custody of the Chief Accounts Officer.

(iv) The details of investments shall be recorded in a Register of Investment in Form No. ZP 35 by the Chief Accounts Officer. He shall be responsible for the realisation of interest due on such investments and crediting the same to the Sinking Fund.

(v) Whenever any investment is withdrawn, the fact of withdrawal of the investment shall be noted in the Register of Investments against the relevant entry, duly furnishing the challan number and the date of credit to the Sinking Fund.

(vi) At the end of each half year, the Chief Accounts Officer shall

personally take out all the Securities, Deposit Receipts, etc., and verify them with reference to the entries in the Investment Register and record a certificate in the Register to the effect that all the documents relating to the investments recorded therein are actually available on that date and that action has been taken to realise the interest due on them. The Register shall thereafter be submitted to the Chief Executive Officer for his perusal and instructions, if any.

(vii) At the end of every year, an account of the Sinking Fund showing the amount transferred to the Sinking Fund during the year, the up-to-date progressive amount under the Sinking Fund, details of investments made out of the Sinking Fund and the interest realised on the investments shall be prepared by the Chief Accounts Officer and after it is seen and cleared by the Chief Executive Officer, placed before the Zilla Panchayat.

(viii) No amount of the Sinking Fund shall be applied for liquidating any other liabilities of the Zilla Panchayat. However, with the approval of the Zilla Panchayat, a portion of the Sinking Fund amount may be utilised to clear an outstanding loan commitment, before the actual period of repayment of that loan. In such cases, the loan instalment and interest due on the previous loan discharged out of the Sinking Fund for the balance period shall be credited to the Sinking Fund from time to time

#### **59. . :-**

(1) Employees of the Zilla Panchayat may be sanctioned advances as admissible to Government employees in accordance with the provisions of the Karnataka Financial Code.

(2) Short term advances like festival advances, advance of salary and travelling allowance on transfer and tour, bicycle advance, etc., may be sanctioned to the staff of Zilla Panchayat (including deputed staff) by the officers empowered to sanction such advances.

(3) House Building advances and Motor Cycle advances may be sanctioned to employees of the Zilla Panchayat by the Chief Executive Officer.

(4) House Building, House Purchase or House Repair advances to the deputed staff shall continue to be sanctioned by the respective heads of parent departments in the Government.

(5) Motor Car or Motor Cycle advances may, however, be sanctioned to the eligible deputed staff by the Chief Executive Officer from the Zilla Panchayat Fund after getting the concurrence of the concerned heads of departments in Government.

(6)

(i) The authorities of the Zilla Panchayat who sanction short term advances, shall be responsible for the proper maintenance of accounts relating to advances sanctioned by them and also for their recovery. Note. According to the instructions issued by Government, festival advance granted to Government servants shall be classified in the accounts under the detailed head "Pay of Officers/Pay of Staff" to which their pay and allowances are ordinarily debited and recoveries of the advances irrespective of the year in which they are effected; shall be shown as reduction of expenditure under the same expenditure head "Pay of Officers/Pay of Staff." In respect of employees transferred from the Zilla Panchayat to another Zilla Panchayat or Government, a watch on recoveries of festival advances due to the Zilla Panchayat shall be kept by the sanctioning authority as well as the Chief Accounts Officer. The recoveries will be remitted by the institution/department which effects the recovery and these receipts shall be accounted for in the books of the Zilla Panchayat as reduction of expenditure under the head "Pay of Officers/Pay of Staff." The recovery should be taken note of by the Chief Accounts Officer as well as the authority which sanctioned the advance. In respect of employees transferred to the Zilla Panchayat, recoveries shall likewise be made by the Zilla Panchayat and remitted to the institution/department from which the employee drew the festival advance. In such cases, the gross amount inclusive of the recovery will be accounted for in the books of the Zilla Panchayat.

(ii) In respect of advances sanctioned by the Chief Executive Officer, the Chief Accounts Officer shall maintain accounts and watch the recovery thereof.

(7)

(i) The account of advances referred to in sub-rule (6)(i) and (ii), shall be maintained in the Register of Advances in Form No. ZP 36. Separate pages shall be allotted in this Register for each type of advance depending on its accounts classification. All the balances outstanding at the end of the previous year shall be first entered in

it and then each advance during the year shall be entered as soon as it is made. When an advance is repaid or recovered in cash or is adjusted by deduction from bill through transfer adjustment, the amount should be noted against the original advance in the column for the month in which the recovery or adjustment is made. The advances made during every month, as shown in this Register and the columns for recoveries should be totalled at the end of the month and the outstanding balances struck for each type of advance. The register should be balanced at the end of the year and the details of outstanding balance carried forward to the next year.

(ii) It shall be the responsibility of each sanctioning authority to ensure that the accounts of advances kept by him are reconciled with the accounts figures in the books of the Chief Accounts Officer.

(iii) The figures of opening balance, receipts, repayments/adjustments and closing balance in respect of each type of advance for every month shall be reported to the Chief Accounts Officer by each sanctioning authority by the tenth of the following month. In the office of the Chief Accounts Officer, the figures reported by the various sanctioning authorities shall be brought together and their agreement with the account figures verified.

(8) Separate provisions shall be made in the budget estimates of the Zilla Panchayat for payment of personal advances to employees.

**60. . :-**

In respect of loans given by, or channelised through, the Zilla Panchayat in pursuance of schemes implemented by various departments of Government, the maintenance of accounts and other related matters shall be done in accordance with the instructions issued by the departments concerned.

**61. . :-**

(1) Deposits of the Zilla Panchayat are generally of the following kinds.

(a) Security Deposits from employees;

(b) Contractors' deposits for the fulfilment of their contracts;

(c) Earnest money deposits of tenderers;



(d) Deposits representing sums which cannot be brought to account under any revenue head; and

(e) Other Departmental Deposits.

(2) The instructions pertaining to security deposits of employees are contained in Rule 65. All deposits received by the Zilla Panchayat, with the exception of the deposits referred to in sub-rule (6) below, shall be recorded in a Register of Deposits in Form No. ZP 37 to be maintained by the Chief Accounts Officer. Separate sets of pages are to be allotted therein for different kinds of deposits.

(3) Each part of the register will open with the details of the previous year's outstanding balances as shown in the previous year's register. The deposits received during the year will then be entered in the relevant part as each transaction occurs. At the end of the month, a total of the deposits received during the month should be made and the total reconciled with the corresponding figure in the monthly statement of accounts and initialled by the Chief Accounts Officer or other officer authorised in this behalf. Repayments in cash or by transfer should be noted against the original credit in the column for the month in which the refund is made and total of the postings should be made at the end of the month and agreed with the corresponding figure in the monthly statement of accounts A plus and minus memo of deposits showing the opening balance, total of receipts and expenditure and closing balance of deposits shall also be prepared every month. Similar plus and minus memo should be put up at the end of the year.

(4) Refunds of deposits in cash shall be made only on presentation of a bill in the appropriate form by the Head of Office concerned. Before signing the bill, the Head of Office shall verify with reference to his records that the deposit is actually outstanding and that the conditions for refund of the deposit are satisfied. All such bills require precheck in the office of the Chief Accounts Officer. During this precheck, the Chief Accounts Officer shall verify with reference to his Deposit Register that the deposit is actually outstanding.

(5) The deposit balances should not be drawn upon to meet charges debitable to the General fund of the Zilla Panchayats. But deposits remaining unclaimed for three complete account years after their refunds fall due, should be transferred to the credit of Zilla Panchayat Revenues, as lapsed deposits. If claims are

subsequently made and admitted, the amounts so claimed may be refunded as miscellaneous charges from the General balance of the Zilla Panchayat, with the sanction of the Zilla Panchayat.

(6) In respect of deposits relating to the engineering and forest departments which conduct their transactions through cheques and render monthly compiled accounts to the Chief Accounts Officer, the accounting, refund, etc., of deposits shall be done in the manner required as per the concerned departmental codes and manuals.

## CHAPTER 16

### Internal and Statutory Audits

#### **62. . :-**

(1) In the Finance Department of the Zilla Panchayat, there shall be an Internal Audit Cell under the direct control of the Chief Accounts Officer. The Chief Accounts Officer shall be responsible for internal audit of all the transaction of the different departments of the Zilla Panchayat. The internal audit shall include in its scope, the audit of receipts, expenditure and accounts of stores and stock.

(2) The internal audit shall be conducted in two stages, one centrally in the office of the Chief Accounts Officer and the other locally in the departmental offices of the Zilla Panchayat.

(3) The Central audit will be conducted with reference to the records received in the central office, viz., the sanction orders and other communications received from Government and the Zilla Panchayat, the Schedules, challans and vouchers received from the Treasury, the compiled accounts rendered by Cheque drawing officers and the accounts of stores and stocks received from the Heads of Offices of the Zilla Panchayat.

(4) Insofar as expenditure is concerned, the central audit will consist mainly in seeing.

(i) that the expenditure is covered by proper sanction;

(ii) that it conforms to the provisions of the Act, the rules and regulations made thereunder and other financial rules and regulations made applicable to the Zilla Panchayat;

(iii) that it is covered by provision of funds and that it is within the purpose that the grant was intended to provide;

(iv) that the demand is supported by a proper voucher duly acknowledged by the payee;

(v) that the fact of payment has been so recorded as to make a second claim against the Zilla Panchayat impossible; and

(vi) that the classification recorded on the voucher is correct.

(5)

(i) The results of central audit will be communicated by the Chief Accounts Officer to the Heads of Departments/Drawing Officers of the Zilla Panchayat through letters, audit notes, half margin memoranda, objection statements, etc. The more important observations will be brought to the notice of the Chief Executive Officer also.

(ii) It shall be the responsibility of the Heads of Departments/Drawing Officers of the Zilla Panchayat to ensure that the audit observations are replied satisfactorily without delay and settled either by dropping of the objection or by taking follow up action to the satisfaction of internal audit.

(6) The Chief Accounts Officer shall chalk out a systematic programme for internal local audit of all the offices of the Zilla Panchayat, to be got done by the internal audit staff of his office. The internal audit report shall be reviewed by the Chief Accounts Officer and issued to the concerned Heads of Departments/Drawing Officers for compliance thereof. Any observation that warrants appraisal of the facts by the Chief Executive Officer, shall be reported to him by the Chief Accounts Officer. Any issue that requires the decision of the Zilla Panchayat shall be placed before the Zilla Panchayat through the Finance, Audit and Planning Committee. The decision of the Zilla Panchayat shall be final in all such matters.

(7) The Heads of Departments/Drawing Officers shall produce all initial accounts and records to the internal audit party without any reservation. They shall also furnish any explanation or information required by the audit party besides taking action to remedy the defects or irregularities, pointed out by the internal audit.

(8) The Heads of Departments/Drawing Officers shall also furnish compliance reports in respect of observations not settled at the time of internal audit.

(9) The internal audit staff shall check all financial transactions with reference to the rules and regulations and standing instructions in force for the respective offices.

(10) The internal audit staff shall also check the initial accounts of each office with reference to the accounts compiled in the Chief Accounts Officer's office to ensure their accuracy and completeness of the accounts.

**63.** . :-

(1) According to S.262 of the Karnataka Panchayat Raj Act, 1993, the Comptroller and Auditor General of India will audit the accounts of the Zilla Panchayat. This audit will be conducted by the Accountant General, Karnataka.

(2) The officers of the Zilla Panchayat shall produce all initial accounts and records to the audit party of the Accountant General without any reservation. They shall also furnish any explanation or information required by the audit party besides taking action to remedy the defects or irregularities, pointed out by audit.

(3) All Heads of Departments/Drawing Officers of the Zilla Panchayat shall attend promptly to the objections raised and other communications sent by audit in the form of letters/enquiries/audit memoranda/periodical statements of objections/audit reports, etc. The ultimate responsibility to ensure that all audit objections are satisfactorily and expeditiously settled, falls on the Chief Executive Officer. The Heads of Departments/Drawing Officers may seek the assistance of the Chief Accounts Officer for the settlement of audit objections.

(4) The Chief Accounts Officer shall obtain periodical returns from the all officers of the Zilla Panchayat about outstanding Audit objections, Audit Reports, etc., with reasons for pendency. The returns shall be reviewed by him, and, along with his comments, suggestion for further action, etc., submitted to the Chief Executive Officer.

**64.** . :-

The Chief Accounts Officer is also responsible for the Internal Audit of Taluk Panchayats and for monitoring the clearance of Audit comments and objections raised by the Accountant General in the course of Statutory Audit of the Taluk Panchayats and their offices. The Chief Accounts Officer shall comply with the provisions of R.54

OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996 and R.55 OF THE Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996 (Chapter XVI) of the Karnataka Taluk Panchayats (Finance and Accounts) Rules, 1996 in this regard.

CHAPTER 17

Miscellaneous

**65. . :-**

The officials who will be in charge of cash and stores, shall furnish Security Deposit as fixed by the Chief Executive Officer or such other officer as may be authorised in this behalf. The security deposit may be recovered in cash either in one lumpsum or in suitable instalments from the pay of each such official every month. In this connection, provisions of Articles 352 to 359 of the Karnataka Financial Code shall be followed by the officers concerned.

**66. . :-**

For investments made in the Zilla Panchayat out of surplus funds available, instructions contained in Rule 58(3) supra shall mutatis mutandis apply. Entries relating to such investments in the Register in Form No. ZP 35 shall be kept distinct from those pertaining to the Sinking Fund.