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No. 18(3)/92/TA/90
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
CONTROLLER GENERAL OF ACCOUNTS
3TH FLOOR LOE NAYAK BHAVAN
KHAN MARKET NEW DELHI - 11 0003.

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Dated, the 27th Jan., 1993.

OFFICE MEMORANDUM.

Subject:- Dispensing with monetary settlement in inter-departmental transactions - recommendations of the Committee headed by Controller General of Accounts to Improve the Control over Receipts and Expenditure Transactions of the Union Government.

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Reference is invited to this office O.M.No.1(5)(7)/86/TA/1099 dated 30.10.1986 and O.M.No.1(8)(7)/89/TA/577 dated 19.7.1989 (copies enclosed) laying down procedure for inter-departmental settlement in respect of activities of certain nature.

2. The Committee, appointed to recommend improvements in the Existing System of Control over Receipt and Expenditure Transactions of the Union Government, has recommended that the operation of 'PAO Suspense' and 'Cash Settlement Suspense Account (CS3A)' should be eliminated to the maximum extent possible in cases of all categories of inter-departmental transactions which are appropriated/voted in a particular budget year so that adjustment in the Consolidated Fund of India is effected in the same budget year.

3. To give effect to the above, it has been decided that the procedure outlined in this office O.M. dated 30.10.86 and 19.7.89 will stand modified to the extent delineated in the following paragraphs:-

- (i) The PAO of the executing/agent Department incurring the expenditure is not only to book the expenditure to the budget head of the functional/service Department but must also directly communicate the monthly and progressive figures of expenditure to the Accounts Officer of the concerned Service Department under advice to his own Principal Accounts Officer [Para 2(d) of O.M. dated 19.7.89 refers].
- (ii) The Financial Advisor/Chief Controller of Accounts or the Controller of Accounts of the functional/service Ministry/Department is required to

issue annual budget allocation letter (indicating the amount approved in the budget for the year for the programme/activity assigned to the agent/ executing Department) after obtaining necessary financial sanctions. This will constitute authorisation for the executing Ministry/Department to incur expenditure upto the limits specified. No further concurrence of the Financial Advisers of the respective Ministries is necessary. The expenditure by the executing Ministry/Department should however be incurred subject to observance of normal procedure of financial sanctions.

- (iii) The amount so allocated/earmarked will not be available for re-appropriation by the functional Ministry/Department except with the concurrence of agent Ministry/Department.
- (iv) The other provisions of this office O.M. dated 30.10.86 and 19.7.89 remain unchanged.
- (v) The Principal Accounts Officer of the Functional Ministry/Department will communicate the computer Code Nos. relating to the head(s) concerned to the P40 of the Agency Department.

4. In the case of construction activity under Non-Plan, where funds are provided under the Grants of the functional/service Ministry/Department, the concerned Division of the CPWD should operate the Budget head of the functional/service Ministry/Department and not debit the expenditure to Cash Settlement Suspense Account. Thus, in such cases the procedure as outlined in Para 3(ii) above will be followed mutatis mutandis.

5. Where for any reason it is not possible to follow the above procedure, the expenditure incurred on behalf of other service Department will be debited initially to the budget grant of the executing Department, under a new minor head 'Expenditure Awaiting Transfer to other Heads/Departments' under the functional major/sub-major head proposed to be operated with zero budget provision. The Pay & accounts Officer of the agent Department who initially debits the expenditure under 'EAT' would simultaneously write to the Financial Adviser/Controller of the Ministry/Department concerned through his Controller of Accounts, seeking authorisation to book the expenditure under the relevant functional head of account of the concerned Ministry/Department, in his own accounts.

6. After 1.4.93, prior approval of Controller General of accounts will be obtained for the operation of debit side of the minor head 'EAT Suspense/Cash Settlement Suspense

Account' giving reasons for the need to operate these heads in cases of inter-departmental settlement.

7. The above procedure would be applicable to all Ministries/Departments of the Union of India (Civil), Defence, Railways, Posts and Telecommunications and Union Territories without Legislature where accounts have been departmentalised. However, the provisions of this C.M. will not apply to the transactions relating to supply of stores or execution of works or services rendered by one Division to another. As regards the D.G.S.&D. payments on behalf of other Ministries/Departments separate orders will be issued.

8. The operation of 'PAO Suspense' would continue in cases of inter-Government settlement with the State Governments as heretofore.

9. All Financial Advisers/Chief Controllers of Accounts/Controllers of accounts are requested to take necessary action to implement the above procedure with effect from 1.4.1992 in all cases of inter-departmental transactions.

(G. ANDREWS)

BY CONTROLLER GENERAL OF ACCOUNTS.

To:

1. All Financial Advisers/Chief Controllers of accounts/Controllers of accounts/Dy. Controllers of accounts.
2. All Ministries/Departments of Govt. of India.
3. Union Territory Administrations of Delhi, Andaman & Nicobar Island.
4. Controller & Auditor General of India.
5. All Accountants General.
6. Controller General of Defence Accounts.
7. Director (Fin.), Ministry of Railways, Railway Board, New Delhi.
8. Director General, Department of Posts.
9. Dy. Director General (P&T), Department of Telecommunications.
10. All Sections of the office of C.G.A.
11. Staff Training Institute, O/o C.G.A., Ministry of Finance, Department of Expenditure, Old JNU Campus, New Delhi.

JNGAR