

F.No.1(8)/2001/TA/ **290**  
Ministry of Finance  
Department of Expenditure  
Controller General of Accounts  
7<sup>th</sup> Floor, Lok Nayak Bhawan,  
Khan Market, New Delhi

Dated: 30<sup>th</sup> March, 2012.

**OFFICE MEMORANDUM**

**Subject: Dispensing with operation of Suspense Accounts by Pr.AO, Department of Supply in the case of Central Civil Ministries/Departments are the indenters- reg.**

At present, in cases where Central Government Civil Ministries/Departments/UTs are the indentors, Pay and Accounts Offices, Department of Commerce(Supply Division) make payments initially for the cost of stores along with the departmental charges to the firms on behalf of the Departments by operating 'PAO-Suspense' head and subsequently claim reimbursement from the PAOs of those Departments as per the procedure laid down in Note 5 below para 8.2.1 of Civil Accounts Manual.

2. The above said procedure has been reviewed and it has been decided by CGA Office in consultation with Department of Commerce(Supply Division) that the PAOs of Department of Commerce(Supply Division) shall adopt the procedure of direct booking of expenditure against the Demands for Grants of the Civil Ministries/Departments and UT Administration based on a letter of authorization of funds to be issued by them as outlined in this Office O.M. No.18(3)/92/TA/90 dated 27.1.1993 and incorporated in para 8.5 of Civil Accounts Manual. The extracts of 'Para 8.5 SETTLEMENT OF INTER-DEPARTMENTAL TRANSACTIONS THROUGH BOOK ADJUSTMENT OR WITHOUT RESORTING TO CASH SETTLEMENT (LETTERS OF AUTHORIZATION)' is annexed to this O.M for ready reference.
3. Department of Commerce(Supply Division) has also been requested to initiate action for incorporating the necessary changes in the DGS&D Manual.
4. The revised procedure shall be implemented w.e.f. 1.4.2012.

*T.R. Padmavathy*  
(T.R.Padmavathy)

Assistant Controller of Accounts

To

1. All Financial Advisers of Central Ministries/Departments.
2. All Pr.Chief Controllers of Accounts/Chief Controllers of Accounts/Controllers of Accounts of Ministries/Department.
3. Union Territory Administrations of Andaman & Nicobar Island, Lakshadweep, Daman & Diu.
4. Chief Controller of Accounts, Department of Commerce(Supply Division), N Delhi
5. All Sections of the Office of CGA.
6. INGAF, O/o CGA, Ministry of Finance, Old JNU Campus, New Delhi.

7. Copy to ITO Section with a request to upload this om into website of CGA.

**Extracts of of Civil Accounts Manual (2007 Edition)**

**Para 8.5-SETTLEMENT OF INTER DEPARTMENTAL TRANSACTIONS THROUGH BOOK ADJUSTMENT OR WITHOUT RESORTING TO CASH SETTLEMENT (LETTERS OF AUTHORIZATION)**

This relates to the programmes or activities for which one Ministry/ Department utilizes the services of another Central Ministry /Department as its agent for executing the activity. In such cases, the Financial Adviser /Pr. Chief Controller of Accounts/Chief Controller of Accounts/Controller of Accounts of the functional Ministry/ Department will issue annual budget allocation letter, indicating the amount approved in the Budget for the year for the programme or activity assigned to the agent or executing Department, after obtaining necessary financial sanctions. The executing Ministry/Department are authorized to incur expenditure up to the limits specified in the authorization letter. The allocated amount in such cases will not be available for re-appropriation by the concerned functional Ministry/ Department, without the concurrence of agent Ministry/ Department. A copy of such sanction has to be endorsed to the Accounts Officer of the functional department to enable him to keep a note of this in the Expenditure Control Register maintained by him. The functional Ministry /Department would also communicate the Computer Code number relating to the heads, to the Pay & Accounts Office of the agent Ministry in the authorization letter.

The executing/agent Ministry or Department, on the condition of observance of normal procedures of sanction will incur the expenditure. The Pay & Accounts Office of the executing Ministry will book the expenditure under the relevant expenditure head against the Demands for Grants of the functional Ministry/Department and furnish the monthly and progressive figures of expenditure to the Pr. Accounts Office of the functional Ministry / Department. This is to enable the latter to monitor the flow of expenditure on the programme /activity and prepare Appropriation Accounts related to the Grant. The Accounts Officer of the executing/agent Ministry will not honour any claim that would result in excess over the amount authorised by functional Department, in any case. The Principal Accounts Offices of both agent and functional Ministries/Departments will conduct annual reconciliation of expenditure, before preparing their SCT and Appropriation Accounts respectively.