

F.No.10(1)/2012/TA/470
Ministry of Finance
Department of Expenditure
Controller General of Accounts

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New Delhi,
Dated: 12th July, 2012.

Office Memorandum

Subject: Accounting procedure relating to implementation of new projects/schemes.

It has been observed by this Office in the recent past that the accounting procedures relating to implementation of new projects/schemes referred to this office for advice/ approval are often not routed through Pr.CCA/CCA/CA of the respective Ministry/Department. Hence, the views of the Pr.CCA/CCA/CA of the Ministries/Departments on such proposals are not available with this office and have to be sought for. This correspondence lengthens the time taken for processing, examining and in rendering the advice to the Ministries/Departments on such proposals.

2. It is therefore desired that all such proposals be referred to this Office by the Pr.CCAs/CCAs/CAs of the Ministries/Departments with a draft detailed accounting procedure and not directly by the Ministries/ Departments. Ministries/Departments may need to be advised suitably by CCAs/CAs.

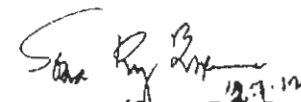
3. Such proposals need to be first examined by the Office of Pr.CCA/CCA/CA concerned in detail. All the relevant papers viz. approvals of the competent authority, details of the project/scheme etc. for determining the classification and treatment of transactions in accounts should be obtained from the concerned quarters and the gist included in the introductory paragraph. If the implementation of any scheme / project involves the creation of a Fund, the accounting procedure should be framed by the Office of Pr.CCA/CCA/CA of the Ministry/Department concerned after examining the concerned Act or orders in which the setting up of a Fund is being prescribed before it is sent to this Office. The Pr.AOs should forward the draft accounting procedure along with comments highlighting issues of concern to this Office. The classification of transactions in accounts should be clearly stated for each proposed entry.

4. The accounting procedure for creation/operation of any Fund should contain broadly the details of the constitution of fund, receipts/withdrawals to/from the Fund, Audit of Accounts etc.

- The genesis for creation of fund should be briefly explained quoting the relevant act or provisions of the Act under which the Fund has been proposed to be created.
- The position of the Fund in interest bearing or non-interest bearing section of the Public Account of India should be clearly spelt out.
- Generally, creation of funds in the Public Account by debiting the same to CFI is not permissible. Therefore, any proposal for creation of such funds should be properly justified by the Ministry/Department.
- The accounting entries relating to the operation of the Funds would be in accordance with the provision of Para 3.4 of General Directions to LMMH.
- The draft accounting procedure should clearly indicate the complete classification under which the Fund is to be placed and the expenditure head where from funds are to be transferred and the expenditure is to be met from. In case the Fund is in the interest bearing section, the nature of resources envisaged and full justification may be provided.
- The accounts shall be audited by the Comptroller and Auditor General of India. The accounts will also be subject to internal audit by the internal audit wing of the Chief Controller of Accounts concerned.
- The concerned Pay & Accounts Officer of the Department will maintain a broadsheet of accretions to and payments from the Fund and effect a monthly reconciliation thereof with Authority and the Department.

5. Wherever new minor heads (as well as certain specific sub-heads e.g. Reserve Funds) are to be opened based on the approved accounting procedure, such cases for opening of new minor heads/ sub-heads may be formulated on the above lines.

6. All Pr.CCAs/CCAs/CAs of the Ministries/Departments are requested to bring this to the notice of all concerned and ensure compliance thereof.


(Soma Roy Burman)

Joint Controller General of Accounts

To

All the Pr.CCAs/CCAs/CAs of the Ministries/Departments concerned.

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AO, ITD

T.R. Padmanabha
12/3/20