

FINANCIAL RULES

OF THE

NORTHERN PROVINCIAL COUNCIL

OF THE

DEMOCRATIC SOCIALIST

REPUBLIC OF

SRI LANKA

1988

P.POOLOGASINGHAM J.P.U.M
Attorney-at-Law & Notary Public
Commissioner for Oaths
ACTING MAGISTRATE
PUNNALAIKKADDUVAN SOUTH

P. POLOOCHANDRAN J.T.U.M.
Attorney-at-Law & Notary Public
Commissioner for Oath
ACTING MAGISTRATE
PUNNALAIKADUVAN SOUTH

Democratic Socialist Republic of Sri Lanka
NORTHERN PROVINCIAL COUNCIL

PROVINCIAL FINANCIAL RULES

EFFECTIVE FROM 1ST SEPTEMBER 2008

Financial Rules Formulated by the Governor of Northern Province Under powers vested with him in section 19(5) and 20(3) of the Provincial Councils Act no 42 of 1987 of the Democratic Socialist Republic of Sri Lanka.

Assented by Hon Governor Northern Province on 14th Aug 2008

Democratic Socialist Republic of Sri Lanka
NORTHERN PROVINCIAL COUNCIL

PROVINCIAL

FINANCIAL RULES

EFFECTIVE FROM 1st SEPTEMBER 2008

Financial Rules Formulated by the Governor of Northern Province Under powers vested with him in section 19(2) and 20(3) of the Provincial Councils Act No 42 of 1987 of the Democratic Socialist Republic of Sri Lanka.

Assented by Hon Governor Northern Province on 14th Aug 2008

Printed at the State Printing Corporation
Panaluwa, Padukka,
Sri Lanka.

PROVINCIAL FINANCIAL RULES

CONTENTS

	PFR NO	PAGE NO
Foreword		VII
Authority		IX
Preamble: Constitutional Requirements and Legal Framework		01 - 03
Section 1: Constitutional Requirements Relating to Provincial Councils		05 - 13
Section 2: Constitutional Requirements Relating to Consolidated Fund		14 - 18
Chapter 1: Expenditure Planning and Budgeting		19
Section 1: Provincial Fund	1 - 5	21 - 23
Section 2: Expenditure Planning	6-10	24 - 30
Section 3: Presentation of Annual Estimates of Expenditure	11 - 26	31 - 40
Section 4: Preparation, Submission and Passing of Annual Financial Statement	27 - 43	41 - 48
Section 5: Variations to Annual Financial Statement	44 - 55	49 - 58
Section 6: Revenue Estimates	56 - 60	59 - 63
Chapter 2: Authority for Expenditure, Refunds, Losses, Write Offs and Waivers		65
Section 1: Warrants and Imprest Authority	61 - 63	67 - 69
Section 2: Authority for and Control of Expenditure and Incurring of liabilities	64 - 65	70 - 71
Section 3: Losses, Write offs and Waivers	66 - 77	72 - 86
Section 4: General Provisions	78 - 80	87 - 89
Chapter 3: Financial Management and Accountability		91
Section 1: Financial Supervision and Control	90 - 95	93 - 103

Section 2: Provincial Audit and Internal Audit	96 - 103	104 - 109
Section 3: Delegation	104 - 116	110 - 122
Section 4 Provincial Council Control and Auditor-General	117 - 123	123 - 126
Chapter 4: Receipts		127
Section 1: General	126 - 127	129
Section 2: Collection	128 - 131	130 - 134
Section 3: Accepting	132 - 140	135 - 141
Section 4 Reporting	141 - 145	142 - 143
Chapter 5: Payments		145
Section 1 Powers and Authority to incur Expenditure	150 - 168	147 - 156
Section 2 Payment Documents	169 - 179	157 - 170
Section 3 Mode of Payments	180 - 186	171 - 174
Section 4 Custody of Documents	187 - 190	175 - 177
Chapter 6: Custody of Money, Imprests and Bank Accounts		179
Section 1: Security and Custody of Public Money	193 - 205	181 - 186
Section 2: Counterfoil Books	206 - 210	187 - 190
Section 3: Boards of Survey of Cash, Stamps, Securities etc	211 - 213	191 - 192
Section 4: Imprests	214 - 222	193 - 198
Section 5: Bank Accounts	223 - 240	199 - 213
Chapter 7: Accounting		215
Section 1: Provincial Treasury Accounting	244 - 258	217 - 227
Section 2: Books, Registers, and other Accounting Records	259 - 267	228 - 238
Section 3: Security Deposits for Contracts, Excise Rents, Issue of Licenses etc.	268 - 272	239 - 240
Section 4: Advance Accounts	273 - 286	241 - 253
Section 5: Foreign Aid and other Special Accounts	287 - 290	254 - 258
Section 6: Computerized Accounting System	291 - 298	259 - 262

Chapter 8: Procurement, Assets and Stores Management		263
Section 1: Procurement	301 - 312	265 - 270
Section 2: Assets Management	316 - 345	271 - 286
Section 3: Stores Management	346 - 364	287 - 298
Section 4: Boards of Survey	365 - 374	299 -303
Section 5: Disposal of Assets	375 - 382	304 - 307
Section 6 Losses and Write Offs	383 - 387	308
Chapter 9: Printing and Publication		309
Section 1: General	391 - 394	311 -312
Section 2: Order for Printed Forms and Binding	395 - 399	313 - 314
Section 3: Administration (Performance) Reports	400 - 401	315 - 316
Section 4: Press Notification and Advertisements	402 - 403	317
Chapter 10: Miscellaneous		319
Section 1: Security of Public Officers	407 - 413	321 - 326
Section 2: Official Telephones	414 - 419	327 - 328
Section 3: Hire of Buildings	420	329 - 330
Section 4: Use of Motor Vehicles	421 - 437	331 - 339
Section 5: Acquisition	438	340 - 341
Section 6: Gifts	439	342
Section 7: Foreign Travel	440	343
Section 8: Stamps	441 - 447	344 -346
Section 9: Newspaper and Periodicals	448	347
Section 10: Allowances	449	348
List of Appendices		349 - 351
Appendices 1-20		353 - 399
Index		401
Index 1 (According to PFR Number)		403 -417
Index 2 (According to Alphabetical Order)		419 -447

Chapter 20: Procurement, Assets and Service Management	101
Section 20.1: Procurement	101-102
Section 20.2: Asset Management	102-103
Section 20.3: Service Management	103-104
Section 20.4: Budgets	104-105
Section 20.5: Disposal of Assets	105-106
Section 20.6: Finance and Write Offs	106-107
Chapter 21: Training and Positioning	108
Section 21.1: General	108-109
Section 21.2: Types of Training, Skills and Positioning	109-110
Section 21.3: Administration (Personnel Reports)	110-111
Section 21.4: Progression and Advancements	111-112
Chapter 22: Miscellaneous	113
Section 22.1: Security of Public Officers	113-114
Section 22.2: Official Telephones	114-115
Section 22.3: Hiring of Buildings	115-116
Section 22.4: Use of Motor Vehicles	116-117
Section 22.5: Acquisition	117-118
Section 22.6: Gifts	118-119
Section 22.7: Foreign Travel	119-120
Section 22.8: Stamps	120-121
Section 22.9: Newspaper and Periodical	121-122
Section 22.10: Allowances	122-123
List of Appendices	124-125
Appendices 1-10	125-130
Index	131
Index 1: According to P.E. Number	131-132
Index 2: According to Alphabetical Order	132-133

FOREWORD

The Governor of Northern Province has made the Financial Rules contained in this document under powers vested in him under sections 19 (5) and 20 (3) of the Provincial Councils Act No. 42 of 1987.

These Financial Rules shall be operative from 01st September 2008 and will replace the Financial Rules made on 12th January 1993 and subsequent amendments thereto for the North East Provincial Council as far as the Northern Provincial Council is concerned.

Further these rules will supersede all provisions relating to the Provincial Council contained in the Government Financial Regulations 1992 and subsequent amendments issued thereto. These rules will over-ride guidelines, circulars and other instructions already issued relating to subject matters covered by them if they are inconsistent with these rules. Provincial Treasury shall be consulted in case of doubt and in respect of matters that are not covered by these rules.

These Financial Rules are binding on all Provincial Ministries, Departments, Local Authorities, Statutory Bodies and Agencies handling Provincial funds.

These Financial Rules are aimed at achieving a highest financial discipline in its financial transactions, efficient use of funds, reporting standards, transparency and good governance and are not intended to be an obstruction to the execution of Provincial Council programme of work. Therefore all those concerned with the operation of the Provincial Fund are required to acquaint themselves with the spirit of the provisions of these rules.



S. Rangarajah

Chief Secretary

Northern Provincial Council

14th Aug 2008

Trincomalee

FORWORD

The Government of Northern Province has made the Financial Rules contained in the document under powers vested in him under sections 19(1) and 20(1) of the Provincial Councils Act No. 43 of 1987.

The Financial Rules shall be operative from 01st September 2008 and will replace the Financial Rules made on 12th January 1987 and subsequent amendments made for the North East Provincial Council as far as the Northern Provincial Council is concerned.

Further these rules will supersede all provisions relating to the Financial Council contained in the Government Financial Regulations, 1982 and subsequent amendments issued thereto. These rules will over-ride guidelines circulars and other instructions already issued relating to subject matters covered by them. In case of inconsistency with these rules, Provincial Treasury shall be considered in case of doubt and in respect of matters that are not covered by these rules.

These Financial Rules are binding on all Provincial Ministers, Departments, Local Authorities, Statutory Bodies and Agencies handling Provincial funds.

These Financial Rules are aimed at achieving a higher financial discipline in financial transactions, efficient use of funds, reporting standards, transparency and good governance and are not intended to be an obstruction to the execution of Provincial Council programs or work. Therefore all those concerned with the operation of the Provincial fund are invited to acquaint themselves with the spirit of the provisions of these rules.



Chief Secretary
Northern Provincial Council

14th Aug 2008
The Minister

AUTHORITY

I, the Governor of Northern Provincial Council under the powers vested in me in section 19 (5) and 20 (3) of Provincial Councils Act No. 42 of 1987 hereby make and promulgate these Financial Rules for the Northern Province. These rules shall come into force with effect from 01st September 2008 and supersede the Financial Rules of the North East Provincial Council made on 12th January 1993 and all provisions referred to in the Government Financial Regulations as far as the Provincial Council is concerned.

These Financial Rules are applicable to all Provincial Ministries, Departments, Governor's Secretariat, Assembly Secretariat, Provincial Public Service Commission, Cooperative Employees Commission, Statutory Bodies, Local Authorities and other Agencies in respect of Provincial Council functions, assigned to them.



Victor Perera

Governor

Northern Provincial Council

14th Aug 2008

Trincomalee

AUTHORITY

The Government of Northern Provincial Council under the power vested in it under section 19 (2) and 20 (2) of Provincial Councils Act No. 42 of 1987 hereby orders and promulgates these Financial Rules for the Northern Province. These rules shall come into force with effect from 01 September 2008 and supersede the Financial Rules of the North East Provincial Council made on 15 January 1997 and all provisions referred to in the Government Financial Regulations as far as the Provincial Council is concerned.

These Financial Rules are applicable to all Provincial Ministers, Departments, Government's Secretary, Assembly Secretary, Provincial Public Service Commission, Cooperative Employees Commission, Statutory Bodies, Local Authorities and other Agencies in respect of Provincial Council transactions referred to therein.

Minister of Finance
Government

Northern Provincial Council

14th Aug 2008
Treasury

PROVINCIAL FINANCIAL RULES

PREAMBLE

The Governor of the Northern Province, under powers vested with him under section 19 (5) and 20 (3) of the Provincial Councils Act No. 42 of 1987 of the Democratic Socialist Republic of Sri Lanka has formulated these Financial Rules. The Constitutional requirements and the legal framework are also highlighted herein.

- (2) These Financial Rules are applicable to all Provincial Ministries and Departments and the employees of such Ministries and Departments should comply with the directives and instructions given in these Rules and the requirements thereof. These Rules are equally applicable to Local Authorities and Divisional Secretariats and the employees of such institutions as far as Provincial Council transactions are involved.
- (3) The Provincial Financial Rules consist of 10 Chapters.
- (4) All officers of the Provincial Council are hereby requested to acquaint themselves with the provisions of these Rules and be guided by them.
- (5) These Financial Rules will be referred to as the Provincial Financial Rules of Northern Provincial Council – 2008.
- (6) The words he, him and his wherever they appear in the rules shall be read as she, her and her.
- (7) Any clarification and or interpretation of these rules, clarity of definition and expansion of any rules in these Provincial Financial Rules may be addressed to the Provincial Treasury who will give a ruling on the matter. Where necessary the Governor's directive will be obtained.

PROVINCIAL FINANCIAL RULES

PREAMBLE

The Governor of the Dominion Province, under powers vested with him under section 19 (2) and 20 (1) of the Provincial Councils Act No. 42 of 1967 of the Provisional Socialist Republic of Sri Lanka has formulated these Provincial Rules for the (Constitutional arrangements and the legal framework are also highlighted below.)

(1) These Provincial Rules are applicable to all Provincial Ministries and Departments and the employees of such Ministries and Departments should comply with the direction and instructions given in these Rules and the regulations thereof. These Rules are equally applicable to local Authorities and Provincial Council Officers and the employees of such institutions as far as Provincial Council transactions are concerned.

(2) The Provincial Financial Rules consist of 10 Chapters.

(4) All officers of the Provincial Council are bound, together with the employees of the Provincial Council, to comply with the provisions of these Rules and the regulations thereon.

(5) These Provincial Rules will be referred to as the Provincial Financial Rules of Northern Provincial Council - 2008.

(6) The words "he" and "his" wherever they appear in these Rules shall be read as "she" and "her".

(7) Any ambiguity and/or interpretation of these Rules, clarity of definition and content of any rules in these Provincial Financial Rules may be referred to the Provincial Council Officers who will give a ruling on the matter. Where necessary, the Governor's decision shall be final.

CONSTITUTIONAL REQUIREMENTS AND LEGAL FRAMEWORK

**Section 1▶ Constitutional Requirements relating to
Provincial Councils**

**Section 2▶ Constitutional Requirements relating to the
Consolidated Fund**

CONSTITUTIONAL REQUIREMENTS AND
LEGAL FRAMEWORK

- Section 14 - Constitutional requirements relating to
Provincial Councils
- Section 24 - Constitutional requirements relating to the
Provincial Fund

SECTION 1

CONSTITUTIONAL REQUIREMENTS RELATING TO PROVINCIAL COUNCILS

Establishment of Provincial Councils

Provincial Councils were established under the 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka certified on 14th November 1987.

Article 154A (1) subject to the provisions of the Constitution, a Provincial Council shall be established for every Province specified in the eighth schedule with effect from such date or dates as the President may appoint by order published in the Gazette.

Provision of the Provincial Councils Act:

The following sections of the Provincial Councils Act No. 42 of 1987 as amended by Act No. 28 of 1990, Act No. 37 of 1988 and Act No. 58 of 1992 relating to payment into the Provincial Fund and withdrawals from the Fund are reproduced for the information and guidance of officers of the Northern Provincial Council.

Provincial Fund of Province:

19. (1) There shall be a Provincial Fund for each Province into which shall be paid-
- a) the proceeds of all taxes imposed by the Provincial Council of that Province
 - b) the proceeds of all grants made to such Provincial Council in respect of the Province by the Government of Sri Lanka;
 - c) the proceeds of all loans advanced to the Provincial Council from the Consolidated Fund of Sri Lanka; and
 - d) all other receipts of the Provincial Council
- (2) No monies out of the Provincial Fund of a Province shall be appropriated except in accordance with, and for the purposes, and in the manner provided in this act.
- (3) No sum shall be withdrawn from the Provincial Fund of a Province except under a warrant under the hand of the Chief Minister of the Province

- (4) No such warrant shall be issued unless the sum, has by statute of the Provincial Council, being granted for services for the financial year during which the withdrawal is to take place or is otherwise lawfully charged on the Provincial Fund of the Province
- (5) The custody of the Provincial Fund of a Province, the payment of monies into such fund, and all other matters connected with, or ancillary to, those matters shall be regulated by rules made by the Governor

Emergency Fund of the Province:

20. (1) There shall be established an Emergency Fund in the nature of an imprest to be entitled 'Emergency Fund of the Province' into which shall be paid from and out of the Provincial Fund of the Province such sums as may, from time to time, be determined by statutes made by the Provincial Council, and such funds shall be held by the Governor to enable advances to be made by him out of such fund.
- (2) No advances shall be made out of the Emergency Fund of the Province except for the purposes of meeting unforeseen expenditure pending authorization of such expenditure by the Provincial Council under appropriations made by statute under section 26 and 27.
- (3) The Governor may make rules regulating all matters connected with, or ancillary to, the custody of payment of monies into, and the withdrawal of monies from, the Emergency fund of the Province

Government Guarantee for loans:

21. (1) The Minister in charge of the subject of Finance may give guarantees in respect of loans raised by a Provincial Council.
- (2) Immediately after a guarantee is given under sub section (1), the Minister in charge of the subject of Finance shall, lay a statement of such guarantee before Parliament.
- (3) Any sum required for the fulfillment of a guarantee given under the sub section shall be paid out of Consolidated Fund of Sri Lanka.
- (4) Any sum paid out of the Consolidated Fund of Sri Lanka in fulfillment of a guarantee given under sub section (1) shall be repaid, together with interest thereon, at such rate as may be determined by the Minister in charge of the

subject of Finance, by the Provincial Council, in such manner and over such period, as the Minister in charge of the subject of Finance may determine

- (5) A Provincial Council may not, without the consent of the Minister in charge of the subject of Finance, raise any loan if there is still outstanding any part of a loan which has been made in respect of the Provincial Council out of the Consolidated Fund of Sri Lanka or in respect of which a guarantee has been given under sub section (1)

Foreign Aid for Provincial Projects:

22. Foreign aid negotiated by the Government for a project or scheme in a Province shall be allocated by the Government to such project or scheme.

Audit:

23. (1) Article 154 of the Constitution shall apply to the Audit and accounts of the Provincial Fund of a Province.

- (2) A copy of the Auditor-General's report relating to the accounts of the Provincial Fund of a Province shall be submitted to the Governor who shall cause it to be laid before the Provincial Council

Special Procedure as to Statutes Relating to Financial Matters:

24. (1) A statute in relation to any subject with respect to which the Provincial Council has power to make statutes, shall not be introduced into, or moved in, a Provincial Council except on the recommendation of the Governor, if such statutes makes provision for any of the following matters, namely:-

- (a) the imposition, abolition, remission, alteration or regulation of any tax;
- (b) the amendment of the law with respect to any financial obligation undertaken, or to be undertaken, in respect of the administration of the Province,
- (c) the appropriation of monies out of the Provincial Fund of the Province;
- (d) the declaring of any expenditure to be expenditure charged on the Provincial Fund of the Province, or the increasing of the amount of any such expenditure
- (e) the receipt of money on account of Provincial Fund of the Province or the custody or issue of such money

- (2) A statute shall not be deemed to make provision for any of the matters aforesaid by reason only that it provides for the imposition of fines or other pecuniary penalties, or for the demand or payment of fees for licenses or fees for services rendered, or by reason that it provides for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body, to local purposes.
- (3) A statute which, if enacted and brought into operation would involve expenditure from the Provincial Fund of a Province shall not be passed by the Provincial Council of the Province, unless the Governor has recommended to that Council the consideration of the statute.

Annual Financial Statement:

25. (1) the Governor of a Province shall in respect of every financial year, at least three months before the commencement of such financial year, cause to be laid before the Provincial Council of that Province a statement of the estimated receipts and expenditure of the Province for that year, in this Part referred as the 'annual financial statement'
- (2) the estimates of expenditure embodied in the annual financial statement shall show separately:-
- (a) the sums required to meet expenditure described by this Act as expenditure charged upon the Provincial fund of the Province; and
 - (b) the sums required to meet other expenditure proposed to be made from the Provincial Fund of the Province
- and shall distinguish expenditure on revenue accounts from other expenditure.
- (3) The following expenditure shall be expenditure charged on the Provincial Fund of the Province:-
- (a) the emoluments and allowances of the Governor, Chief Minister, Members of the Board of Ministers and Members of the Provincial Council - Act 37 of 1988

- (b) the charges payable in respect of loans advanced in respect of the Province from the Consolidated Fund of Sri Lanka including interest, amortization payments, and other expenditure connected therewith;
- (c) the salaries and allowances of the Chairman and the Deputy Chairman of the Provincial Council;
- (d) any sums required to satisfy any judgment, decree or award of any court or arbitral tribunal, entered against the Provincial Council;
- (e) any other expenditure declared by the Constitution or by law made by Parliament, or by statute made by the Provincial Council, to be so charged.

Procedure in Provincial Council with respect to Estimates:

26. (1) So much of the estimates as relates to the expenditure charged upon the Provincial Fund of the Province shall not be submitted to the vote of the Provincial Council, but nothing in this subsection shall be construed as preventing the discussion in the Provincial Council of any of these estimates.
- (2) So much of the said estimates as relates to other expenditure shall be submitted in the form of demands for grants to the Provincial Council, and the Provincial Council shall have the power to assent or to refuse to assent any demand, or to assent to any demand, subject to a reduction of the amount specified therein.
- (3) No demand for a grant shall be made except on the recommendation of the Governor.

Appropriation Statute:

27. (1) As soon as maybe after the grants under section 26 have been assented to by the Provincial Council there shall be introduced a statute to provide for the appropriation out of the Provincial Fund of the Province, of all monies required to meet.
- (a) the grants so made by the Provincial Council; and
 - (b) the expenditure charged on the Provincial Fund of the Province but not exceeding in any case the amount shown in the statement previously laid before the Council

- (2) no amendment shall be proposed to any such statute in the Provincial Council which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Provincial Fund of the Province and the decision of the person presiding as to whether an amendment is in admissible under this subsection shall be final.
- (3) subject to the other provisions of this Act, no money shall be withdrawn from the Provincial Fund of the Province except under appropriation made in accordance with the provisions of this section.

Where a Provincial Council has been dissolved before the annual financial statement for the financial year has been approved, or a Provincial Council ceases, for any other reason to function, the Governor may, notwithstanding anything in the preceding provision of this Part, authorize the issue from the Provincial Fund, and the expenditure of such Funds, as he may consider necessary for the administration of the Province, until the expiry of a period of three months from the date on which the new Provincial Council is summoned to meet or the date on which the Provincial Council resumes functioning. Act No. 28 of 1990

Supplementary Grants:

28. (1) The Governor shall-

(a) if the amount authorized by any statute made in accordance with the provisions of section 27 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year; or

(b) if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year,

cause to be laid before the Provincial Council, another statement showing the estimated amount of that expenditure or cause to be presented to the Provincial Council with such previous approval, a demand for such excess, as the case may be.

- (2) The provisions of sections 25, 26 and 27 shall have effect in relation to any such statement and expenditure or demand and also to any statute to be made authorizing the appropriation of monies out of the Provincial Fund of the Province to meet such expenditure or the grant in respect of such demand as they have effect in relation to the annual financial statement and the expenditure mentioned therein or to a demand for a grant and the statute to be made for the authorization of appropriation of monies out of the Provincial Fund of the Province to meet such expenditure or grant.

Vote on Account:

29. (1) Notwithstanding anything in the foregoing provision of this part, the Provincial Council shall have power to make any grant in advance in respect of the estimated expenditure for a part of any financial year pending the completion within a period of 4 months of the making of the grant of the procedure prescribed in section 26 for the voting of such grant and the passing of the statutes in accordance with the provisions of section 27 in relation to that expenditure and the Provincial Council shall have power to authorize by statute, the withdrawal of money from the Provincial fund of the Province for the purposes for which the said grant is made.
- (2) The provisions of sections 26 and 27 shall have effect in relation to the making of any grant under subsection (1) or to any statute to be made under that subsection as they have effect in relation to the making of a grant with regard to any expenditure mentioned in the annual financial statement and the statute to be made for the authorization of appropriation of monies out of the Provincial Fund of the Province to meet such expenditure.

Authorization of Expenditure Pending Sanction by the Provincial Council:

30. Notwithstanding anything in the foregoing provision of this part, the Governor may authorize such expenditure from the Provincial Fund of the Province as he deems necessary for a period of not more than 6 months beginning with the date of constitution of the Provincial Fund of the Province, pending the sanction of such expenditure by the Provincial Council.

Provincial Councils Consequential Provisions Act No. 12 of 1989:

Where any power or function is conferred on, or assigned to a Minister or to a public officer, as the case may be by any written law made prior to November 14, 1987 on any matter set out in list I of the Ninth Schedule, such power or function, may, -

- a) if such power or function is conferred on, or assigned to, a Minister, be exercised or discharged, in relation to a Province unless the context otherwise requires, by the Governor of that Province or the Minister of the Board of Ministers of that Province to whom the subject has been assigned; and accordingly, references in every such written law to a Minister shall be deemed to include reference to a Governor of a Province or the Minister of the Board of Ministers of such Province to whom the function has been assigned; and
 - b) if such power or function is conferred on, or assigned to, a public officer, be exercised or discharged, in relation to a Province and unless the context otherwise requires by the officer of the Provincial Public service holding an office corresponding to the office held by such public officer; and accordingly, references in every such written law to a public officer shall be deemed to include a reference to the officer of the Provincial public service who holds an office corresponding to the office held by such public officer.
- (2) Where any law made prior to November 14, 1987 on any matter set out in this list I of the Ninth Schedule to the Constitution confers power on a Minister to make any order, proclamation, notification, regulation or rule such power shall, in relation to a Province and unless the context otherwise requires, be exercised by the Governor of that Province or the Minister of the Board of Ministers of that Province to whom that subject has been assigned, and accordingly, reference in any provision of the law conferring that power, to a 'Minister' shall be deemed to include a reference to the Governor of the Province or the Minister of the Board of Ministers of the Province to whom that subject has been assigned.
- (3) Where any such law as is referred to in sub section (2) makes provision -
- (i) for any order, proclamation, notification, regulation or rule made under that law to be laid before Parliament; or
 - (ii) for the annulment or approval of any such order, proclamation, notification, regulation or rule, by Parliament

Such provision shall have effect in relation to a Province as if references in it to Parliament were a reference to the Provincial Council established for that Province.

- (4) In this Act, the expressions 'Public Officer' and 'written law' shall have the respective meanings assigned to them by the Constitution.

SECTION 2

CONSTITUTIONAL REQUIREMENTS RELATING TO THE CONSOLIDATED FUND

Sources of Fund:

Other than the revenues collected by the Provincial Council the Northern Provincial Council receives various types of grants and advances from the Consolidated Fund of the Government on the recommendation of the Finance Commission in terms of Articles 154R. Eg:-

Block Grant	Recurrent
Criteria Based Grant	Capital
Matching Grant	Capital
Provincial Specific Development Grant	Capital
Any other Grants provided by donor agencies from time to time.	
Foreign Funded Projects	
Specific Allocations from line Ministries	
Any others	

Block Grant:

The Block Grant is recommended for the recurrent expenditure. The estimated revenue of the province for a particular year is deducted from the estimated recurrent needs for the same year and the balance is recommended as Block Grant.

Criteria Based Grant (CBG):

The Criteria Based Grant is recommended to the Provincial Council to meet capital needs of the province based on criteria such as population, area, per capita income, etc.

Matching Grant:

The Matching Grant as an incentive based on the collection of Devolved Revenue.

Provincial Specific Development Grant (P.S.D.G):

The PSDG is recommended by the Finance Commission in consultation with the Department of National Planning as a national priority. This grant consists of normal PSDG and other approved programmes.

To this extent, the following provisions of the Constitution of the Democratic Socialist Republic of Sri Lanka applies

Provision in the Constitution:

The following Articles of the Constitution of the Democratic Socialist Republic of Sri Lanka, (hereinafter referred as the Constitution) 1978, relating to payments into the Consolidated Fund and withdrawals from the Fund are reproduced here for the information and guidance of officers:

Article 148:

Parliament shall have full control over Public Finance. No tax, rate or any other levy shall be imposed by any local authority or any other public authority, except by or under the authority of a law passed by Parliament or of any existing law.

Article 149:

- (1) The funds of the Republic not allocated by law to specific purposes shall form one Consolidated Fund into which shall be paid the produce of all taxes, imposts, rates and duties and all other revenues and receipts of the Republic not allocated to specific purposes.
- (2) The interest on the public debt, sinking fund payments, the costs, charges and expenses incidental to the collection, management and receipt of the Consolidated Fund and such other expenditure as Parliament may determine shall be charged on the Consolidated Fund.

Article 150:

- (1) Save as otherwise expressly provided in paragraphs (3) and (4) of this Article, no sum shall be withdrawn from the Consolidated Fund except under the authority of a warrant under the hand of the Minister in charge of the subject of Finance.
- (2) No such warrant shall be issued unless the sum has by resolution of Parliament or by any law been granted for specified public services for the financial year

during which the withdrawal is to take place or is otherwise lawfully charged on the Consolidated Fund.

- (3) Where the President dissolves Parliament before the Appropriation Bill for the financial year has passed into law, he may, unless Parliament shall have already made provision, authorize the issue from the Consolidated Fund and the expenditure of such sums as he may consider necessary for the public services until the expiry of a period of three months from the date on which the new Parliament is summoned to meet.
- (4) Where the President dissolves Parliament and fixes a date or dates for a General Election the President may, unless Parliament has already made provision in that behalf, authorize the issue from the Consolidated Fund and the expenditure of such sums as he may, after consultation with the Commissioner of Elections, consider necessary for such elections.

Article 151:

- (1) Notwithstanding any of the Provisions of Article 149, Parliament may by law create a Contingencies Fund for the purpose of providing for urgent and unforeseen expenditure.
- (2) The Minister in charge of the subject of Finance, if satisfied:
 - (a) that there is a need for any such expenditure, and
 - (b) that no provision for such expenditure exists, may with the consent of the President, authorize provision to be made therefor by an advance from the Contingencies Fund.
- (3) As soon as possible after every such advance, a Supplementary Estimate shall be presented to Parliament for the purpose of replacing the amount so advanced

Article 152:

No Bill or motion, authorizing the disposal of, or the imposition of charges upon, the Consolidated Fund or other funds of the Republic, or the imposition of any tax or the repeal, augmentation or reduction of any tax for the time being in force shall be introduced in Parliament except by a minister, and unless such bill or motion has been approved either by the Cabinet of Ministers or in such manner as the Cabinet of Ministers may authorize.

Finance Commission:

In terms of the 13th Amendment to the Constitution a Finance Commission has been set up to make recommendation to the Parliament on matters of Provincial Finance.

Article 154R:

- (1) There shall be a Finance Commission consisting of-
 - (a) the Governor of the Central Bank of Sri Lanka;
 - (b) the Secretary to the Treasury; and
 - (c) three other members to represent the three major communities each of whom shall be a person who has distinguished himself, or held high office, in the field of finance, law, administration, business or learning
- (2) Every member of the Commission shall unless he earlier dies, resign or is removed from office, hold office for a period of three years.
- (3) The Government shall on the recommendation of, and in consultation with the Commission, allocate from the annual budget such funds as are adequate for the purpose of meeting the need of the Province.
- (4) It shall be the duty of the Commission to make recommendation to the President as to
 - (a) the principles on which such funds as are granted annually by the Government for the use of Provinces, should be apportioned between the various provinces; and
 - (b) any other matters referred to the Commission by the President relating to Provincial Finance
- (5) The Commission shall formulate such principles with the objective of achieving balanced regional development in the country and shall accordingly take into account-
 - (a) the population of each Province;
 - (b) the per capita income of each Province;
 - (c) the need, progressively, to reduce social and economic disparities; and

- (d) the need, progressively, to reduce the difference between the per capita income of each province and the highest per capita income among the Provinces
6. The Commission shall determine its own procedures and shall have such powers in the performance of its duties as Parliament may, by law, confer on it.
 7. The President shall cause every recommendation made by the Finance Commission under this Article to be laid before Parliament and shall notify Parliament as to the action taken thereon.

No court or tribunal shall inquire into, or pronounce on, or in any manner entertain, determine, or rule upon, any question relating to the adequacy of such funds, or any recommendation made, or principle formulated by the Commission

CHAPTER 1:

EXPENDITURE PLANNING AND BUDGETING

Section 1 ▶ Provincial Fund

Section 2 ▶ Expenditure Planning

Section 3 ▶ Presentation of Annual Estimates of Expenditure

Section 4 ▶ Preparation, Submission and Passing of Annual Financial Statement

Section 5 ▶ Variation to Annual Financial Statement

Section 6 ▶ Revenue Estimates

CHAPTER 1: INTRODUCTION TO FINANCIAL PLANNING

CHAPTER 1

EXPENDITURE PLANNING AND BUDGETING

Section 1 - Financial Fund

Section 2 - Expenditure Planning

Section 3 - Presentation of Financial Statement of Expenditure

Section 4 - Budgeting, Allocation and Basis of Annual Financial Statement

Section 5 - Budgeting in Annual Financial Statement

Section 6 - Revenue Statement

Section 7 - Statement of Financial Position

SECTION 1

PROVINCIAL FUND

P.F.R. 1 Provisions in the Provincial Councils Act

- 1.1** The Provincial Fund of the Northern Province constitutes of the following:
- (a) the proceeds of all taxes imposed by the Provincial Council
 - (b) the proceeds of all grants made to the Provincial Council by the Government of Sri Lanka
 - (c) the proceeds of all loans advanced to the Provincial Council from the Consolidated Fund of Sri Lanka, and
 - (d) all other receipts of the Provincial Council
- 1.2** No monies out of the Provincial Fund shall be appropriated except in accordance with and for the purposes, provided in the Statute
- 1.3** No sum shall be withdrawn from the Provincial Fund except under a Warrant under the hand of the Chief Minister
- 1.4** No such Warrant shall be issued unless the sum has by statute of the Provincial Council been granted for the services for the financial year during which the withdrawal is to take place or is otherwise lawfully charged on the Provincial Fund
- 1.5** The custody of the Provincial Fund, the payment of monies into such fund, and all other matters connected with, or ancillary to those matters, shall be regulated by rules made by the Governor of the Northern Province.
- 1.6** The Provincial Fund is a continuing one and does not lapse at the end of the financial year.

P.F.R. 2 Financial Year

The Financial year of the Northern Provincial Council commences on the 1st of January and ends on the 31st December of that year.

P.F.R. 3 Monies in the Provincial Fund

- 3.1 The Provincial Fund comprises of all monies belonging to the Northern Provincial Council which are not separately allocated for specific purposes.
- 3.2 The Fund comprises all monies available for disposal (including money in bank accounts) of the Provincial Treasury, and the various Departments of the Provincial Council.

P.F.R. 4 Expenditure from the Provincial Fund

- 4.1 Provision in the Annual Financial Statement for expenditure from the Provincial Fund falls into 2 main categories;
- (i) supply services
 - (ii) special law services
- 4.2 Supply Services; supply services are services expenditure, which is authorized by the annual appropriation statute or by any other appropriation statute, or by an authority issued in terms of section 27 (A) of the Provincial Councils Act, amended by Act No. 28 of 1990.
- 4.3 Special law Services; special law services expenditure, which is authorized as a charge on the Provincial Fund by the Provincial Councils Act No. 42 of 1987 or any other law other than appropriation statute

P.F.R. 5 Custody, Administration and Supervision of the Provincial Fund

- 5.1 The Chief Secretary is the custodian of the Provincial Fund. The operation of the Provincial Fund is vested with the Provincial Treasury. The Chief Secretary shall be the Secretary to the Provincial Treasury and operational functions of the Provincial Treasury are vested with the Deputy Chief Secretary (Finance).
- 5.2 All receipts to the Provincial Council shall be deposited in the banks approved by the Governor. These bank accounts shall be termed 'Provincial Fund of the Northern Provincial Council' and shall be maintained in the name of Chief Secretary. These accounts shall be operated by the Chief Secretary or officers authorized by him.

- 5.3 All cheques issued for authorized payments out of the Provincial Fund shall be signed by the Chief Secretary and/an officer authorized by him or two other officers so authorized by him.
- 5.4 If there are surplus in the Provincial Fund, it can be invested in Fixed Deposits.
- 5.5 The Chief Minister is responsible for all matters connected with the receipts and payments of the Provincial Council. The responsibility of general supervision of the financial operations of the Provincial Council is vested with the Chief Minister as Minister in charge of subject of finance.
- 5.6 The responsibility and accountability vested with the Chief Minister in terms of the above Para is delegated to the Chief Secretary and his staff.

SECTION 2

EXPENDITURE PLANNING

***P.F.R. 6* Planning of Expenditure**

All activities of the Provincial Council shall be predetermined and set out in Plans and Programmes.

- 6.1. The Annual Financial Statement for a particular financial year is the financial expression of the Northern Provincial Council's policies and programmes of activity during that year. The formulation of Annual Financial Statement is therefore, a matter of crucial importance requiring sound coordination and attention to details.
- 6.2. The Provincial Treasury having regard to the revenue, the grant from the Government of Sri Lanka and other receipts estimated to be available will provide indicative allocations to the different Ministries. The Departments under these Ministries shall prepare the draft financial statements within the limits of the indicative allocations provided. Allocation for Capital Expenditure should fit into the current Provincial Plan which would normally cover a given period of years.
- 6.3. The financial needs of the Province shall be prepared in agreement with the Finance Commission's guidelines.
- 6.4. There shall be a Planning Procedure approved by the Governor on the recommendation of the Chief Secretary explaining various procedures adopted in the provincial planning process and the manner in which they are done.

***P.F.R. 7* Capital Projects**

Plans and Programmes are composed of Projects. Incorporation of new capital projects in the Annual Financial Statement are taken from the Project pipeline prepared and updated by the Department of Provincial Planning and also falling within the Public Investment Programme of the Government. They fall under two categories namely: Continuation and New Projects.

7.1 Sectoral Plans:

Sectoral plans are generally multi year (2 to 5 years) rolling programmes of a particular sector approved by the Provincial Planning Committee.

Guidelines on Provincial planning procedure shall be issued by the Chief Secretary from time to time.

7.2 Project Planning Stages:

Project Planning shall pass through the following stages;

- (i) Identification
- (ii) Preliminary Appraisal
- (iii) Preliminary approval (Approval in – principle)
- (iv) Preparation
- (v) Full appraisal
- (vi) Final approval (final round approval)
- (vii) Inclusion in the Provincial Council Investment Programme
- (viii) Incorporation into the Budget
- (ix) Implementation
- (x) Evaluation

7.3 Two Stage Approval Procedure:

Two stage Approval Procedure of Projects consists of Preliminary Approval and Final Approval.

- (i) The relevant Department or Agency of the Provincial Council shall identify the project and prepare a Pre-Feasibility report with the assistance of the possible Aid Donors and submit it to the relevant Ministry.
- (ii) The relevant Ministry if accepted will submit the project in the Preliminary Approval form to the Chief Secretary.

- (iii) The Provincial Planning Secretariat will do a preliminary appraisal if necessary and report to the Provincial Planning Committee and Planning Council.
- (iv) The Provincial Planning Secretariat after approval by the Planning Committee recommends the project to the Planning Council for preliminary approval.
- (v) When the Preliminary Approval is granted by the Planning Council the Pre-Feasibility report of the project is passed on to the executing Ministry and if necessary to the External Resources Department.

Once the project proposal is approved and accepted, the executing Ministry will include monetary provision in its estimates.

P.F.R. 8 Project Approval Procedure

8.1 Concept:

The Concept of Provincial Planning was given prominence by the 13th Amendment to the Constitution and the Provincial Council's Act No. 42 of 1987. The Provincial Council is therefore recognized as a regional unit of planning and implementation of plans at the Provincial level. The 13th Amendment to the Constitution also set up the Finance Commission with the objective of achieving 'balanced regional development' in the region.

8.2 Provincial Planning Secretariat:

There shall be a Provincial Planning Secretariat to handle the matters relating to Provincial Planning and it will be responsible for installation of Provincial Planning process.

8.3 Provincial Planning Council:

There shall be a Provincial Planning Council comprising of Chief Minister, Members of the Provincial Council, Professional experts nominated by the Chief Minister and any other members as nominated by the Chief Minister. The Council will be chaired by the Chief Minister with the Chief Secretary functioning as the Secretary.

8.4 Provincial Planning Committee:

A Provincial Planning Committee (PPC) should be set up, chaired by the Chief Secretary, and include Provincial Ministry Secretaries, Heads of Departments and District Secretaries with the Deputy Chief Secretary (Planning) as its Secretary. The participation of academics and representatives of the private sector and community organizations should be encouraged. The PPC can have several sub-committees for various sectors to fulfill specific functions.

The Provincial Planning Committee shall meet quarterly or as and when necessary to discuss policy, strategies and programmes, review budget formulation and implementation, approve new projects and deviations from the budget. Their work will facilitate the decision making process of the District Coordinating Committee.

It is the responsibility of the District Planning Unit to coordinate the functions of the central agencies and provincial agencies at the district level and to formulate and monitor district development and implementation programme.

8.5 Secretaries Committee:

There shall be a Secretaries Committee comprising of all Secretaries and Deputy Chief Secretaries with Heads of Departments in attendance on call. This Committee will assist the PPC, Chief Secretary and the Governor in policy related matters and major investment decisions in addition to the functions assigned to the Committee. This Committee will be chaired by the Chief Secretary with Deputy Chief Secretary, Planning as its Secretary. It will meet at least one week prior to the meeting of the PPC.

8.6 Sectoral Monitoring Committee:

There shall be a Sectoral Monitoring Committee in each Ministry for collection of information, review of the progress, coordination and to take remedial measures in respect of sectoral programmes on account of both inputs and outputs, and expenditure and physical performance. Secretary in charge of the sector at the Ministry will chair the meeting with the head of the Planning Unit in the Ministry as Secretary. Heads of Departments and project directors are the members. This committee shall meet monthly. Copies of the minutes should be sent to the Chief Secretary and Provincial Planning Secretariat.

8.7 Provincial Planning Functions:

The functions of the Provincial Planning Secretariat include the following:

- (i) Conduct socio-economic surveys, collate and analyze information in order to develop a well structured information base for planning.
- (ii) Prepare a medium term Provincial Development Plan with both economic and spatial perspectives and annual implementation plans.
- (iii) Prepare investment proposals for local and foreign funding and implementation plans
- (iv) Facilitate the participation of the private sector and community organizations in development
- (v) Manage the sustainable use of natural resources and deal with the effects of development on the environment
- (vi) Apprise new projects/programmes
- (vii) Monitor and coordinate the implementation of projects/programmes and the evaluation of project benefits
- (viii) Ensure the sustainable operation and maintenance of public assets
- (ix) Build the capacity for planning at provincial, district and divisional levels and in local authorities
- (x) Undertake the implementation of inter-sectoral projects as required.

8.8 Provincial Annual Plan:

An annual plan should be developed containing proposals to be submitted to the Finance Commission. When funding is finalized, annual implementation plans will be prepared accordingly. Development proposals which are of a national importance may be financed directly by the sponsoring Ministries, leaving the other proposals of regional importance to be financed through the Provincial Funds.

P.F.R. 9 Preparation of Total Cost Estimates of Capital Projects

9.1 Total cost estimates should be prepared and approved in respect of every capital project. This should be indicated in a separate column in the project schedule.

Where it is not stated in the project schedule in the annual financial statement it is presumed that the project would be completed within the same year. The following information should be provided in separate columns in respect of each project;

- (i) anticipated date of commencement
- (ii) anticipated date of completion
- (iii) total cost estimate
- (iv) actual expenditure up to the end of the previous year
- (v) estimated expenditure for the current year

9.2 In the case of construction projects, the total cost estimate should be determined on the basis of carefully priced bill of quantities (BOQ) supported by detailed schedule showing requirements of material, labour, plant, equipment utilization, and schedule of prices on which the bill of quantities were based. There should be supporting documents to monitor the price/rates changes. Provision should be made in the total cost estimates for price escalation and contingencies in line with principles enunciated in the Government Procurement Guidelines

***P.F.R. 10* Programming of Expenditure**

- 10.1** It is the responsibility of each Head of department to ensure that the expenditure authorized by Provincial Council in the annual financial statement is broken down into a programme of work that can be achieved during a financial year. This programme is particularly important in the case of departments which performs development works and services.
- 10.2** Programmes should be analyzed into the constituent tasks and defined clearly as targets with completion date for each task. Responsibility for meeting these targets should be clearly fixed on the sections of the department performing these tasks. Reducing departmental programmes to concrete series of tasks and assigning performance to the sections of the department responsible for the execution is very important.
- 10.3** The Planning of the programme should begin wherever possible before the financial year of the expenditure commences. The following actions in anticipation of the appropriation is permissive.

- (i) When the department's financial statement has been approved by the Provincial Council all preliminary action, short of actual financial commitments shall commence. E.g: obtaining Provincial Treasury and Provincial Public Service Commission approval where needed, preparation and issue of bid documents.
- (ii) Actual liabilities may be incurred after the financial statement has been approved by the Provincial Council, even before the assent of the Governor.

10.4 There shall be a Provincial Expenditure Monitoring Committee chaired by the Deputy Chief Secretary Finance to monitor the allocation, expenditure and imprest and to address related issues.

10.5 An Expenditure Monitoring Committee shall be set up in each department to ensure that target dates are achieved. For this purpose, the Committee shall among other controls;

- (i) Maintain a detailed breakdown of the department's programmes
- (ii) Record progress according to the predetermined target dates
- (iii) Attempt to foresee any problems of materials, personnel, or organizations which may delay progress and remedy those problems in time
- (iv) Compile work norms and formulate unit costs for such programmes.

SECTION 3

PRESENTATION OF ANNUAL ESTIMATES OF EXPENDITURE

***P.F.R. II* Financial Statement of Expenditure**

11.1 Composition:

Estimates of Expenditure comprises of;

Part I: General Financial Statement of Expenditure relates to services which are wholly financed from provision included in the Financial Statement.

Part II: Advance Accounts, relates to activities which are permitted partly or wholly to be met out of the receipts of these activities.

11.2 Budget call:

- (i) The Finance Commission will send out a Request for Finances circular by March every year calling for the requirements of the Provincial Council as regards cadre, recurrent expenditure and capital expenditure.
- (ii) The Chief Secretary shall issue comprehensive circular instructions before 31st March of every year for preparation and submission of annual draft estimates for the ensuing year. It should include approved standard expenditure and revenue codes.
- (iii) The Chief Secretary shall take into consideration the Government budgetary guidelines, instructions of Finance Commission and other general guidelines in the preparation of the annual estimates of expenditure of the Provincial Council.

11.3 Format of Budgetary Estimates:

(i) Expenditure Statement of the Province:

Expenditure statement should be prepared based on Principles of Programme and Performance budgeting in respect of each Expenditure Head and every such Expenditure Head shall include: -

Mission and key functions

Activities and tasks

Employment Profile

Performance Indicators

Detailed schedule of staff

Schedule of staff is published in addition to the financial statement giving details of staff under each project in every Programme included under categories as given in the Request for Finances circular issued by the Finance Commission.

- (a) Staff group and post
- (b) Grade and Number of posts
- (c) Approved and actual cadre
- (d) Salary scales

In addition number of staff at the end of the previous year permanent/temporary or casual/substitute in service if any, shall also be given.

(ii) ***Estimates under Foreign Aid:***

Provincial Council may receive Foreign Aid as follows:

- (a) In cash
- (b) Commodity
- (c) Technical Assistance

Such Foreign Aid should be estimated as per the instructions issued from time to time by the Chief Secretary.

(iii) ***Expenditure Classification:***

Estimates of expenditure in the Financial Statement of Expenditure are prepared under classification of Heads, Programmes, Projects, Sub Projects, Objects, Object details and Financing Codes (if applicable).

- (a) **Head:** Head is a unit of appropriation and indicates line of authority and accountability. Normally a Head of expenditure is assigned to Ministries, departments and those agencies which do not come under any Ministry.

- (b) **Programme:** Programme is a functional unit of appropriation and it complies with the international classifications.
- (c) **Project / Cost Unit:** Project is an activity or a group of homogenous activities, and facilitates costing of each activity and the establishment of input output relationship.
- (d) **Sub Project:** Sub Project is created to ensure more effective expenditure management and monitoring.
- (e) **Object Code:** Object is a standard economic component of a project. Provisions under certain components are not transferable in order to ensure that specific commitments are maintained. Some Object Codes are itemized as object details.

P.F.R. 12 Performance Indicators

Setting up Performance Indicators is part of the budgetary process and the Provincial Treasury shall establish key set of indicators which will reflect the efficiency of expenditure in line with the current accounting approaches. Performance indicators shall also establish norms and standards thereto. Appropriate systems and procedures shall be established for continuous assessment and monitoring.

P.F.R. 13 Personal Emoluments

13.1 Grading of Employees:

Only the very senior posts composed of policy-making top management positions including appointments under the provision of the Provincial Councils Act or any other statutes or any other posts for which Provincial Council authority considered necessary eg. Governor, Ministers, Chief Secretary, Secretary and Deputy Chief Secretary should be shown under category 'Senior' in the programme employment summary.

All staff grade officers not grouped in group 'Senior' should be included in the 'Tertiary' and shown in the other staff schedule.

Subordinate officer's grades and minor employee's grades should be grouped under groups Secondary and Primary respectively in the other staff schedule.

Only the senior staff and summary of other employees should be shown in the employment profile in the estimates. Details of all other categories should be shown in the staff schedule printed separately.

13.2 *Cadre and Salary Scales:*

The cadre and salary scales of each individual grades should be indicated under the following categories:-

- (a) Senior level
- (b) Tertiary level
- (c) Secondary level
- (d) Primary level

13.3 *Posts under Advance Accounts and works estimates:*

Financial Provision for personal emoluments of officers who are employed fulltime on works costed in works estimates or on advance account activities is not included under object category 10 Personal Emoluments but under the relevant works estimate or advance account. A statement of such posts should be submitted to the Provincial Treasury along with the estimate of expenditure.

13.4 *Provision for Vacant or New Posts:*

Provision for vacant or new posts should be made on the basis of the initial salaries of the relevant scales, and only for the period from the prospective date of filling the vacancy to the end of the financial year.

***P.F.R. 14* Other Recurrent Expenditure**

Other recurrent expenditure should be estimated in terms of the standard expenditure Codes 1101 to 1907 in terms of Finance Commission guidelines.

P.F.R. 15 Rehabilitation and Improvement of Capital Assets

Nature of rehabilitation and improvements to capital assets shall be assessed and fully explained.

P.F.R. 16 Acquisitions of Land and Buildings

Provision should be made under the respective Ministries.

P.F.R. 17 Miscellaneous Expenditure

Expenditure of miscellaneous nature is provided for under a programme/project of the Provincial Treasury for;

- (a) Services of a general character which cannot be appropriately provided for under any particular Ministry/department.
- (b) Services which the Provincial Treasury considers necessary should be controlled by a central authority

P.F.R. 18 Advance Accounts**18.1 Advance Account Activities:**

The activities specified in Part II of the Annual Financial Statement are authorized to be operated on the basis of advance accounts, which accommodates both receipts and payments

18.2 Limits:

For the purpose of control of the Advance Account Activities, the following limits are indicated in the appropriation statutes and in the Annual Financial Statement Part (II) against the item relating to each activity;

- (i) maximum limit of expenditure during the financial year
- (ii) minimum limit of receipts to be credited to the account during the financial year
- (iii) maximum limit of debit balance outstanding in the account at the end of the financial year and

- (iv) maximum limit of liabilities outstanding at end of the financial year
(applicable only to Stores Advance Accounts and Commercial Accounts)

18.3 Provision for Expected Losses:

If a net loss is expected in the working of an Advanced Account Activity during the financial year, provision for the estimated net loss should be included under a separate object code in Part I of the Estimates of Expenditure.

18.4 Losses in Previous Financial Year:

The procedure to be followed in these cases is given in Section 4 of Chapter 7 on Advance Accounts.

P.F.R. 19 Grants

Grants are voted by the Provincial Council to be paid to local government bodies, etc, for specific purposes and subject to prescribed conditions. It should be noted that the provision for a grant as appearing in the Annual Financial Statement cannot be altered without the Provincial Council's authority.

P.F.R. 20 Special Law Services

- 20.1** A charge on the Provincial Fund for the performance of specific services may sometimes be authorized by law other than Appropriation Statute. These services are referred to as Special Law Services E.g.: Governor's salary, the salary and allowances of the Chairman and Deputy Chairman of the Provincial Council etc., Section 25 (3) of the Provincial Councils Act No. 42 of 1987.
- 20.2** As expenditure on Special Law Services is a charge on the Provincial Fund, already imposed by law, it is not included in the Annual Appropriation Statute.
- 20.3** However, for the information of the Council, provision for such expenditure, is shown in the Annual Financial Statement, and particulars of the law under which expenditure is authorized are also distinctly indicated against the legend of the relevant object code. At the same time, the division of provision in the programme/project between Special Law Expenditure and Appropriation Statute expenditure is separately indicated.

P.F.R. 21 Total Cost Estimate:

The terms 'Work' and 'Works' used in this paragraph means and includes any construction works, supplies, services, schemes and projects of a capital nature provided for under the projects relating to capital expenditure.

21.1 The total cost estimate of any work which extends over one year should be shown in the special column in the Expenditure Estimates as follows:

- (i) Total cost estimate
- (ii) Actual expenditure up to the end of the previous year
- (iii) Estimated expenditure for the current year
- (iv) Provision requested for the budget year

The total of (ii) (iii) and (iv) should not exceed the total cost estimate. The anticipated date of completion should also be indicated.

21.2 When the total cost estimate is not so indicated, it is presumed that the work will be completed in one year and that the provision for the year is the total cost of the work

21.3 Total cost estimates should include not only salaries and wages of the staff specially employed on such work, but also all their other emoluments.

PFR 22 Block Provision

22.1. When a project/scheme already approved and provided for in the Annual Financial Statement comprises a number of similar and separate works or services and these cannot be separately itemized under object detail in the Annual Financial Statement, the total cost estimate and the particulars in the other two columns mentioned above, may be shown in the form of 'Block Provision' for all the contemplated items.

22.2. When 'Block Provision' is made for construction and maintenance work, the following rules should be observed:

- (i) Items of work cost limit of which does not exceed the amount determined by the Chief Accounting Officer from time to time may be incorporated in 'Block Provision', if separate items cannot be detailed at the time provision is sought in the draft Annual Financial Statement.

- (ii) A list of such items of new works should have been approved by the Chief Secretary.
- (iii) Where the item of construction or maintenance work is estimated to cost over the prescribed limit in (i) above will not be allowed in the form of Block Provision. Each such item of work must be shown in the draft Annual Financial Statement as a separate Object Detail.

P.F.R. 23 Revote and Deferred Liabilities

23.1 Revote: The word 'Revote' should appear in the Annual Financial Statement at the end of the description of the Object Code, wherever money already provided in a financial year is not expended, and is required subsequently.

23.2 Deferred Liabilities: The Provision appearing in the Annual Financial Statement is intended to meet payments during the financial year. However liabilities falling due for payment in subsequent financial year may be incurred as in PFR 24.

P.F.R. 24 New Proposals

Proposals for new Capital Works, Schemes and Projects will hereinafter be referred to as 'Work Proposals'

24.1 Work proposals should fit into the requirements of the Provincial Plan of expenditure, current at the time of preparation of Estimates of Expenditure; and therefore only such proposals will qualify for inclusion in the draft Annual Financial Statement.

24.2 Before the inclusion of New Capital Work proposals in the draft Annual Financial Statement, the Department should obtain the approval of the Chief Secretary.

24.3 (i) For the purpose of paragraph 2 above, every department should before prescribed date fixed by the relevant authority of each year prepare and submit to the Chief Secretary through the Secretary, a list of new work proposals, which do not appear in the current Annual Financial Statement of the department but are proposals for inclusion in the draft Annual Financial

Statement of the next financial year. Separate lists should be prepared in respect of each programme

- (ii) Action such as preliminary investigation, prior consultations, surveying and planning should have already been completed; and there should be a reasonable expectation that the new work proposals would, if ultimately approved, commence in that financial year.

24.4 The preparation of the list of new proposals referred to in paragraph 3 above requires the following amongst other matters mentioned in the Provincial Planning procedure issued by the Chief Secretary.

- (i) the compilation of tentative Total cost estimate, for each work proposal,
- (ii) the consideration of such matters as the additional recurrent expenditure to which the Provincial Council would be committed in future years, the savings or income that would accrue, the increases in out-put, employment etc.
- (iii) the programme of work and the phasing of expenditure over the period required to complete the project.
- (iv) The co-ordination of all activities necessary to ensure not only the completion of the scheme, but also the operation of it immediately after its completion.

The work proposals should include not only those which the department itself is capable of undertaking, but also those for which the services of other departments such as the Buildings Department would be necessary. In the latter case, it is advisable to consult as far as possible such other departments as would be involved in the execution of such work proposals.

P.F.R. 25 Specific Authority of the Provincial Treasury

Specific authority of the Provincial Treasury is required before the following are incorporated in the draft Annual Financial Statement.

1. New Heads, Programmes, Projects, object codes for new services which cannot properly fall within the ambit of existing Heads, Programmes, Projects Object Codes.

2. Changes of designations and alterations to cadre, salary scales etc. should not be introduced into draft Annual Financial Statement unless approval in terms of the relevant rules has already been granted.
3. Abnormal increase of provision under existing objects codes.
4. Rates of payment, changes in rates of payment under object codes.

Applications for Provincial Treasury Authority in terms of these rules should reach the Provincial Treasury before October 1st of each financial year.

P.F.R. 26 New Advance Accounts in the Draft Annual Financial Statement:

An application for creation of a new Advance Account activity if circumstances warrant, should be sent to the Provincial Treasury by the Chief Accounting Officer, with the following information.

1. The details of the activity proposed to be carried out.
2. The Capital Expenditure involved (This will not be a charge to the Advance Account activity) should be made under respective Capital Expenditure Project.
3. The administration and other expenses which will be met from Programme/Projects and will not therefore be a charge to Advance Account.
4. The Administration and other expenses chargeable to the Advance Account along with full details of cadre, scales of salary etc.
5. Anticipated receipts of the activity (classified details should be provided).
6. If a loss is anticipated, reasons therefor and why the activity should be created and carried out despite an anticipated loss.
7. The proposed maximum and minimum limits pertaining to advance account.
8. A draft Trading Account and Profit and Loss Account (or Revenue and Expenditure account as the case may be).

SECTION – 4

PREPARATION, SUBMISSION AND PASSING OF ANNUAL FINANCIAL STATEMENT

P.F.R. 27 Request for Finances

27.1 The request for finances, prepared according to the guidelines issued by the Finance Commission should be finalized and forwarded to the Finance Commission under the following categories on or before the date prescribed.

Cadre

Recurrent Expenditure

Capital Expenditure

27.2 The Finance Commission will call for discussions around July to finalize the amount of grant to be made available to the Provincial Council. The Director General of National Budget or his representative will also be associated in the discussions.

27.3 Once the amount of the grant is known the Provincial Treasury will cause the Annual Financial Statement of the Provincial Council for that year to be prepared.

P.F.R.28 Order of Presentation

The expenditure estimates are presented in the following order:

28.1 Estimates are grouped into Clusters, Ministries and for each group, a summary of expenditure by Institution, Programme, Category, financing and employment profiles are presented to enable Accounting Officers to perform their responsibilities in the execution and implementation of the budget as well as to ensure accountability.

28.2 For each Head of expenditure the following information is given.

- Mission statement and key functions
- Summary of estimated expenditure by category and financing
- Project expenditure by Object Code

- Project Expenditure by Object Details
- Employment Profile

P.F.R. 29 Responsibility for Preparing Annual Financial Statement

It is the responsibility of the Accounting officer to see that the draft Annual Financial Statement relating to his department is prepared in conformity with these rules. He is responsible, particularly to ensure that;

- (i) All services which can be reasonably foreseen are included in the Annual Financial Statement and that they are within the capacity of his department during the financial year;
- (ii) The Annual Financial Statement has been prepared as completely and as accurately as possible;
- (iii) The Annual Financial Statement has been framed with due regard to economy and efficiency;
- (iv) There is no delay in complying with the procedure arising out of preliminaries to the Annual Financial Statement;
- (v) The requisite authority has been obtained where necessary before provision is made in the Annual Financial Statement, and;
- (vi) The Annual Financial Statement is sent up in due time and in proper form

P.F.R. 30 Critical Review of Recurrent Expenditure

The following sections in particular should be reviewed before the Annual Financial Statement is prepared;

30.1 Provincial Administration:

- (i) **Staff** - The necessity for the number of persons in all grades presently employed, possible reduction in cadre arising from any change in the programmes in the department, possible reduction by better organizations by work and output.
- (ii) **Supplies**: The procurement and any improvements which would eliminate work and reduce expenditure.

- (iii) **Services meant to stimulate socio-economic growth:** The cost of services rendered by the departments as a direct inducement to stimulate socio-economic growth should be reappraised to see whether these expenditures are in practice producing the desired results.

30.2 Scope of Assessment:

The scope of assessment of the financial needs shall include:

- Needs to continue provision of current services
- Needs to improve services
- Performance in improving service provision

P.F.R. 31 Replacement of Capital Assets

Provision for replacement of Capital Assets should be made only after the existing assets have been duly condemned by a competent authority.

PFR 32 Provision for Continuation Works

With regard to the continuation works, for which provision already exists, in the current financial year Annual Financial Statement, the normal procedure in connection with the preparation of draft Annual Financial Statement should be followed.

PFR 33 Provision for Land and Buildings

33.1 Acquisition of Land and Buildings, should be provided for only as part of the approved proposals in the current years Annual Financial Statement or as part of new proposal which have been approved. Land should be acquired only if suitable Crown land is not available for the purpose. If Crown land is available in the vicinity, private land should not be acquired unless the available Crown land has proved to be absolutely unsuitable for the purpose. Buildings should be acquired only where they can be conveniently and economically converted to departmental use or where the acquisition is unavoidable.

33.2 When acquisition is necessary, departments should take necessary action to: obtain a valuation report –

- (i) from the Divisional Secretary if the probable cost is below Rs.500,000/-
 - (ii) from the Chief Valuer, in other cases,
- 33.3** If buildings are to be acquired obtain a report from the construction department as to the cost of repairs, additions, and improvements, necessary for the use of the buildings
- 33.4** Approval of the Chief Secretary shall be obtained for the acquisition of land or buildings before inclusion in the Annual Financial Statement.

P.F.R. 34 Preparation of Estimates

- 34.1 Forms and Extracts :** The Draft Annual Financial Statement should be prepared on forms and extracts of the current year's statements suitably amended in terms of prevailing guidelines. The current years Annual Financial Statement and provision for ensuing year should be inserted in column adjacent, to that of the current year.
- 34.2 Forms :** The Ministries and Departments shall prepare the draft Annual Financial Statement suggested on forms and instructions set out in the Finance Commission guidelines and in line with the directives of the Provincial Treasury. These forms are supplementary to the draft Financial Statement.

P.F.R. 35 Preparation of Annual Financial Statement

- 35.1 Expenditure of the past financial year:** The Appropriation 'votes' ledger reconciled as far as possible with the Provincial Treasury books are the source from which the figures of the actual expenditure of the past financial years should be obtained.
- 35.2 New Posts:** Posts not hitherto shown in the Annual Financial Statement under object code personal emoluments should be inserted in red ink in the extracts so that attention may be drawn to them.
- 35.3 Capital Expenditure Projects:** In the preparation of the Annual Financial Statement up to date figures of expenditure should be given.

- 35.4 Contingencies:** No provision should be made for expenditure which is not likely to be incurred in the year of Annual Financial Statement.
- 35.5 Revotes:** Every endeavour should be made at the time the Annual Financial Statement is prepared to foresee whether there is need for a revote of part of any provision of the current financial year owing to under expenditure.

P.F.R. 36 Submission of Annual Financial Statement

- 36.1 By Accounting Officer:** The draft Annual Financial Statement made up of the extracts, and the relevant forms should be forwarded to the Chief Accounting Officer to reach him not later than the date prescribed by him.
- 36.2 By Chief Accounting Officer:** The Chief Accounting Officer, will examine the Annual Financial Statement to ensure that they are in order and that the requirements of **PFR 29** have been complied with. He will consolidate the draft proposals under the Head and forward same to the Provincial Treasury on or before the prescribed date.

P.F.R. 37 Provincial Treasury Observations on Annual Financial Statement

- 37.1 Consideration by Provincial Treasury:** After considering the draft Annual Financial Statement the Provincial Treasury will forward, its observations, if any, to the Chief Accounting Officer for reconsideration by the departments concerned.
- 37.2 Budget Discussion:** The Provincial Treasury will at an appropriate stage, send out to Ministries, a budget programme, indicating the dates, on which the draft Annual Financial Statement will be discussed.

P.F.R. 38 Compilation of Consolidated Draft Annual Financial Statement

The decisions reached at the discussions and conferences shall be noted by each department and any consequential amendments shall be incorporated in its Annual

Financial Statement which should thereafter be returned to Provincial Treasury within the time prescribed. The Provincial Treasury will then prepare the draft Annual Financial Statement for the whole Provincial Council.

The Annual Financial Statement so prepared shall be submitted to the Chief Minister through the Chief Secretary.

P.F.R. 39 Submission of Annual Financial Statement to Provincial Council

39.1 Annual Financial Statement:

The Provincial Treasury will cause the consolidated Annual Financial Statement to be printed and will be treated as a confidential document until the Governor in terms of Section 25 (1) of the Provincial Councils Act No. 42 of 1987 will cause this Annual Financial Statement to be laid before the Provincial Council. The draft Annual Financial Statement will thereafter, to the extent to which such expenditure has not been previously authorized by Law, be embodied in the Appropriation Statute.

39.2 Appropriation Statute: The Appropriation Statute provides for the financial year to which it relates.

- (i) Payment out of Provincial Fund for services under Part I of the Annual Financial Statement (excluding Special Law expenditure)
- (ii) Receipts and Payments of Advance Account activities out of the Provincial fund in respect of such activities under Part II of the Annual Financial Statement.

39.3 Additional instruments to be submitted:

The following should be submitted along with the amended statements to the Council.

- Annual Policy Statement (which will include review of provincial economy and performance of devolved sectors)
- Service performance plan
- Financial plan

- Revenue proposals (to explain the make up of different sources of funds indicated in the Financial Plan)
- Financial Statement

In the Appropriation Statute, provision under the Annual Financial Statement is allocated under the Programmes of different Heads of Expenditure.

P.F.R. 40 Committee Stage Amendments

The Annual Financial Statement is intended to be the final document. However, very urgent and essential proposals or changes may be submitted with the approval of the Board of Ministers and the concurrence of the Governor to the Provincial Council for consideration at the committee stage.

P.F.R. 41 Appropriation out of the Provincial Fund

As soon as, may be after the Grants (Annual Financial Statement) under Section 26, of the Provincial Councils Act. No. 42 of 1987 have been assented to, by the Provincial Council, an Appropriation statute to provide for the Appropriation out of the Provincial Fund of all monies required to meet the grants (Annual Financial Statement) will be introduced in the Provincial Council.

P.F.R. 42 Key process of presentation of Annual Financial Statement

The following steps should be taken in the preparation and presentation of Annual Financial Statement.

- Call for draft estimates of financial needs from the Accounting Units as per the budget instructions laid down for the particular year. During this stage all internal consultation process from the bottom up to Sectoral Ministry level should be completed.
- Initial discussion with the respective Accounting Units, scrutinize and conform with the required standards by Provincial Treasury and Planning Secretariat.
- Consolidating all financial needs and initial submission to Finance Commission.
- Discussion with Finance Commission and arrive at indicative allocations and other criteria to be adopted for final presentation.

- Revising the draft and preparing the Final Annual Financial Statement by the respective Accounting Units.
- Consolidation by the Provincial Treasury and submitting to Governor for his recommendation and follow-up for adoption of the Annual Financial Statement by the Council.
- Provincial Council assenting to the Annual Financial Statement to be charged to the Provincial Fund subject to committee stage amendments
- Introducing an Appropriation Statute to provide for appropriation out of the Provincial Fund to meet the expenses.
- Chief Minister signs the Warrants for withdrawal of money from the Provincial Fund after passing of the Appropriation Statute.

P.F.R. 43 Vote on Account

If the introduction of a demand for grant (Annual Financial Statement) in the Provincial Council is delayed, demand for a grant (Vote on Account) in respect of the estimated expenditure of part of the financial year will be laid before the Provincial Council in terms of Section 29 of the Provincial Councils Act No. 42 of 1987.

SECTION 5

VARIATIONS TO ANNUAL FINANCIAL STATEMENT

P.F.R. 44 Variations

44.1 The Annual Financial Statement as passed by the Provincial Council must be regarded as prescribing within the hard and fast limits, the sums which may be spent, on the prescribed public services, the cadre which may be employed and total cost of particular works. The amounts provided under Programmes, Projects and Object Codes should not be exceeded without appropriate authority.

44.2 Authority exists under certain circumstances,

- (i) To transfer definite savings of a Programme, under particular Head of expenditure to another Programme.
- (ii) To transfer definite savings from one Project to another Project within the same Programme.
- (iii) To transfer definite savings from One Object code to another Object Code within the same Programme/Project.
- (iv) To create a new Project/Object Code
- (v) To approve additions to the cadre of an establishment and the alteration of salary scales etc.
- (vi) To approve an increase in the Total Cost Estimate of a work
- (vii) To approve increases in Heads of Expenditure
- (viii) To vary the prescribed limits of Advance Accounts.

P.F.R. 45 Transfer of Provisions

The Chief Accounting Officers and Accounting Officers have powers to utilise the funds allocated for specific purposes within the limits approved by the Provincial Council. However, there should be valid and acceptable reasons for Chief Accounting Officers and Accounting Officers to spend more than what is allocated under each classification in the Annual Financial Statement. Therefore, all Chief

Accounting Officers/ Accounting Officers should follow the steps given below before incurring expenditure in excess of allocations.

45.1 Circumstances under which the Transfers are allowed:

- (i) To transfer any sum that has been allocated by the Annual Appropriation Statute, under recurrent expenditure of any Programme appearing under any Head specified in the Annual Financial Statement, but has not been expended or is not likely to be expended, to the capital component of the same Programme or recurrent or capital components of another Programme under the same Head of expenditure.
- (ii) To transfer savings from Projects, Object Categories, Object Codes, Items of the same Programme.
- (iii) To create a new Project a Standard Object Code, or an Item,

45.2 Transfer of provision cannot or should not be adopted in the following circumstances:

- (i) To transfer savings from one Head of expenditure to another Head of expenditure.
- (ii) To transfer savings from provision for capital expenditure to recurrent expenditure of the same Programme or to recurrent or capital expenditure of another Programme under the same Head.
- (iii) To transfer savings from a Special Law provision to an Appropriation Statute provision (Supply Services), between Special Law Service provisions, or from an Appropriation statute provision to a Special Law provision.
- (iv) To transfer savings from any Foreign Aid Funds to Domestic Funds.
- (v) To transfer savings from a direct Foreign Aid to a Reimbursable Foreign Aid or to a Counterpart Fund.
- (vi) To transfer savings from a Counterpart Fund to a Domestic Fund.
- (vii) To create or increase or transfer savings from provision for grants or subsidies to any specific institution, agency or individual.
- (viii) To transfer savings for covering up of losses or to transfer savings from provision made for covering up of losses, in the working of Advance Account Activities.

- (ix) To transfer savings from provision made under a Supplementary Grant.
- (x) In violation of any other specific restriction imposed by the Provincial Treasury circulars or other instructions.
- (xi) If the transfer is from or between the Object Codes in the rehabilitation and improvement of capital assets object category.
- (xii) Transfer from or between Object Codes in the Personal Emoluments Object Category

45.3 Change in Legends: Changes in the legends of the standardized “Object Code” of expenditure are not permitted

P.F.R. 46 Transfer of Provisions between Programmes/Projects:

When the aggregate provision allocated in the Annual Financial Statement to any project other than capital expenditure projects of a particular Head of Expenditure, is not likely to be fully expended during the financial year, and there is need for additional provision for expenditure under another Programme of the same Head of expenditure, the Chief Secretary, or other officer authorized by him may, if satisfied with the necessity for additional provision and subject to PFR 45 authorize the transfer of savings to the latter Programme and no such additional expenditure shall be incurred until the transfer is authorized.

In every application for such transfer, the details of the Object Code of each project involved in the transfer (i.e. both the Projects from which the savings are transferred and the Project to which they are transferred), should be clearly indicated. Such application should be addressed through the Deputy Chief Secretary, Finance to the Chief Secretary before the 31st of December of the Financial year.

46.1 Authority for Transfer between Programmes:

- (i) **Capital Expenditure:** Capital expenditure provision made under one Programme cannot be transferred to another Programme.
- (ii) **Recurrent Expenditure:** Recurrent expenditure provision of any Programme under any Head of expenditure could be transferred to the recurrent or capital expenditure under same Programme or any other Programme under same Head,

provided such transfers are authorized by the Chief Secretary or Deputy Chief Secretary, Finance as provided in the Annual Financial Statement.

Applications for transfers should be forwarded to the Chief Secretary in five copies on form prescribed before the 31st of December of the financial year.

46.2 Authority for Transfer between Projects/Sub Projects of a Programme:

- (i) **Capital Expenditure:** Transfer of financial provision between capital expenditure components of a project/sub project within a Programme should be authorized by the Chief Secretary.
- (ii) **Recurrent Expenditure:** Transfer of financial provision between recurrent expenditure components of projects/sub projects of a Programme should be authorized by the Chief Secretary. This authority can be exercised by the Secretary to the Provincial Ministry/Chief Accounting Officer up to 5% of the amount provided under the relevant Object Category.

46.3 Authority for Transfer between Object Category of a Project:

- (i) **Capital Expenditure:** Transfer of financial provision between object category of capital expenditure projects should be authorized by the Chief Secretary.
- (ii) **Recurrent Expenditure:** Transfer of financial provision between object category of recurrent expenditure projects should be authorized by the Secretary to the Provincial Ministry/ Chief Accounting Officer.

46.4 Authority for Transfer between Objects within a Project:

- (i) **Capital Expenditure:** Transfer of financial provision between capital expenditure objects should be authorized by the Chief Secretary.
- (ii) **Recurrent Expenditure:** Transfer of financial provision between recurrent expenditure objects within a project should be authorized by the Provincial Ministry Secretary or Deputy Chief Secretary to the Provincial Treasury.

Applications for transfers in respect of 2, 3 and 4 above should be forwarded to Deputy Chief Secretary to the Provincial Treasury on form prescribed before the 31st of December of the financial year.

P.F.R. 47 Creation of a New Project/Object Code where savings are available in the Programme:

- 47.1 Creation of a New Project:** If any contemplated expenditure is within the ambit of the Programme, but not appropriate to any of its existing Projects and if there are sufficient savings, definitely available under one or more Projects of such Programme, it is within the discretion of the Chief Secretary to authorize creation of recurrent as well as capital expenditure Projects and transfer thereto savings available under other Projects.
- 47.2 Creation of a New Object Code under a Project:** If any contemplated expenditure is within the ambit of a Project but not appropriate to any of its existing Object Code, and if there are definite savings available under one or more such Object Codes, the Chief Secretary may authorize the creation of a new Object Code for recurrent and Capital Expenditure within the standardized list of Object Codes.
- 47.3 Note in Appropriation Ledger:** In order to ensure that the Programme/Project concerned and the Object Codes involved are not exceeded, adjustment of provisions should be noted in the appropriation (votes) ledgers, after the necessary authority for transfer of provision has been granted.
- 47.4 Applications:** Applications for the creation of new Project, Object Code, should be made in sextuplicate on Form NPC 233.

P.F.R. 48 Posts, Cadre, Scales of Salary etc:

- 48.1** The following matters require the prior authority of the Chief Secretary whatever the source of provision of funds from which the staff involved is paid (i.e. whether the staff is paid from the PE Object Code or Advance Accounts).
- (i) Change of designation of Posts.
 - (ii) Creation of New Posts
 - (iii) Grading of Posts
 - (iv) Addition to authorized Cadre

(v) Creation of new rates, or scales of salary, wages, allowance and other emoluments and remuneration or alteration to already approved rates or scales.

(vi) Absorption of temporary employees into permanent cadre

48.2 In the case of creation of new posts application should be made to the Management Services Department of the Ministry of Finance on application as per Appendix 2 for approval through Chief Secretary.

48.3 No changes relating to the above matters should be introduced into the draft Annual Financial Statement of the department without the requisite authority.

48.4 Authority obtained under 48.1 above can be given effect to, only if monetary provision is available under the relevant Object Code.

P.F.R. 49 Revision of Total Cost Estimates

49.1 The total cost estimates of any work which appear in the Annual Financial Statement shall not be exceeded during the financial year, without authority in terms of 2 below. Departments should apply for the necessary authority as soon as an increase in cost is anticipated. A comparative statement should be furnished as per Appendix 3 along with the application for revision.

49.2 When it is found that the total cost estimate of a work, provided for under the Annual Financial Statement will be exceeded, and no supplementary grant is required on the provision for the current financial year, authority should be obtained as follows to increase the total cost estimate subject to the recommendation of the Procurement Committee.

- (i) An increase not exceeding 10% of the total estimated cost - approval of a Secretary to a Ministry.
- (ii) An increase not exceeding 25% of the total estimated cost - approval of the Chief Secretary.
- (iii) An increase exceeding 25% of the total estimated cost - by the Board of Ministers.

P.F.R. 50 Revision of limits of Advance Accounts:

The limits specified in the schedule (II) of the Annual Financial Statement in respect of the advance account activities could be revised only by the Provincial Council under resolution submitted to it.

Application for such revision of limits shall be made during the financial year by way of a memorandum addressed to the Board of Ministers by the Chief Minister. This memorandum should be submitted on or before 31st December of the current financial year. The Provincial Council may by a resolution revise the limits of Advance Account Activities. Copies of authorities should be forwarded to the Auditor-General and Provincial Audit.

P.F.R. 51 Application for Supplementary Grant on Supply Services:

When through unforeseen circumstances or on a direction of the Board of Ministers, it becomes necessary for a Head of a department to incur:

- (i) Expenditure on a service which does not fall within the ambit of any programme or project under his control, or
- (ii) The expenditure though it falls within the programme or project will cause an excess thereon which cannot be appropriately and fully covered by transfer procedure.

The Head of the department shall submit to his Secretary a report indicating the nature and extent of the service, the total cost thereof, and the amount of additional financial provision required. The Provincial Secretary will then submit the report with his comments to his Minister. If the Minister directs that a Supplementary Financial Statement should be submitted, action should be taken to seek a Supplementary Grant.

Particulars to be furnished;

When the proposed Supplementary Grant is in respect of an existing Programme or Project the Head of the department should specifically report whether;

1. Additional financial provision is required to the full extent of the additional expenditure; or
2. Part of the additional expenditure can be met from the savings; or

3. Token provision only is required if the full extent of additional expenditure can be met from savings.

The Supplementary Financial Statement should be framed accordingly. The Head of the department should report at the same time whether any savings are available which cannot properly be utilized under transfer procedure, and give full reason for such savings. Savings so reported should be left unspent.

P.F.R. 52 Submission and Passing of Supplementary Annual Financial Statement

The Chief Minister will submit the Supplementary Financial Statement to the Board of Ministers with his comments. The Supplementary Financial Statement will show the whole extent and estimated cost of the service required and the reasons therefor.

If the Board of Ministers approves the Supplementary Financial Statement, the Governor shall cause it to be laid before the Provincial Council, for a Supplementary demand of Grant.

P.F.R. 53 Subsequent action on Savings reported:

Savings under the same Programme or project which have been indicated in the supplementary Annual Financial Statement should be transferred under transfer procedure, to the Object Codes on which supplementary provision has been obtained.

P.F.R. 54 Special Law Services:

54.1 Special law services not provided for in the Annual Financial Statement:

When a service authorized by law (other than Appropriation Statute) is not provided for in the Annual Financial Statement in terms of PFR 39 expenditure cannot be incurred thereon unless a Warrant is issued under the hand of the Chief Minister in terms of section 19 (3) of the Provincial Councils Act. No. 42 of 1987. Application for such issue should be made through the Provincial Secretary to the Chief Secretary.

54.2 Additional Provision for Special Law Services:

When additional provision is required under an existing Special Law Service, provided for in the Annual Financial Statement a Warrant under the hand of the Chief Minister should be obtained for additional provision.

P.F.R. 55 Emergency Fund:

Section 20 of the Provincial Councils Act No. 42 of 1987 reads as follows:

There shall be established an Emergency Fund in the nature of an imprest to be entitled 'Emergency Fund of the Province' into which shall be paid from and out of the Provincial Fund of the Province such sums as may, from time to time, be determined by Statute made by the Provincial Council, and such Fund shall be held by the Governor to enable advances to be made by him out of such Fund.

No advances shall be made out of the Emergency Fund of the Province except for the purpose of meeting unforeseen expenditure pending authorization by the Provincial Council appropriations made by Statute under Sections 26 and 27.

The Governor will make rules regulating all matters connected with or ancillary to, the custody of, the payment of monies into, and the withdrawal of monies from, the Emergency Fund of the Province.

1. This implies that an application for an advance from the Emergency Fund of the Province is appropriate only when-
 - (i) the money is required for urgent and unforeseen expenditure for which no provision exists;
 - (ii) the money cannot be found by transfer procedure, either because it is inappropriate or savings are not available;
 - (iii) there is not sufficient time to apply for Supplementary provision.
2. The Emergency Fund of the Province is consequently a continuing one and does not lapse at the end of the financial year. All monies taken from the fund should be repaid to it as early as possible on the same or the following year by Supplementary Grant.

In addition, there should be a note, for purposes of information, indicating the amounts of expenditure incurred out of the advance upto the time of presenting a Supplementary Financial Statement.

3. On receipt of the concurrence of the Governor, Emergency Fund Advance Warrant will be issued under the hand of the Chief Minister. This authority will be communicated through the Provincial Treasury to the departments concerned by the Chief Secretary.

SECTION 6

REVENUE ESTIMATES

***P.F.R. 56* Department of Provincial Revenue**

There shall be a Department of Provincial Revenue which shall be responsible for the collection of Provincial revenue through the Revenue Accounting officers and other agents under various statutes.

***P.F.R. 57* Revenue Estimating**

Revenue estimates should be prepared by the respective Revenue Accounting Officers, who should always be realistic in order to ensure proper and correct decision-making process with regard to public finance.

Revenue projections are made using explicit assumptions keeping in line with overall macro economic projections such as economic growth, sectoral growth, value and volume of international trade activities, inflation, exchange fluctuations etc. In addition, comprehensive data and information relating to the past trends and their underlying characteristics should also be used in preparing estimates. The estimates so prepared should be submitted to the Provincial Treasury on or before 31st July each year to enable it to prepare the overall annual revenue estimates.

Circular instructions on Provincial Revenue Administration are issued by the Chief Secretary as and when necessary, giving guidelines on estimating, collecting, monitoring and reporting of Provincial revenue covering the following:

- (i) Revenue Classifications
- (ii) Statutory authority for collection of revenue
- (iii) Revenue Accounting Officers responsible for Revenue Codes
- (iv) Applicable formats for estimating revenue

Revenue Accounting Officers are responsible for estimating, collecting, monitoring and reporting of Provincial revenue.

P.F.R. 58 Revenue Classification

For budgetary estimate purpose, revenue means and includes gross receipts inclusive of reimbursements, less refunds by the Provincial Council, other than those derived from following:

1. Receipts of Advance account activities, other than profits;
2. Loans and borrowings;
3. Receipts from the sale of investments other than profits;
4. Deposits;
5. Settlements of Authorized Advances;
6. Imprest and Remittances;
7. Receipts of funds created by special law and permitted to exist outside the Provincial Fund;
8. Credit to Surcharge Account;

Revenue Codes will be notified by the Provincial Treasury.

There should be no separate code for arrears of revenue. Arrears, short collections and any interest received thereon shall be credited to the same revenue code.

P.F.R. 59 Revenue Devolved to Provincial Councils

Revenue devolved to Provincial Councils by 13th Amendment to the Constitution and listed in the list 1 of the 9th Schedule are given in 36.1 to 36.20 which are as follows.

List:

- 36.1** Turnover taxes on wholesale and retail sales within such limits and subject to such exemptions as may be prescribed by law made by Parliament;
- 36.2** Betting taxes, and taxes on prize competitions and lotteries, other than National Lotteries and lotteries organized by the Government of Sri Lanka;
- 36.3** License taxes, arrack, toddy rents, tapping license fees, and liquor license fees;

- 36.4 Motor vehicle license fees within such limits and subject to such exemptions as may be prescribed by law made by Parliament;
- 36.5 Dealership license taxes on drugs and other chemicals;
- 36.6 Stamp duties on transfer of properties such as lands and motor cars;
- 36.7 Toll collections;
- 36.8 Fines imposed by courts;
- 36.9 Fees charged under the Medical Ordinance;
- 36.10 Charges under Motor Vehicle Act;
- 36.11 Departmental charges levied on items in the list.
- 36.12 Fees under the Fauna and Flora Protection Ordinance;
- 36.13 Fees on lands alienated under the Land Development Ordinance and Crown Lands Ordinance;
- 36.14 Court fees, including stamp fees on documents produced in court;
- 36.15 Regulatory charges under the Weights and Measures Ordinance;
- 36.16 Land revenue, including the assessment and collection of revenue, and survey and maintenance of land records for revenue purposes;
- 36.17 Taxes on lands and buildings, including the property of the State to the extent permitted by law made by Parliament;
- 36.18 Taxes on mineral rights within such limits and subject to such exemptions as may be prescribed by law made by Parliament;
- 36.19 Licensing fees on the possession, transport, purchase and sale of intoxicating liquors;
- 36.20 Other taxation within the Province in order to raise revenue for provincial purposes to the extent permitted by or under any law made by Parliament;

P.F.R. 60 Preparation

60.1 Preparation of Estimates of Revenue:

- (i) The Provincial Treasury will issue a schedule of departments required to furnish revenue estimates, indicating Codes, for which each Revenue Accounting Officer is responsible. When the same type of revenue is collected by a number of Revenue Accounting Officers, working under one Chief Accounting Officer, the latter may be made responsible for furnishing the estimates.
- (ii) Revenue Accounting Officers should forward to the Chief Accounting Officer not later than 1st June of each year;
 - (a) A revised estimate of revenue for the current financial year
 - (b) An estimate of revenue for the ensuing financial year based on the assumption that no change will be made in existing taxation and charges.

Note: Where the estimated revenue is less than the anticipated gross receipt, the latter should be indicated by suitable footnotes.

- (iii) Revenue Accounting Officers should take particular care, to give all useful and relevant information relating to any increase or decrease in revenue. Clear explanations should be given in respect of;
 - (a) Any difference between the original and revised estimates, for the current financial year.
 - (b) Any difference between the revised estimates for the current financial year and the estimate for the next financial year.
 - (c) Any marked difference between the actual revenue for the last year for which the accounts have been closed, and the revised estimate for the current financial year and estimate for the ensuing financial year.
- (iv) Revenue Accounting Officers should also endeavour to make their estimates as realistic and accurate as possible.

60.2 Forwarding of Revenue Estimates to Provincial Treasury;

- (i) The Chief Accounting Officer will examine the estimates, forwarded by the Revenue Accounting Officers, and will forward them, to the Provincial Treasury not later than 1st July.
- (ii) If it is found necessary to vary the estimates subsequently, such variations should be reported to the Provincial Treasury by the Chief Accounting Officer with reasons therefor.

The following of Revenue Estimates to Provincial Treasury
 (a) The Chief Accounting Officer will examine the estimates prepared by the
 Revenue Accounting Officer and will forward to the Provincial
 Treasury not later than 1 July.
 (b) It is found necessary to pay the estimates submitted, such estimates
 should be reported to the Provincial Treasury by the Chief Accounting
 Officer with reasons therefor.
 (c) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (d) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (e) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (f) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (g) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (h) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (i) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (j) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (k) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (l) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (m) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (n) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (o) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (p) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (q) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (r) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (s) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (t) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (u) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (v) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (w) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (x) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (y) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.
 (z) The Provincial Treasury may, if it is satisfied that the estimates are
 correct, forward them to the Provincial Treasury.

CHAPTER 2:

AUTHORITIES FOR EXPENDITURE, REFUNDS, WRITE OFFS AND WAIVERS

Section 1 ► Warrants and Imprest Authority

**Section 2 ► Authorities for and Control of
Expenditure and Incurring of
Liabilities**

Section 3 ► Losses, Write Offs and Waivers

Section 4 ► General Provisions



CHAPTER 2

AUTHORITIES FOR EXPENDITURE, REFUNDS, WRITE OFFS AND WAIVERS

Section 1 - Warrants and Imprest Account

Section 2 - Authorities for and Control of
Expenditure and Incurrence of
Liabilities

Section 3 - Loans, Write Offs and Waivers

Section 4 - General Provisions

SECTION 1

WARRANTS AND IMPREST AUTHORITY

***P.F.R. 61* Warrants**

The passing of the Appropriation Statute or Special Law by the Provincial Council, or a Resolution of the Provincial Council does not by itself provide complete authority for expenditure of money, from the Provincial Fund under Section 19 (3) and (4) of the Provincial Councils Act No. 42 of 1987, it is necessary that a Warrant under the hand of the Chief Minister, should be issued before any charge is made on the Provincial Fund.

For the purpose of complying with this requirement the following warrants are issued under the hand of the Chief Minister. No expenditure should therefore be incurred before these Warrants are issued.

61.1 General Warrant: This is a warrant which grants authority for charging expenditure on the Provincial Fund in respect of supply services, provided for in Part I of the Annual Financial Statement and the Appropriation Statute, over which the Board of Ministers does not desire to retain a special control. The services for which the General Warrant is issued are prescribed in a schedule, attached thereto. Normally the General Warrant will contain authority for expenditure on all supply services, provided for in the Annual Financial Statement. But in special circumstances when the Board of Ministers wishes to withhold expenditure over certain supply services, it will inform the Chief Minister to exclude them from the schedule to the General Warrant.

61.2 Requisition: If the authority for the release of money for expenditure on any of the Supply Services that has been withheld as explained above, and the Board of Ministers subsequently decides to incur the expenditure, partly or wholly, it may inform the Chief Minister to issue the necessary authority. The Chief Minister will thereupon issue a Warrant granting the necessary authority. This Warrant is known as a 'Requisition'.

61.3 Special Warrant: After a resolution of the Provincial Council, authorizing a Supplementary Financial Statement is passed, the Chief Minister, issues a Warrant to release money required for expenditure on services provided for, in

the Supplementary Financial Statement. This Warrant is known as a ‘Special Warrant’.

- 61.4 Special Law Warrant:** For the release of monies in respect of Special Law Services provided for in the Annual Financial Statement (but not authorized by the Appropriation Statue) a separate Warrant corresponding to the General Warrant for Supply Services is issued by the Chief Minister.
- 61.5 Supplementary Special Law Warrant:** Similarly if during the course of a Financial Year, a release of additional money is required on a Special Law Service, a Warrant is issued by the Chief Minister.
- 61.6 Advance Warrant:** The Chief Minister will also issue a Warrant in respect of Advance Account Activities provided for in Part II of the Annual Financial Statement. A schedule is attached to this Warrant, specifying the terms and conditions of expenditure and the prescribed limits.
- If the prescribed limits of an advance account are increased, during the financial year, a Special Advance Warrant will be issued by the Chief Minister.
- 61.7 Emergency Fund Advance Warrant:** This will be issued by the Governor for release of funds from the Emergency Fund.
- 61.8** All the Warrants referred to above are addressed to the Chief Secretary, who will forward the authorities contained therein to the Deputy Chief Secretary, Finance. The Deputy Chief Secretary, Finance will communicate the authority to the Chief Accounting Officers. Any expenditure not in conformity with the authority contained in the above Warrants will be disallowed by the Chief Secretary, and may be surcharged on the officers responsible.
- 61.9** The authorities conveyed by these Warrants except the Emergency Fund Advance Warrant, lapse at the end of the financial year, to which they relate.
- 61.10** However, notwithstanding any of the above provisions, Governor of the Province may authorize the issue of funds from the Provincial Fund and the expenditure of such funds as he may consider necessary for the administration of the Council, if the Provincial Council is dissolved or ceases to function for any other reasons before the Annual Financial Statement is approved. Such issues shall be authorized until the expiry of a period of three months from the

date on which the new Provincial Council is summoned to meet or the date on which the Provincial Council resumes functioning in terms of Section 27A of the Provincial Councils Amendment Act No. 28 of 1990.

P.F.R. 62 Imprest Authority:

The effect of the Warrant is that the money can be legally withdrawn from the Provincial Fund. The actual amount of money each department would require for its payments is determined by the Provincial Treasury on the basis of particulars furnished by the departments. A letter is issued by the Provincial Treasury to each department concerned stipulating the total amount of money that will be released by way of imprest for expenditure by the department during the financial year. This letter is referred to in these rules as Imprest Authority, and the amounts specified therein, as the limit of Imprest.

This limit should not be exceeded unless a supplementary Imprest Authority is obtained.

P.F.R. 63 Treasury Cash flow Operations

The Provincial Treasury manages the cash flow operations of the Provincial Council. In this process the Provincial Treasury initially obtains the basic information through the annual imprest application and the monthly cash forecast from all Ministries and Departments, which are responsible for the implementation of the Annual Financial Statement. The annual imprest limit for Ministries and Departments are fixed by the Provincial Treasury thereafter.

The Provincial Treasury cash forecast is prepared exercising due economy from data drawn from various sources in order to ensure that the Ministries/ Departments and other Agencies obtain their requirements of cash with the least possible restraints. The Provincial Treasury therefore expects accurate and realistic forecasting of the actual cash requirements from all concerned.

SECTION 2

AUTHORITIES FOR AND CONTROL OF EXPENDITURE AND INCURRING OF LIABILITIES

***P.F.R. 64* Powers of Accounting Officers to Incur Expenditure**

Subject to the general control of the Chief Accounting Officer, the financial and other rules, and instructions of the Provincial Council, Accounting Officers are empowered to incur, on their own responsibility, expenditure authorized by Warrants and Requisitions. The following types of services, however, require the additional authority indicated.

New construction works and projects: If specific provision has been made in the Annual Financial Statement for any construction works or projects, for which final cost estimates and plans have not been prepared, expenditure should not be incurred therein until the estimates and plans are drawn-up and approved. However, if the circumstances demand expenditure may be committed with the approval of the:

- (i) Secretary, if the estimates are Rs. 500,000/- or above.
- (ii) Head of the Department or an officer duly authorized by him if the estimates are below Rs. 500,000/-

***P.F.R. 65* Incurring of Commitments: (Liabilities)**

65.1 *General Rule* - Except where otherwise provided for, no expenditure or commitment shall be incurred unless financial provision exists thereto in the Annual Financial Statement. All expenditure and commitment should be made within the provision for the financial year. Expenditure or commitment should not be made in the expectation that necessary authority or additional provision will be received before actual payments fall due.

65.2 *Recurrent Supplies and Services* - When provision exists in the estimates of the current year for annual recurrent expenditure on supplies or services and similar expenditure is envisaged, even in the ensuing financial year, the Accounting Officer may incur a commitment which will fall due to be

honoured in the ensuing financial year within current years limits that too with the concurrence of the Provincial Treasury.

65.3 Continuation Works - In respect of continuation works for which total cost estimates have been provided for in the estimates, the Accounting Officer may, if he is satisfied that the project cannot be undertaken or carried out according to the programme of work without incurring deferred liability, personally authorize such commitment without exceeding the total cost estimate and keeping within the set programme of work.

65.4 Specific Approvals - In the case of any deferred liability to be incurred for any purpose other than 1, 2 and 3 above an application should be made to the Provincial Treasury. The Provincial Treasury will consider whether the authority of the Board of Ministries should be obtained in any particular case.

SECTION 3

LOSSES, WRITE OFFS AND WAIVERS

P.F.R. 66 Basic Rule

Provincial Public Officers are held personally responsible for any loss caused to the Provincial Council by their delay, negligence, fault or fraud or if they act without proper authority, in violation of Financial Rules, the Establishment Code or other relevant guidelines or instructions, without exercising reasonable care or fraudulently thereby causing loss to Provincial Fund. Such officers shall be surcharged the value thereof.

P.F.R. 67 Responsibility for loss

67.1 Responsibility: An officer shall be held personally responsible for any loss caused to Provincial Council by his own delay, negligence, fault or fraud, and shall make good such loss. An officer will similarly be responsible if he allows any actions to be performed :-

- (i) without proper authority, or
- (ii) without complying with Financial Rules, Establishment Code or other relevant instructions or
- (iii) without exercising reasonable care, or
- (iv) fraudulently.

67.2 Custody: Every officer will at all times be responsible for the safe custody, proper use and due disposal of any property issued to him or placed in his temporary or permanent custody by the Provincial Council. In case of loss or damage to them, or in case of failure to account for them whenever called upon to do so , the officer concerned should be surcharged the value thereof. Disciplinary action should, in addition be taken against him for any carelessness neglect or non-compliance with any Financial Rules, Establishment Code or departmental rules or other instructions.

67.3 Records: Officers responsible should therefore maintain their records posted up-to date and ensure that Provincial Council property entrusted to their care is held in safe custody by them and duly disposed of.

67.4 Oral Authority - All financial operations and transactions for which an officer is responsible shall be supported by adequate authority in writing. No oral order will suffice. If such order is given, it must be regarded as provisional, pending written authorization.

67.5 Signature and Initials:

- (i) Officers must write their usual signatures in manuscript when required to sign vouchers, statements, or any other documents connected with financial transactions.
- (ii) The signature of an officer or his initials, where these are sufficient, when placed below or against an authorization, statement or certificate, or an entry or entries in any accounting documents, records, books etc., is his testimony to its authenticity, correctness and accuracy.

67.6 Stamped Signatures: A stamped signature, when permitted, must be impressed only by the person indicated by it, or by another person in his presence and acting under his authority. Signature stamps must be kept under lock and key, in the custody of the person whose signature it contains, or of another person duly authorized by him.

67.7 Erasures not admissible - No erasures must appear in accounts or in any documents connected therewith. Any necessary corrections must be made by striking out the words, figures, etc. to be altered or deleted, with a single line in red ink, and writing the correct words, figures etc., where necessary in red ink above such alterations. The alterations and deletions should be authenticated by the initials of the officer responsible for the corrections. Any material alterations on vouchers and other documents pertaining to the receipt, payment or issue of money, stores etc., should not be accepted by any officer, unless the alterations are authenticated by the full signature of the officer who has originally signed the document, or by another officer who has authority.

67.8 Economy, etc.: All Chief Accounting Officers, Accounting Officers and even other officers should exercise due economy in all financial transactions they are authorized to deal with. It should also be understood that expenditure should not be incurred unless absolutely necessary, even though financial provision exists or money is available.

67.9 Unauthorized benefits prohibited: No person employed in the Provincial Public Service should, directly or indirectly, derive any unauthorized payment, benefit, or advantage from -

- (i) obtaining a supply or service for Provincial Council; or
- (ii) securing the execution of any work for Provincial Council; or
- (iii) dealing with a Provincial Council financial transaction.

P.F.R. 68 Losses

68.1 A loss suffered by the Provincial Council may include the following or may arise from the need to abandon or cancel dues to Provincial Council.

- (i) Physical loss of Provincial Council property, including money, stamps, stores, livestock, crops, plants, tickets, etc.
- (ii) Loss of or damage to property of monetary value, which, though not the property of Provincial Council, is held in its custody;
- (iii) Damage to Provincial Council property;
- (iv) Expenditure by way of payment of damages due to neglect, carelessness, delay, or omission on the part of Provincial Council officers;
- (v) Over-payments, irregular or incorrect payments and payments to incorrect parties;
- (vi) Resultant financial loss to Provincial Council due to loss or improper use of Counterfoil Books or Forms.

68.2 Losses for the purpose of this rule do not include the following:

- (i) The ultimate trading losses or deficits reflected in the Annual Accounts of Advance Accounts Activities or Commercial Undertakings of Provincial Council;
 - (ii) Depreciation of fixed assets of Provincial Council and normal wear and tear of Provincial Council equipment;
 - (iii) Damage caused by natural disasters to tanks bunds, culverts, bridges, roads, buildings etc.;
 - (iv) Irrecoverable arrears of Revenue or other Provincial Council dues, short-collections on bills, bad debts, etc.
 - (v) Losses caused by driage, shrinkage, deterioration, etc.,
- 68.3** In the case of a waiver or write off, if it has been caused due to delay, negligence, fault or fraud of an officer or non-compliance with Financial Rules, Guidelines and other instructions and Departmental Rules or Orders, such waiver or write off should be considered as a loss and the officer concerned should make good such loss.
- 68.4** Officers who are in custody of Provincial Council property or those who are directly or indirectly responsible for the collection of Provincial Council dues, must therefore take every care to see that the interests of Provincial Council are safeguarded in the discharge of their official duties and that Provincial Council dues are not allowed to fall unduly into arrears.
- 68.5** Officers responsible, should be able at any time to account for the whole of the amount of stocks, money etc., in their custody. In this context the term 'money' includes, cash, cheques, pay orders, money orders, bank drafts securities, etc., and all such documents of monetary value. In case of failure to comply with this requirement, they should immediately make good the value of the shortage.

P.F.R. 69 Action to be taken when losses occur:

- 69.1** (i) The loss should be reported, where necessary to the Chief Accounting Officer, Deputy Chief Secretary Finance, Provincial Audit and the Auditor General

- (ii) Report should be made to the police in case of losses arising from thefts, frauds, accidents, etc. and losses arising from any acts of criminal nature
- (iii) Inquiries should be held and responsibility fixed
- (iv) Adequate security arrangements should be taken regarding the books, records, etc., involved.
- (v) The loss should be recorded in the relevant Register of Losses.
- (vi) The amounts which the officers responsible will be called upon to make good should be determined and action taken to recover them.
- (vii) Adequate steps should be taken to avoid a recurrence of the loss.
- (viii) Disciplinary action, where necessary, should be taken independently. Findings of the disciplinary proceedings and decisions of the disciplinary authority shall prevail even if the officer is acquitted in a court of law or any other legal body.
- (ix) Claims should be preferred on Bank, Insurance Company, Guarantor, etc., where appropriate.
- (x) Accounting procedure, where applicable, should be followed in respect of loss of money, stamps etc. Supplementary financial provision should be obtained where necessary.
- (xi) Write-off should be applied for where necessary.

69.2 An order of waiver should be made when the full amount under (vi) cannot be recovered.

69.3 *Property not belonging to Provincial Council:* In case of loss of property not belonging to Provincial Council, instructions regarding replacement, method of accounting, etc., should be obtained from the Provincial Treasury.

P.F.R. 70 Inquiry and fixing of responsibility.

70.1 As soon as a loss or damage occurs, inquiry should be instituted to ascertain the extent and causes of the loss and to fix responsibility. If a delay of more than ten working days is envisaged for making a full report, a preliminary report should be prepared giving all important particulars of the loss, the cause and the nature of the loss, the names and the designations of those involved and

the type of investigation which is being conducted. Adequate arrangements should also be made regarding the security of books, records etc. involved.

Where the loss or the damage exceeds Rs. 500,000 preliminary inquiry should commence immediately pending the appointing of a Board of Inquiry by the Chief Secretary. The Chairman of this Board should be a Senior Staff Officer at executive level.

The full report as stated above should be submitted within three months from the date of loss or its discovery.

70.2 All the losses should be reported to Auditor General, Chief Accounting Officer and Director Provincial Audit. In addition, if the loss is over Rs. 500,000 it should be reported to the Chief Secretary.

70.3 The following losses need not be reported if no fraud, negligence or other fault is involved.

- (i) Losses of consumable Stores not exceeding Rs. 5,000 in value and no write off is involved
- (ii) Losses not exceeding Rs. 5,000 in value and where full recovery is made (this includes losses caused by over payment or incorrect payment on vouchers, pay sheets, traveling claims etc. but does not include shortages referred to in Para (iii) below)
- (iii) A shortage of cash, tickets, stamps etc. where the value is not exceeding Rs. 2,500 need not be reported if it is made good immediately by the Officer or Officers responsible

70.4 The above exceptions relate only to financial action involved and do not exclude disciplinary action where necessary.

70.5 The Final Report – After inquiry, the final report should be sent to the Chief Accounting Officer and the Auditor General within three months from the date of the loss or its discovery. This should contain the following particulars.

- (i) Original cost of the property or value of cash, stamps etc. lost.
- (ii) Book value or estimated value of property at the time of the loss.
- (iii) Replacement value or cost of repairs needed to be effected to the property.

- (iv) Quantity or number of items involved together with the value.
- (v) Causes which led to the loss.
- (vi) Name and designation of the officer or officers directly or indirectly responsible for the loss.
- (vii) Whether fraud, negligence, delay, omission or other fault is involved.
- (viii) Recommendation regarding recovery of the loss and whether any disciplinary action is proposed.
- (ix) Whether the loss was the subject of a Court case and if so the result.
- (x) Whether the loss was covered by insurance or guarantee and if so the recoverable amount.
- (xi) Steps, if any, taken or proposed to be taken to prevent similar losses in future.

P.F.R. 71 Determination of Loss

71.1 *The Maximum Recoverable Value of loss:* Subject to the provisions of 2 below, the Maximum Recoverable Value of the loss will be, in the case of:-

- (i) cash, cheques, pay orders, etc., - actual loss involved;
- (ii) stamps, tickets, etc., -the face value. (If there is no face value, the maximum value realizable by their issue) In the case of loss due to fire and there is no evidence of misuse, printing and overhead cost, should be treated as value of loss.
- (iii) other Provincial Council property such as stores, etc. – the cost of replacement of the article by a new one plus - a departmental charge of 25% percent of the cost of replacement,
- (iv) Damage to Provincial Council property-the incidental expenses such as transport plus the full cost of repairs necessary to restore the property to normal efficiency.

If the property damaged is beyond repair, the assessed value at time of loss, or the cost of replacement by a new article, whichever is higher.

- (v) animals, birds, fish, plants, etc. – the assessed value at the time of loss, and a departmental charge of 25% percent of the assessed value;
- (vi) In the case of Counterfoil Books, if loss is due to fire and there is no evidence of misuse, printing cost including the applicable overhead cost; and in the case of loss due to theft, maximum realizable value as assessed by Board of Inquiry.

71.2 Determination of amount to be recovered against the maximum recoverable value of the loss:

- (i) The officers authorized by PFR 74 of this chapter to deal with losses are empowered to determine the officers responsible for the loss and the amount to be recovered from each of them, and to authorize the recovery of such amount.

In determining the amount to be recovered, the officers authorized may take into consideration the approximate or estimated value of the lost article, whether there has been any fault on the part of the officers concerned, and any extenuating circumstances.

- (ii) In order to expedite as well as to ensure prompt recovery, the Accounting Officer may provisionally authorize recovery of a tentative value based on the best estimate available at the time, until the final figures are determined, and an order made.
- (iii) If the replacement value is not appropriate in the case, e.g., exhibits at the Museum, the officer authorized to deal with the loss should, fix value on the best evidence available. In difficult cases, the ruling of the Chief Secretary or Officer authorized by him may be obtained.

71.3 Disciplinary Action: Apart from the recovery of the loss from the officer or officers responsible, any disciplinary action against them should, where necessary, be taken independently by the appropriate authorities under the Establishments Code.

71.4 Losses recovered otherwise: In some cases, the officers responsible for the loss may not be called upon to pay the maximum recoverable value of the loss, if it can be recovered from a payee, bank or other appropriate party, or if it is

covered by an insurance policy or guarantee bond, which could be enforced. This will not preclude disciplinary action against the officers responsible.

71.5 Determination of amount to be Written-off for the purpose of making entries in Inventory, Stock and Fixed Assets registers:

The officers authorized in term of PFR 74 to deal with losses are empowered to determine the amount to be written-off from Books of Account, in the following manner.

- (i) Actual value of the losses at the time of occurrence in the event that the losses occurred due to act of God and are beyond the fault on the part of officers concerned.
- (ii) Actual value of the article at the time of loss which occurred due to reason/ reasons beyond the control of officer/officers. (E.g. looting of public properties, losses due to terrorist activities, losses due to military operations)
- (iii) Difference between the amounts recovered and book value of the article at the time of loss, in the event that loss is recovered from third party (eg. Insurance Company, Banks), even though responsibility cannot be fixed on a particular officer.
- (iv) Net value of losses in operation of Advance Accounts.
- (v) Assessed value of the article at the time of loss in the event that discrepancy is uncovered at handing over of stores or at verification of stores by Board of Survey.

P.F.R. 72 Accounting Procedure for a loss of Cash, Tickets, Stamps etc.

72.1 In the case of a loss of money, tickets, stamps, etc., due to a shortage, misappropriation or other cause, the amount should be made good immediately. In the case of a loss of cash withdrawn from the bank for payment and where immediate recovery from the officer responsible is not possible, such a loss may be made good by obtaining an advance from the Provincial Treasury. The Accounting officer should apply for an allocation from Advance Account where necessary for this purpose.

72.2 When the loss is subsequently recovered, the advance taken from the Advance Account should be settled.

72.3 If any part of the loss is not recovered, balance amount of the advance taken should be settled, as indicated below, after obtaining an order of write – off / or waiver in terms of PFR 75 of this chapter:

(i) If an appropriate Object Category and Object Code, exists under the Departmental provisions, the loss should be charged thereto. Provision under the appropriate Object Category or Object Code may be augmented for the purpose by transfer procedure, if necessary;

(ii) When (i) above is not possible, and the amount involved is not more than Rs. 5000 or as specified by the Provincial Treasury it may be charged to the appropriate financial provision. If otherwise, an allocation should be obtained from the Provincial Treasury or the required amount included in the draft estimate of the next financial year with the concurrence of the Provincial Treasury.

Note 1. The same procedure can be adopted in other cases too, such as when Provincial Council is legally liable to make good a loss of articles or funds not belonging to it (*e.g.* funds in Deposit Accounts).

Note 2. Overpayments, irregular payments and payments to incorrect parties should be dealt with in terms of **PFR 73**.

P.F.R. 73 Accounting in cases other than loss of Cash, Tickets, Stamps etc dealt with under PFR 72

73.1 Subject to the provisions of 2 below, recoveries in cases other than those in loss of Cash, Tickets, Stamps etc. should be credited in the manner prescribed hereunder. Recoveries in respect of Assets purchased or expenditure incurred from –

(i) Financial provision of the current financial year – to Surcharge Account under the corresponding Head, Programme, Project and Object Code.

(ii) Financial provisions of a previous financial year – to revenue as indicated in these Rules.

(iii) Funds in an Advance Account activity – to the Advance Account.

If no recovery is made, in the case of (i) and (ii) above, no accounting write-off is necessary after the final order under P.F.R.75 1 has been granted. In the case of (iii) above, the unrecovered portion of the loss should be written off by a charge to the Profit and loss Account (or other corresponding account) of the activity, after final order is received.

73.2 Departmental Charges: Departmental charges recovered should be credited to the appropriate revenue code at the time of accounting as specified by the Provincial Treasury.

P.F.R. 74 Delegated Authorities to deal with losses

74.1 Where no novel principle is involved, the following officers are authorized to deal with the losses in the circumstances explained below,

A. Chief Accounting Officer

- a) Normal driage, shrinkage, deterioration, etc. within percentages prescribed by the Provincial Treasury;
- b) Marine or Air Losses;
- c) Losses arising from contractual defaults of sellers, shippers shipping agents, landing agents and transport agents.
- d) Any other losses as follows;-
 - (i) not exceeding Rs.,**500,000 in value**
 - (ii) not exceeding Rs **1,000,000 in value where there is no fraud or defect in the system**

B. Accounting Officer	<p>(a) Losses which need not be reported under PFR 70.3;</p> <p>(b) Any other losses, not exceeding Rs. 500,000 in value.</p>
------------------------------	---

74.2 The Chief Secretary may, by specific order, increase or otherwise modify any of the provisions under 1 above.

74.3 In all cases where a Chief Accounting Officer has no authority to deal with Losses, the full facts of the case should be reported to the Chief Secretary through the Provincial Treasury to obtain appropriate instructions.

74.4 Irrespective of above provisions any loss above Rs. 1,000,000/- should be reported to the Board of Ministers and the Governor.

Note: - The authority to deal with losses under this rule includes the power to surcharge officers, to authorize recovery from security, insurance, etc., to grant the final Order of Write – offs and to grant waivers under PFR.75.

P.F.R. 75

75.1 Order of Write-Off :

- (i) In these Rules the term Order of “Write Off” is used to indicate the final order relating to losses. It is made only after all the preliminaries have been completed, including the determination of the recoveries to be made from all sources (surcharge, insurance, security, etc.). The Order also authorizes the write-off of any difference between the maximum recoverable value of the loss, and the amount determined to be recovered, and also implies that the loss has been accepted by the Provincial Council, and that, therefore, any relevant entries in Inventories, Stock Registers, etc., could be struck off, and debits outstanding in the accounts on account of the loss may be written off in the manner laid down in PFR 72.3, or PFR 73.

- (ii) A copy of every Order of Write-Off should be sent to the Auditor – General and Provincial Audit.
- (iii) Reference to the order of Write-off should be made in the inventory, etc, when an entry therein is struck off.
- (iv) In the case of loss of cash, stamps, etc., provisions of PFR 72.3 should also be complied with.

75.2 Order of Waiver:-

Every possible means should be adopted to recover the amount surcharged. An order of Waiver may be granted by the officer indicated in PFR 74, who has authority to deal with the relevant loss, if a surcharge becomes partly or wholly unrecoverable.

P.F.R.76 Record of losses

76.1 Every department should maintain two separate registers to record the following information in respect of losses under PFR 68 pertaining to;

- (i) Advance Account Activities and
- (ii) Other activities whether reported or not.

The following information should be recorded in these Registers,

- (a) Date of Loss
- (b) Particulars
- (c) Original cost (if available)
- (d) Approximate value at time of loss
- (e) Replacement value (or cost of repairs)
- (f) Maximum recoverable value
- (g) Amount determined to be recovered
- (h) Reference to Departmental records
- (i) Date of final recovery
- (j) Authority for write-off
- (k) Date of write off

76.2 The Accounting Officer should prepare for each financial year statements relating to losses: one for each Advance Account other for Public Officers' Advance Account, and one for each Programme of a Head of Expenditure. The statements should show, as separate items, each loss of Rs. 50,000 in value and over, and the total of all other losses. The statement relating to each Advance Account should appear as a note to the relevant Profit and Loss Account for the year, and the statement for each programme should be prepared and disclosed in the Annual Appropriation Account of the Head of Expenditure.

PFR 77 Waivers

A waiver is an abandonment or a cancellation of an amount due to the Provincial Council. Waivers other than those arising out of losses fall into two categories as follows.

77.1 Statutory Waivers: Waivers authorized by various Acts/Statutes passed by Parliament/Provincial Council to waive, items of revenue or other dues.

Certain Statutes empower authorized officers to waive items of revenue or other dues to Provincial Council in the administration of these Statutes. The officers so authorized may deal with the cancellation or waiver of Provincial Council dues without any further authority. The Provincial Treasury is however entitled to call for such information as it requires, and to communicate general directions relating to such waivers, to supplement the relevant legal provisions.

77.2 Other Waivers:

- (i) Officers empowered to waive revenue or other dues should be satisfied that the amount is irrecoverable and cannot be made a personal charge, wholly or partly on the officers responsible.
- (ii) In case where the relevant statutes do not have any provision for waiver, application should be made to the Chief Secretary. The Chief Secretary may in appropriate cases, on grounds of equity or other good cause, delegate authority to Chief Accounting Officers or Accounting Officers within prescribed limits to authorize waivers.
- (iii) Chief Secretary is also empowered to authorize the waiver of irrecoverable revenue or other dues not falling under (ii) above. He is empowered to delegate such authority to Chief Accounting Officers and Accounting

Officers within specified limits. Such delegations will be notified by the Provincial Treasury to Ministries and departments from time to time. Officers authorizing waiver should be satisfied that there is no negligence, fault or fraud involved.

- (iv) Application for waiver in respect of (ii) and (iii) above should be addressed to the Chief Secretary. Chief Accounting Officer or Accounting Officer authorizing waivers should send a copy of the approval to the Auditor General and Provincial Audit.
- (v) The authority for waivers will be accepted as the final discharge in respect of the non collection of the specified dues and authority for write-off of the amounts from the relevant records.

SECTION 4

GENERAL PROVISIONS

P.F.R.78 Right of Appeal in the case of Accounts not Passed in Audit

In any case where an officer is dissatisfied with a refusal by the Auditor-General to pass in audit a payment or charge in the accounts of a department, the officer has a right of appeal to the Governor.

The appeal should be made through the Accounting Officer and the Chief Accounting Officer, within a month from the date of receipt of the final communication from the Auditor-General, along with copies of the Audit Query and connected correspondence. The Governor, after due investigation, may decide to accept the expenditure as a charge on the appropriate financial provision or account, wholly or in part, as shall appear to be just and reasonable; and such order will be a final discharge for the officer concerned in respect of the payment or charge. A copy of this decision shall be sent to the Auditor- General.

P.F.R. 79 Refund of Revenue credited to the Provincial Fund

79.1 Refunds of money credited to the Provincial Fund may arise –

- (i) under the provisions of the law;
- (ii) when a sum has been paid in error, in excess of the amount due, or for some service which was not performed;
- (iii) in other cases.

In such circumstance, refunds may be made from revenue, through debits to the Refund Account with the approval of the appropriate authority as specified in paragraph 2 below.

79.2 Refunds from revenue may be authorized by –

- (i) an officer prescribed for the purpose by law;
- (ii) the Provincial Treasury in cases falling under paragraph 1 (ii) above;
- (iii) the Chief Secretary in cases falling under paragraph 1(iii) above.

79.3 Application for authority should be made on **Form General 29**

79.4 The department originating the application for a refund is responsible –

- (i) to see that the refund is in order;
- (ii) to see that the parties named are those entitled to the refund;
- (iii) for determining the amount of the refund;
- (iv) to see that the refund has not already been applied for and authorized;
- (v) in the case of revenue collected under the provisions of the law, to see that the refund applied for is in conformity with the law.

79.5 The officer authorizing the refund is responsible for:-

- (i) seeing that the refund is proper and justified;
- (ii) in the case of a statutory refund, the principle of the refund is in conformity with the law.

79.6 If the necessity for a refund from revenue had arisen as a result of carelessness or neglect on the part of any officer, he may be called upon to pay the amount of the refund.

79.7 The safeguards prescribed in these rules should be adopted by the officers responsible for refund.

PFR 80 Surcharges

80.1 When it has been decided to recover a sum of money from any person under the provisions of any Rules, or Contract, it should, if the manner of recovery is not specifically provided for, be normally recovered in one lump sum, from any payment due to him or from any other source.

Every effort should be made to recover the sum as early as possible.

80.2 *Provincial Council Employees:*

In the case of a Provincial Council employee, the Head of Department may effect such recovery from his salary, allowance or other dues, in one lump sum; but in appropriate circumstances where there is no fraud or negligence involved, and the surcharge is not due to shortage of cash, stamps, tickets, stores, etc., for the custody of which the officer concerned is directly responsible, recovery in monthly installments may be authorized as follows:-

- (i) not exceeding 12 installments – by the Head of the Department
- (ii) not exceeding 24 installments – by the Secretary to the Ministry/Chief Accounting Officer
- (iii) Exceeding 24 installments – by Chief Secretary
- (iv) No recovery exceeding 60 installments should be allowed.

In these instances, it must be ensured that recovery does not extend beyond the optional date of retirement of the officer concerned.

If the employee concerned leaves Provincial service, action should be taken to cause recovery from any monies payable to him (including pension, gratuities, etc.) or from any other source.

- 80.3** It should be clearly understood that a surcharge against a Provincial Council employee is not a punishment imposed on him. It is either a recovery of an amount overpaid to him, or a recoupment of any loss caused to the Provincial Council for which he is held responsible.

(No PFR under 81 – 89)

- (i) non-existing 12 instalments - by the Head of the Department or the Chief Accounting Officer
 - (ii) non-existing 24 instalments - by the Secretary to the Ministry/Chief Accounting Officer
 - (iii) Existing 24 instalments - by Chief Secretary
 - (iv) No recovery existing 24 instalments should be allowed.
- In these instances, it must be ensured that recovery does not extend beyond the official date of retirement of the officer concerned.
- If the employee concerned leaves Provincial service, action should be taken to cause recovery from any monies payable to him (including pension gratification) or from any other source.

20.7. It should be clearly understood that a summary against a Provincial Council employee is not a punishment imposed on him. It is either a recovery of an amount overpaid to him or an attachment of any job or assets to the Provincial Council for repayment of the amount due to the Council.

20.8. (a) The Provincial Council should be notified of the summary against the employee and be asked to pay the amount due to the Council within a specified period.

20.9. Summary against Provincial Council employees

20.9.1. Summary against Provincial Council employees should be initiated only when the amount due to the Council is not repaid within the specified period.

20.9.2. The Provincial Council should be notified of the summary against the employee and be asked to pay the amount due to the Council within a specified period.

20.10. Summary against Provincial Council employees

20.10.1. Summary against Provincial Council employees should be initiated only when the amount due to the Council is not repaid within the specified period.

20.10.2. The Provincial Council should be notified of the summary against the employee and be asked to pay the amount due to the Council within a specified period.

CHAPTER 3:

FINANCIAL MANAGEMENT AND ACCOUNTABILITY

Section 1▶ Financial Supervision and Control

Section 2▶ Provincial Audit and Internal Audit

Section 3▶ Delegation

**Section 4▶ Provincial Council Control and
Auditor General**

CHAPTER 3
FINANCIAL MANAGEMENT AND
ACCOUNTABILITY

Section 17- Financial Supervision and Control

Section 24- Provincial Audit and Internal Audit

Section 36- Delegation

Section 47- Provincial Council Control and

Auditor General

SECTION - 1

FINANCIAL SUPERVISION AND CONTROL

***P.F.R. 90* Supervision of Financial Matters**

Supervision of the financial matters of the Northern Provincial Council is exercised at the following levels of authority.

90.1 The Governor:

The Governor in terms of the Provincial Councils Act No. 42 of 1987 and subsequent amendments thereto is broadly responsible and accountable for Provincial Funds at financial governance level. The Governor lays down the framework for financial responsibilities and roles and formulates rules by which Provincial Council funds shall be managed.

90.2 The Chief Minister:

The Chief Minister is broadly responsible with the raising of revenue and the collection of other Provincial Council monies as well as with the general oversight over the financial management of the Provincial fund at policy level. He lays down the framework in which departmental financial transactions of all kinds shall be undertaken within the prescribed timeframe. He exercises this function through the Chief Secretary and his staff at operational level.

90.3 The Chief Secretary:

The Chief Secretary of the Provincial Council is appointed by the President in terms of Section 31 of the Provincial Councils Act No. 42 of 1987 and is vested with similar authority, powers and responsibility exercised by the Secretary to Ministry of Finance and Secretary to the Treasury of the Government in relation to the financial administration of the Provincial Council. The Chief Secretary is responsible for Provincial fund at its entire operational level. He is the Chief Accounting Officer for the Provincial Fund. He is also the Chief Accounting Officer for the grants allocated from the Consolidated fund under the National Budget. He is answerable to the Public Accounts Committee of the Provincial Council as well as to the Committee on Public Accounts of Parliament in the capacity of Chief Accounting Officer.

Annual Appropriation Accounts of all Ministries are signed by the Chief Secretary as Chief Accounting Officer.

90.4 Secretary to a Ministry:

Secretary to a Ministry is appointed by the Governor on the recommendations of the Chief Minister who is broadly responsible for his sector at implementation level. Secretaries to Ministries, Secretaries to Provincial Assembly, Governor's Secretariat and Provincial Public Service Commission are delegated the responsibility for supervising the departmental financial transactions subject to the directions of the Chief Secretary of the Provincial Council. This arrangement secures that while Provincial Treasury retains general control over the Provincial Council financial matters, the Secretary as the Chief Accounting Officer is empowered to discharge his responsibility of supervision over other departments under his Ministry in respect of their financial transactions in addition to the delegated financial responsibilities. A Secretary to a Ministry is the Accounting Officer for the Head of Expenditure of his Ministry.

P.F.R. 91 Accounting Officers and Revenue Accounting Officers

91.1 Accounting officers:

Except where other arrangements are made by the Provincial Treasury, the Head of each Department having a separate Head of expenditure shall be the Accounting Officer in respect of all the financial transactions of his department. As such, he is immediately accountable to his Secretary in the manner laid down in the Provincial Financial Rules and in line with delegated financial responsibilities.

91.2 Revenue Accounting Officers:

The Chief Secretary will indicate from time to time the officers who are responsible for the preparation of estimates of revenue under the different Revenue Codes and are responsible and accountable for such revenue. Such officers shall for the purpose of these rules be referred to as Revenue Accounting Officers.

91.3 Divisional Secretaries:

Divisional Secretaries are Accounting Officers and Revenue Accounting officers of the Provincial Council for financial operations undertaken by them

under any law/statute or order of the Governor even though the Provincial Council has not separately assigned any expenditure head or revenue code for them.

91.4 Other Arrangements:

In addition to the above arrangements, the Governor may appoint Accounting Officers and Revenue Accounting Officers on the recommendation of the Chief Secretary as and when it is necessary.

P.F.R. 92 - Provincial Treasury Supervision and Control

92.1 The key functions of the Provincial Treasury are;

- (i) to formulate appropriate fiscal and budgetary policies from time to time for the Northern Provincial Council based on the development plan.
- (ii) to ensure optimum utilization of financial resources made available to the Province in a manner so as to attain sustainable development of the Northern Province.
- (iii) to ensure an economic, efficient and effective financial management through appropriate measures
- (iv) to mobilize funds for the Provincial Council from all possible sources.

These are done by:

- a) rules and regulations issued by the Governor
- b) regulations, directives and instructions that are generally applicable ; and
- c) by instructing or advising Chief Accounting Officers and Accounting Officers of any special measures necessary in particular circumstances.

92.2 The responsibility of the Chief Secretary (Provincial Treasury) under 1 above, is not curtailed by the statutory assignment of any financial functions to particular officers.

92.3 The controlling and supervisory functions of the Chief Secretary (Provincial Treasury) include the following:-

- (i) to provide for the appointment of Chief Accounting officers and Accounting Officers and to determine their duties and responsibilities;

- (ii) to communicate and to interpret all financial directions of the Governor to all Chief Accounting Officers and Accounting Officers;
- (iii) to maintain control over departmental cadres, scales of salaries, rates of wages, etc.:
- (iv) to satisfy itself that revenue and other monies due to Provincial Council including those to Advance Accounts Activities, Commercial Activities and Deposits are promptly collected and brought to account by various departments of the Provincial Council;
- (v) to satisfy itself that the Financial Rules are complied with by departments of the Provincial Council;
- (vi) to exercise supervision over the Provincial Fund and other Funds under the custody of the Provincial Council or Accounts as well as over monies held in deposit.

92.4 Executive Functions of the Provincial Treasury as a department

In addition to functions under PFR 92.1 above the Provincial Treasury carries out the normal executive functions as a department. The Deputy Chief Secretary Finance is the Accounting Officer of the expenditure Head directly administered by the Provincial Treasury.

The executive functions of the Provincial Treasury include the following;

- (i) to plan and prepare the Annual Financial Statement
- (ii) resource allocation, formulation, management and monitoring of the Annual Financial Statement
- (iii) to bring to account promptly and correctly in its books all monies received in its capacity as an Accepting Office and to provide for their security
- (iv) to bring to account promptly and correctly in its books all payments made in its capacity as an office of payment
- (v) to maintain classified records relating to the accounts received from the Provincial Departments, which are incorporated in its books, so as to enable departments to reconcile their accounts
- (vi) to operate on the Provincial Fund and other Funds or Accounts controlled by the Treasury, in particular,

- a) to issue imprests and advances
- b) to maintain records of all such issues
- c) to obtain proper information from Accounting Officers and Revenue Accounting Officers relating to revenue, other receipts, imprests, advances, deposits, fund accounts and expenditure.
- d) to minimize idle cash in bank accounts of the Provincial Council
- e) to maintain centralized accounting system of the various Provincial funds under its control and to prepare and publish consolidated Annual Accounts of the Provincial Council.
- f) to take follow-up action on the reports of the Provincial Public Accounts Committee
- g) implementation of an efficient and effective cash and imprest management system to finance the annual public expenditure through revenues and other receipts.
- h) ensuring implementation of the computer based accounting system in all Provincial institutions to provide accounts and improved management information and have them updated to meet changing requirements.
- i) continuous reviewing and improving of accounting systems, techniques and instructions for achieving the best acceptable standards and providing training facilities for accounting staff
- j) maintaining accounting standards, practices and prescribing chart of accounts and reporting formats.

P.F.R. 93 General Responsibilities of Chief Accounting Officers:

The Chief Accounting Officer is responsible to the Chief Secretary for sound and prudent financial administration of all the departments within the Ministry. His duties are mainly supervisory. The Chief Accounting Officer will be regarded as having discharged his responsibilities if he has taken measures to ensure –

93.1 that each of his Accounting Officers –

- (i) has prepared realistic expenditure estimates and revenue estimates within the guidelines given by the Provincial Treasury from time to time.

- (ii) has planned the financial operation of his department so that the business is transacted with accuracy and financial propriety; that is to say, the business must be transacted in accordance not merely with the financial and departmental rules but also with the high standards of integrity expected in the transaction of public business;
- (iii) has evolved a system which provides adequate controls over expenditure and the collection of revenue;
- 93.2** that existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined from the point of view of economy and efficiency;
- 93.3** that all cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and judgment to bear on them;
- 93.4** that Appropriation Accounts and other accounts specified by the Provincial Treasury from time to time are duly rendered by each of his Accounting Officers, and examined before he signs them.
- 93.5** that significant variations between departmental estimates and expenditure receive critical examination at the Ministry;
- 93.6** that the collection of revenue or other Provincial dues for which Revenue Accounting Officers are responsible is closely watched and examined.
- 93.7** that the annual and monthly imprest requirements of Ministries and Departments are submitted to Provincial Treasury and that imprest limits authorized are not exceeded.
- 93.8** that a Monthly Summary of Accounts under each Head of Expenditure for which the Accounting Officers are responsible for is sent to the Provincial Treasury in the formats given and dates specified.
- 93.9.** that he appears before the Provincial Public Accounts Committee and the Parliamentary Committee on Public Accounts, and any other Committees along with his Accounting Officers and other relevant officers for examination by those Committees.
- 93.10** that the procedure laid down in the relevant Financial Rules is followed by the Accounting Officers. In case of losses caused to Provincial Council by the

delays, negligence, fault or fraud on the part of officers/employees, surcharges are imposed on the officers/employees responsible for such losses.

P.F.R. 94 General Responsibilities of Accounting Officers.

94.1 An Accounting Officer is responsible to the Chief Accounting Officer for the financial administration and management of his department. In particular it is his duty to take adequate steps to ensure that: -

- (i) realistic expenditure estimates are prepared and forwarded following the guidelines given by the Provincial Treasury.
- (ii) the work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Provincial Council in granting him financial provision for the activities authorized, and that an endeavour is made to prepare Annual Action Plan and complete the programme of work laid down for the year and/or to attain the targets specified;
- (iii) the organization for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where necessary of dues to Provincial Council, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Provincial Council, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefor from Provincial funds;
- (iv) the Provincial Financial Rules, Guidelines and other supplementary instructions of the Provincial Council are adhered to in his department, and that they are supplemented by departmental instructions, where necessary;
- (v) an adequate system of internal control for receipts, payments and issues is maintained and tested from time to time;
- (vi) adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Provincial Council, or are in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Rules, Guidelines and other instructions;

- (vii) such information, statements and returns as are called for by the Chief Accounting Officer or the Provincial Treasury, are rendered correctly and promptly;
- (viii) returns showing the progress of collection of dues to Provincial Council are rendered regularly.
- (ix) special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery;
- (x) the activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business; (In this context, economy means not merely keeping within the estimate; but also ensuring that the Provincial Council receives best value for money expended.)
- (xi) any expenditure or commitment incurred, falls within the scope and limits of his authorized financial provision, and covered by adequate authority;
- (xii) transactions of an unusual character or involving abnormal expenditure are brought to his personal notice;
- (xiii) a Monthly Summary of Accounts under each Head of Expenditure for which Accounting Officer is responsible, is sent to the Provincial Treasury in the format given and dates specified by the Deputy Chief Secretary Finance
- (xiv) the Appropriation Account and other accounts specified by the General Treasury and the Provincial Treasury are rendered to Auditor General through the Chief Accounting Officer;
- (xv) officers liable to provide security do so in terms of the relevant law and instructions in force;
- (xvi) in case of losses to Provincial Council by delay, negligence, faults or fraud on the part of officers/employees, surcharges are imposed on officers/employees responsible for such losses

P.F.R.95 Duties and Responsibilities of Revenue Accounting Officers

Any officer who collects monies due to the Provincial Council under any specified acts/statutes or empowered to collect revenue as delegated by Chief Secretary is referred to as the Revenue Accounting Officer.

A Revenue Accounting Officer is responsible to the Chief Accounting Officer for the following –

95.1 Revenue Administration:

Revenue Accounting Officers (RAOO) should make concerted efforts individually as well as collectively to ensure that due revenue to the Provincial Fund is collected, in time.

95.2 Revenue Forecasting and Estimating:

- (i) The estimate of revenue is prepared completely, and as accurately as possible, for the codes, of revenue for which he has been appointed as Revenue Accounting Officer.
- (ii) At the end of each financial year, a revenue account is prepared in terms of Provincial Financial Rules 95.6 below.
- (iii) Returns are obtained from other departments and offices in which any portion of the revenue, for which he is responsible, are collected and are incorporated in the estimates of revenue, the revenue accounts and the returns, prepared in terms of (i), and (ii) respectively.
- (iv) Special arrangements are made for the expeditious collection of outstanding arrears of revenue, in consultation with the Accounting Officers and departments concerned in collection of revenue.
- (v) The activities in regard to the collection of revenue by the various departments concerned are coordinated in consultation with the respective Accounting Officers.
- (vi) Records are maintained of the amounts collected under the appropriate codes of revenue, by obtaining such information as is necessary from the various departments concerned and that such records are reconciled with the accounts

of revenue collection maintained by the Provincial Treasury, under the respective codes.

95.3 Maintenance of Proper Records:

Maintenance of proper records is essential to improve revenue administration to ensure proper accounting, monitoring and policy analysis. Therefore, Revenue Accounting Officers should;

- (i) Ensure that proper records are kept clearly showing the amounts due, amounts collected and arrears if any;
- (ii) Take prompt action to prevent accumulation of arrears and to recover amounts in arrears

95.4 Periodic Review of Revenue:

RAOO are required to review and monitor revenue performance continuously to prevent revenue leakages. Revenue shortfalls should be identified; analyzed and remedial action taken to channel revenue flows to the Provincial Council. In addition, charges levied for various services should be revised periodically taking into account changes in the economic conditions. Where necessary, revisions should be effected to reflect the cost of providing such services. The RAOO should also identify specific causes for changes in revenue patterns and new sources of revenue relating to the areas coming under their purview with a view to improving revenue mobilization efforts.

95.5 Reporting of Arrears of Revenue:

Half-yearly returns should be prepared and forwarded to the Auditor-General and Provincial Audit showing the state of Arrears of Revenue as at 30th June and 31st December of each financial year, under the various categories of Provincial revenue for which he is responsible;

These returns should reach the Auditor-General before the 31st July of the financial year and 31st January of the following financial year respectively. In the event of there being no arrears a “NIL” return should be furnished.

95.6 Preparation of Revenue Accounts:

As soon as possible, after the end of each financial year, every Revenue Accounting Officer should prepare by 30 September for publication a classified statement of revenue for which he is responsible as a Revenue Accounting Officer. This statement will provide the details of the appropriate revenue codes, the description of such revenue, the amount of revenue earned during each of the three preceding financial years, the estimated revenue of the year for which the statement is prepared, the actual amount of revenue collected during that year, the excess or the shortfall or actual collection as compared with the estimated revenue, and the reason for the excess or shortfall. This account will be signed by him in his capacity as Revenue Accounting Officer and forwarded to the Auditor-General for examination and certification with copy to Provincial Treasury.

SECTION 2

PROVINCIAL AUDIT AND INTERNAL AUDIT

***P.F.R. 96* Internal Control**

Chief Secretary is responsible to establish Internal Control systems so that activities of the Provincial Council are conducted in an efficient and well ordered manner.

To achieve this objective, the Chief Secretary through the Provincial Audit Department establishes system controls and methods both financial and otherwise to safeguard its assets, ensure reliability of records, promote operational efficiency, accountability and monitor adherence to policies and directives.

***P.F.R. 97* Department of Provincial Audit**

There shall be a Provincial Audit Department established to undertake the Provincial Audit function to assist the Provincial administration. This department should be headed by a Director and function under the Chief Secretary.

97.1 Duties of Director, Provincial Audit:

Following duties shall be performed by the Director, Provincial Audit in respect of financial operations and performance of the Provincial Council and other financial transactions of all the institutions of the Provincial Council and other agencies under delegated authority.

- (i) Overall supervision through the Internal Audit units of Ministries and Departments in the prevention and detection of errors, frauds and inaccuracies in records in the Provincial institutions, such as Provincial Ministries, Governor's Secretariat, Assembly Secretariat, all Provincial departments, Commissions, Boards, Local Authorities, Statutory Bodies, Trust Funds, District Secretariats and Divisional Secretariats (in respect of Provincial functions assigned).
- (ii) Assist the Chief Secretary in achieving high standards of financial discipline and management in programmes and projects of the Provincial Council.

- (iii) To carry out regular review of performance of Provincial Ministries and Departments
- (iv) Ascertain whether there is proper risk management practices in place.
- (v) Ensure that correct reports and financial statements have been prepared for the Province.
- (vi) Ascertain the quality of performance of staff in carrying out the responsibilities assigned to them.
- (vii) Safeguard the assets of the Provincial Council from all kinds of losses
- (viii) Ensure that Provincial Financial Rules, Establishment Code, other circular instructions and schemes of recruitment are complied with.
- (ix) Reduce waste and ensure proper use of assets
- (x) Report unproductive expenditure/investments.
- (xi) Ensure maintenance of records for proper accounting and establishment of internal control systems.
- (xii) Carry out special investigations as and when necessary and report to the Chief Secretary
- (xiii) Act as a Deputy to the Chief Secretary to represent Provincial Public Accounts Committee and Committee on Public Accounts.
- (xiv) Prepare progress reports and render same to Auditor-General in respect of Audit queries raised by the Auditor-General with copy to Chief Secretary
- (xv) An Audit Programme shall be prepared according to accepted standards and practices and rendered to Governor, Chief Secretary and Auditor-General before the commencement of the financial year and any subsequent amendments made when necessary.
- (xvi) At the end of each quarter a report should be rendered in respect of Audits carried out during the quarter to Governor and Chief Secretary with copy to Auditor General.
- (xvii) Provide proper training to Provincial Audit staff and the staff of Internal Audit Units in Ministries, and departments, to improve the quality of audit performance.*

- (xviii) Make suggestions and recommendations to strengthen the internal control systems to Accounting Officers where those systems are weak.
- (xix) Prepare Annual report on performance of the Ministries and departments and submit to the Provincial Council through Chief Secretary
- (xx) Undertake the management and value for money audit to ensure the economy, efficiency and effectiveness of the management of the Provincial and other Funds.

P.F.R 98 Internal Audit Units

For the purpose of effective discharge of duties and responsibilities, Chief Accounting Officers and Accounting Officers of Ministries and large departments shall establish Internal Audit Units in their Ministries and Departments.

98.1 Provincial Ministry Level Internal Audit Units:

Every Ministry shall establish an Internal Audit Unit in respect of internal functioning of the Departments/Institutions coming under its purview. Departmental level Internal Audit Units should be coordinated and supervised by the Ministry Internal Audit Unit.

98.2 Provincial Department Level Internal Audit Units:

For the purpose of proper discharge of their duties and responsibilities, Accounting Officers, particularly those of large Departments having sub-offices, workshops, stores, etc., and of departments engaged in development work, should establish Internal Audit units in their departments.

98.3 The Objectives of the Internal Audit units are:

- (i) to participate in the system of internal control of the financial operations of the department and carry out a continuous survey and an independent appraisal of such operations and the soundness and adequacy of the internal checks adopted in the prevention and detection of errors and frauds.
- (ii) to assist the Accounting Officer and the Progress Monitoring Committee, in ascertaining the progress made on development programmes and projects in the fulfillment of targets and objectives by the department.

P.F.R. 99 Functions and Scope of work of Internal Audit Units

The functions of the Internal Audit Units of a Ministry/department comprise the following:

- (i) Ascertaining whether the whole system of Internal Controls prevailing in the Ministries/departments for the prevention and detection of errors and frauds are effective in design as well as in operation.
- (ii) Ascertaining the existence of proper accounting and other records and ensuring that the accounting methods employed provide reliable information necessary for the preparation of correct financial statements
- (iii) Appraising the quality of performance of staff in carrying out the responsibilities assigned to them.
- (iv) Ascertaining the extent to which the department's assets and stocks are properly managed and safeguarded from losses of all kind.
- (v) Ascertaining whether the Provincial Financial Rules, Establishment Code, and other supplementary instructions issued from time to time by the Provincial Treasury are complied with.
- (vi) Ascertaining the effectiveness of the system of the Internal Control adopted in preventing as well as detecting waste, idle capacity and extravagance.
- (vii) Examining the accounting procedure adopted in the Ministries/ Departments and its operation in verifying the safe, economic and proper use of assets.
- (viii) Ensuring that annual board of survey of all assets are carried out by the respective Provincial institutions.
- (ix) Carrying out special investigations as and when necessary.
- (x) Undertaking pre audit of large/contractual payments.
- (xi) Instituting systems for detection and prevention of misuse of cash and sub imprests.

P.F.R. 100 Independence of Provincial Audit and Internal Audit Units

The Provincial Audit Department and the Internal Audit Units should be independent of those who are responsible for/ or are actually carrying out the operations of the Ministries/Departments.

The Director of Provincial Audit or any Internal Auditor or any person authorized by them shall in the performance and discharge of their duties and functions be entitled:

- (i) to have access to all books, records, returns and other documents
- (ii) to have access to stores and other property and
- (iii) to be furnished with such information and explanation as may be necessary for the performance of such duties and functions

P.F.R. 101 Internal Audit Programme

Every Internal Audit Units shall have duly authorized Internal Audit Programme. The Internal Audit Programme shall be carefully prepared, in order to enable a systematic, adequate and efficient checks and control on all activities covering the whole year on a monthly basis. The Internal Audit programme should serve as the authority for the Internal Audit to execute Internal Audit functions. The relevant Internal Audit Programme has to be prepared and forwarded to Audit and Management Committee for approval.

It is desirable to consult the Auditor General in preparing these programmes. Copies of the Internal Audit programmes for the respective financial year should be forwarded to the Auditor General, Chief Secretary and Provincial Audit before the financial year commences.

P.F.R.102 Internal Audit Report

The Reports of the Internal Auditors shall be prepared on a quarterly basis on the work performed according to the audit programme. Audit reports shall be rendered to the Audit and Management Committee of the Ministry with copies to the Chief Accounting Officer, Accounting Officer, Auditor General and Chief Secretary.

P.F.R. 103 Audit and Management Committees

An Audit and Management Committee shall be constituted in each Provincial Ministry to review and monitor the activities of the Internal Audit units coming under the purview of the Ministry.

The Audit and Management Committee of the Ministry shall consist of Chief Accounting Officer, Chief Accountant of the Ministry, a representative of the Provincial Treasury and Provincial Audit. The Internal Auditor of the Ministry shall be the convenor of the committee. Terms of Reference of the Audit and Management Committee shall include the following:

- (i) Approval of audit programmes
- (ii) Review the Internal Audit reports and make recommendations for follow-up action
- (iii) Monitor the audit performance as enumerated in the audit programme and the submission of reports on a regular basis.
- (iv) Review the Auditor General's reports and also the observations made by the Provincial Public Account Committee (PPAC) if any and make recommendations for follow-up action.
- (v) Review major items of expenditure and take measures to reduce such expenditure where necessary.
- (vi) Submit summary of recommendations for corrective measures to be taken
- (vii) Monitor follow-up action based on the recommendations of the Committee
- (viii) Submit report on the Committee's performance for inclusion in the annual performance report of the Ministry/department
- (ix) Any other matters referred to by the Accounting Officer.

Internal Audit units should function under the supervision of the Audit and Management Committee.

The Audit report shall be forwarded to the Audit and Management Committee with copies to Auditor General, Chief Secretary, Provincial Audit, Secretary to the Ministry and to the respective Heads of Departments.

SECTION 3

DELEGATION

P.F.R 104 Delegation of Functions for Financial Control

- 104.1** An Accounting Officer may delegate his functions either generally or with regard to individual transactions, but he must do so in a reasonable and rational way. In particular he must satisfy himself in regard to the competence of those to whom authority is delegated, and in regard to the adequacy of internal checks in the system of delegation. The Accounting Officer will be responsible for his scheme of delegation and for supervising the system of financial control generally. His scheme of delegation will naturally be determined by the organization of the department, except where geographical and technical factors necessitate special arrangements. Whenever possible the duties should be so divided that each transaction passes through two or more different officers.
- 104.2** An officer to whom functions have been delegated will have full discretion to perform the duties delegated to him and will be held accountable for his acts. It will also be his duty to keep the Accounting Officer acquainted of any transactions, which involve novel principle, or are of sufficient importance, so as to merit the Accounting Officer's personal attention. On the other hand, an act of delegation will not relieve an Accounting Officer of his ultimate responsibility. If an officer exceeds or misuses his delegated powers, or fails to carry out his duties, he will be accountable for such acts and defaults. In such a case, however, the Accounting Officer will not be held responsible, unless the excess, misuse or default is attributable to causes within his control.
- 104.3** In turn, an officer holding a delegation can entrust to his subordinates the routine or minor tasks connected with and within the limits of his delegation. This does not, however, absolve him of his own responsibility to his Accounting Officer.
- 104.4** Whenever the Accounting Officer intends to delegate one or more of his functions, he should prepare a Schedule specifying each officer, by name or office, and the functions delegated to him. The schedule of delegation of functions for financial control should be signed only by the Chief Accounting

Officer/Accounting Officer who is delegating the functions. In the case of delegation for the control of expenditure, the Accounting Officer may delegate particular functions with specific allocations. At the same time any limitations imposed on the character or amount of individual transactions should be specified. Arrangements to cover absence from duty must also be shown on the Schedule, which should be revised periodically and circulated in the department. Copies of delegations relating to expenditure should be supplied, in particular, to each Authorizing, Approving, Certifying and Paying officer; and copies of delegations in respect of the receipt of money, to each Assessing, Collecting and Accepting Officer. A copy should also be sent to the Auditor-General. If necessary, the advice of the Secretary to the Ministry/ the Chief Secretary may be sought concerning the Schedule.

It is important that the scope of delegation should be set down in writing so that there may be no doubt in the future about the nature of the responsibilities of the officers to whom authority has been delegated. Such delegations should be periodically reviewed and any revisions brought to the notice of officers concerned.

104.5 The following stages or functions may be identified: -

(i) Expenditure:

(a) Authorization.

(b) Approval.

(c) Certification.

(d) Payment.

(ii) Income:

(a) Assessment.

(b) Collection.

(c) Acceptance.

In particular circumstances, a delegation of authority granted to an individual officer by an Accounting Officer may involve more than one of the above stages or functions.

P.F.R. 105 Authorization

An officer, who is empowered to commission supplies, works or services, is referred to in these Rules as Authorizing Officer. The decision to make such an authorization is in his discretion and he must accept full responsibility in this regard. Any officer empowered to commission supplies, works or services will do so in writing and will be responsible to the Accounting Officer in the following respects:-

- 105.1** that the work, supply or service is covered by appropriate authority, and falls within the scope of the authorized financial provision and/or is properly chargeable to the accounts involved;
- 105.2** that he exercises due judgment; that he does not exceed the specified limits of his authority; and that every step in the procedure set down in the Financial Rules, Guidelines and other instructions have been duly taken (e.g. decisions of Procurement Committees);
- 105.3** that the commitments which are expected to mature for payment in a particular financial year do not exceed the funds available in his respective allocations;
- 105.4** that the sums due on commitments as they arise against each of his allocations (or his allocations to other departments) and the amounts recorded are subjected to continuous review in the light of further information that becomes available as work progresses;
- 105.5** that the information mentioned in 4 above is passed periodically to the Certifying Officer;
- 105.6** that his records are compared and reconciled at least once a month with those of the Certifying Officer so that he may know the precise amount available for further commitments;
- 105.7** that in any case involving reasonable doubt as to the availability of funds, or as to the economy or financial propriety of transactions, generally, he seeks the advice of the Accountant or Officer in charge of accounting function.

Note 1 - An officer empowered to authorize services must first ensure that the necessary preliminaries – such as the approval of Annual Estimates, works estimates, etc. have been carried out. Nevertheless, these prior decisions, at whatever level, do not produce firm commitments. The final authorization must involve a free judgment by the Authorizing Officer personally. Where

a proposed transaction is subject to Procurement procedure, the Authorizing Officer will vouch for the necessity for the expenditure, but the Procurement Committee will take responsibility for deciding the basis of purchase, etc.

P.F.R. 106 Approval

An officer who is empowered to approve services, works or supplies on completion and to admit claims is referred to in these Rules as Approving Officer. He will be responsible to the Accounting Officer for verifying:

- 106.1** that the work, service or supply arises out of an authorization by the appropriate Authorizing Officer and/or out of an Agreement;
- 106.2** that the work or service has been performed or the supply rendered in terms of such authorization and/or a relevant Agreement and any authorized variations therefrom in any respect, especially with regard to compliance with terms relating to quality of materials used, the quantities and the period or periods of time within which portions of the contract have to be completed;
- 106.3** that the rates and the total sums approved for payment are in accordance with authorized scales or in terms of the Agreement or any authorized variations and where there is no authorized or standard rates or Agreement, that the rates are fair and reasonable;
- 106.4** that in a contract of employment, the appropriate conditions, rules and regulations have been complied with;
- 106.5** that in the case of supplies, they have been examined and correctly taken on charge or otherwise accounted for in terms of the Financial Rules or instructions issued;
- 106.6** that in the case of bills for payment of electricity, gas, water, telephone and other similar services supplied, they are checked with Registers kept to show the monthly meter readings and other relevant particulars. If the amounts billed in a particular month deviate widely from the average normal monthly consumption pattern, such cases should be investigated and remedial action, where necessary, taken.

P.F.R. 107 Certification of Vouchers

An officer who is empowered to certify vouchers is referred to in these Rules as Certifying Officer. He is responsible to the Accounting Officer to see:-

- 107.1** that the amount payable on each voucher is a correct charge on the Head, Programme, Project, Object Code, etc., or the relevant Account, and is covered by a Warrant signed by the Chief Minister or is covered by other appropriate authority
- 107.2** that the payment will not cause an excess on the amount provided for the current financial year and that it has been posted in the Appropriation (Votes) Ledger or other appropriate Ledger, under the relevant Head, Programme, Project, Object, etc., or the relevant Account;
- 107.3** that the payees shown on the face of the voucher are the persons entitled to payment and that the amount provided for payment to each of them is correct;
- 107.4** that he attests on the face of the voucher that he has satisfied himself either from personal knowledge or from certificates, statements or orders of officers empowered to give them.
- 107.5** that an indication of the fact that he has certified a voucher for the payment involved, is made on the records, files or other relevant documents, in order to prevent another voucher for the same payment being certified subsequently;
- 107.6** that the certificates, etc., referred to in 4 above, are attached to the voucher or that the latter bears a note quoting reference to the files in which they appear;
- 107.7** that all relevant deductions and those notified to him or authorized or required to be recovered have been made, particularly in respect of repayment of advances, contributions, surcharges, penalties, forfeitures, taxes or other liabilities;
- 107.8** that the voucher is accurate and complete in every detail; (reference to relevant files, inventories, certificates, invoices are noted on the voucher itself)
- 107.9** that he exercises judgment, discretion and initiative in the light of the general conditions prevailing in the department in which he serves. For example, each Authorizing Officer is responsible for keeping within his own allocation, but if the Certifying Officer sees that there is a danger of commitments exceeding an

allocation, he should draw the Authorizing Officer's attention to the matter. Moreover, there may be occasions when a Certifying Officer has serious doubts about accepting vouchers which appear correct in every formal respect. Again, general standards of financial management, or particular transactions, may show disquieting features even before the stage of voucher preparation is reached. In any such case the Certifying Officer concerned has the right and the duty to represent the matter to his superior officer, and if necessary, to the Accounting Officer personally with a request for specific written directions.

P.F.R. 108 Payment of Vouchers

An Officer who is empowered to make payments on certified vouchers is referred to in these Rules as Paying Officer. He will be responsible to the Accounting Officer to see:-

- 108.1 that every voucher accepted for payment has been certified by an officer who has the authority to do so;
- 108.2 that the voucher shows no evidence of having been tampered with since it left the Certifying Officer's hands;
- 108.3 that any facts within his special knowledge are duly taken into account before payment is made;
- 108.4 that a proper receipt is obtained for every payment made;
- 108.5 that the identity of the payee is established;
- 108.6 that in the case of a payment by cheque, money order, etc., the name and other particulars appearing on the cheque or on the money order application, agree with those shown on the face of the voucher;
- 108.7 that the net amount shown on the face of the voucher is duly paid, and the fact of payment noted on the voucher by means of a "PAID" stamp and initialled: (all the documents attached to the voucher too should be stamped with PAID seal and initialled)
- 108.8 that every payment is promptly noted in the prescribed records and duly brought to account:

108.9 that where cash is entrusted to his care, he takes due precautions against theft or loss and that the balance in hand agrees with the balance appearing in the cash book at the close of each days business:

108.10 that, in case of cheque payments,

- (i) the Bank balance is adequate to meet all payment;
- (ii) the number of the cheque is noted on the voucher:
- (iii) the balance is reconciled periodically with the bank statement.

***P.F.R. 109* Passing of Vouchers for Payment**

In cases where the officer empowered to pass certified vouchers for payment is different from the officer empowered to make payments, the latter will be responsible for ensuring.

109.1 that every voucher has been passed for payment by the officer empowered to do so;

109.2 that the voucher shows no evidence of having been tampered with since it left that officer's hands;

109.3 that any facts within his special knowledge are duly taken into account before payment is made.

***P.F.R.110* Bank Accounts**

110.1 Where several Paying Officers operate on the same bank account, and it is inconvenient for them to share a common record of cheques drawn, each should be made responsible for a fixed sum.

110.2 Where payment is made by cheque, the cheque must be signed by two officers who have been duly authorized by the Chief Secretary on the application of the Accounting Officer. The first signatory shall sign on the left of the space or on the first line provided for signing the cheque. He shall be deemed to be the Paying Officer. The second signatory shall sign either below or to the right of the first signatory. The counterfoils shall be initialed in the same way. The principal responsibility for the accuracy of the cheque shall be with of the Paying Officer.

110.3 The second signatory to a cheque shall be responsible to the Accounting Officer for ensuring;

- (i) that the first signatory has the authority to sign the cheque;
- (ii) that the cheque shows no evidence of having been tampered with since it left the first signatory's hands;
- (iii) that the name, amount and other particulars appearing on the cheque agree with those shown on the voucher;
- (iv) that the voucher has been certified by an officer authorized to do so;
- (v) that he initials a suitable endorsement on the voucher to indicate that payment has been made.

***P.F.R. 111* Collection of Revenue**

111.1 *Assessment:* Assessment is the process whereby sums of money due to the Provincial Council and the persons from whom they are recoverable are ascertained and determined. It also covers the process of fixing a levy or a charge for a supply or service rendered by the Provincial Council. The function of ascertaining or determining the amount due to the Provincial Council and from whom, may have been assigned to an officer by Statute; but, subject to the provisions of such Statute, an officer charged with this task should accept full responsibility with regard to the correctness of the amount involved; and, where he is authorized to use his discretion, he should do so without prejudicing the legitimate interests of the Provincial Council, or causing wrongful loss to it.

111.2 *Collection:* This is the process of recovering amounts due to the Provincial Council, and does not cease until such amount has been received and realized. Where services are rendered, or supply, permit, authority, etc., is issued, on the payment of a fee or charge, the function of collection carries with it the responsibility of ensuring that no such service is rendered, and no supply, permit, etc., issued, until the required fee or charge is received and realized.

Though the act of receiving money is not necessarily a part of the function of collection, a Collecting Officer may sometimes be required to receive money. Where a Collecting Officer receives money directly he will issue a receipt to

the payer and remit the amount, to an Accepting Officer, to be brought to account correctly.

111.3 Control Accounts for Collection: In the case of regular or recurrent collections a Collecting Officer may maintain a memorandum control (or total) account which will enable him to readily ascertain the total amount due to be collected, the total collections to date, the balance unsettled and/or the total amount of arrears. He should organize and maintain official records so that the control (or total) account, and the individual accounts are simultaneously maintained up to date, and are reconciled regularly.

111.4 Acceptance: This involves the lodgment of money received, forming part of Provincial funds, and bringing it to account correctly.

P.F.R. 112 Delegation for Revenue Collection

112.1 Assessing Officer: The Officer who performs the functions of assessment, by delegation or otherwise is referred to in these Rules as Assessing Officer. He will be responsible to the Accounting Officer to see that;

- (i) the amount to be collected is assessed as accurately as possible;
- (ii) particulars of the amounts and the parties from whom collection has to be made, are duly notified to the Collecting Officers;
- (iii) the amount is determined in accordance with the provisions of the law, regulation or authority under which he is empowered to make the assessment;
- (iv) where charges are fixed for work done or services rendered, all direct and indirect expenditure involved is taken into account, unless authority to the contrary exists;
- (v) in the case of regular items of collections, the liability of payers is continuously kept under review;
- (vi) that rates fixed for taxes, charges for supplies and services, fees, etc., are reviewed and revised from time to time having regard to current economic and other circumstances.

112.2 Collecting Officer: The officer who performs the functions of Collection, by delegation or otherwise, is referred to in these Rules as Collecting Officer. He will be responsible to the Accounting Officer to see that:

- (i) no licenses, permits, etc., are issued, or services rendered, unless –
 - a. the charges therefor have been collected in full;
 - b. where these are received in a form other than in cash or stamps, the amounts are realized. This does not, however, preclude credit facilities being provided in cases where authority exists;
- (ii) records are kept to indicate the amounts due to the Provincial Council, the amounts collected, balance unsettled and the amounts in arrears at any time.

The following are some of the cases where these are essential;

- a. Regular Collections: Irrigation Rates and Motor Car Licences;
- b. where credit has been allowed;
- c. where recovery in installments has been authorized (e.g. recovery of Court Fines, Salary advances etc.);
- (iii) returns showing the progress of collection are regularly rendered to the Accounting Officer;
- (iv) receipts on the prescribed form are issued for all monies received;
- (v) all sums received by him are promptly remitted to the Accepting Officer, and that he receives acknowledgement for them;
- (vi) special action is taken to collect arrears;
- (vii) action is taken to obtain a waiver in the case of all irrecoverable dues.

112.3 Accepting Officer: The officer who performs the functions of Acceptance, by delegation or otherwise is referred to in these Rules as Accepting Officer. He will be responsible to the Accounting Officer to see that:

- (i) all monies received are held in safe custody, recorded and correctly brought to account, and regularly deposited in the bank or otherwise duly disposed of;

- (ii) cheques, money orders, etc., are promptly and regularly remitted to the bank, and that they are realized;
- (iii) appropriate action is taken in respect of dishonored cheques, etc.-
- (iv) receipts on the prescribed form are issued to a Collecting Officer, or other person paying money.

P.F.R. 113 Supervision of Financial Operations

113.1 Accountant:

The Accounting Officer may place an Accountant, or in departments where there is no Accountant, any other suitable officer, in charge of financial operations of his department and delegate to him the duty of organizing and supervising the accounting work involved in the receipts, issues and payments of the department, the custody of cash, stores and other valuables, and to authorize him to operate an official bank account. The Accounting Officer may also delegate to the same officer the operation of a system of internal check, and require him to bring to his notice any losses or misappropriations of cash, stamps, goods or stores or any shortcomings in the system of accounting. The same officer may be entrusted with the task of making arrangements to ensure an uninterrupted conduct of financial business, even when officers are on leave or temporarily absent.

113.2 Heads of Distinct Units: The Administrative Heads of Distinct Units, such as hospitals, schools, sub-offices, etc., will be responsible for the organization and supervision of financial operations within the Unit, unless some other officer has been specifically charged with this responsibility by the Accounting Officer. Such Administrative Heads will be responsible to the Accounting Officer direct or through the supervising officer referred to in paragraph 1 above, as per departmental instructions.

PFR 114 Financial Transactions between Accounting Officers

Two Accounting Officers may be associated with each other in financial transactions in the following circumstances:

114.1 Where one Accounting Officer obtains goods or services from another: Herein no question of agency arises and each Accounting Officer has independent responsibility.

114.2 Where one Accounting Officer requests another to arrange a payment on his behalf:

Herein the first Accounting Officer is responsible for authorization, approval and certification and the second Accounting Officer for payment.

114.3 Where one Accounting Officer acts on behalf of another Accounting Officer for incurring expenditure against the latter's financial provision:

Herein the former shall be referred to as the Agent and the latter as the Principal.

The conditions under which the Agent operates must be specified in writing, e.g., as to whether power is given to carry out the duties of authorization, approval, certification and payment with or without limitation. (Examples are construction work undertaken by one Department as a charge to another Department's financial provision, and various activities undertaken by the Government Agents/District Secretaries).

114.4 Where an Accounting Officer accepts revenue or other receipts on behalf of another Accounting Officer: He will be accountable to the relevant Revenue Accounting Officer.

***P.F.R. 115* Responsibility of Accounting Officer (Principal) for financial provision**

The delegation of authority by the Principal is a limited one. In addition to taking responsibility for any matter reserved when the delegation of authority is made, the Principal will continue to remain responsible for the management of his financial provision as a whole. The Principal will grant a general or specific allocation to the Agent for his expenditure, and:

115.1 monitor and review the plan and progress of the work and the expenditure thereon;

- 115.2** take steps to ascertain whether any part of the work will remain unfinished at the close of the financial year, necessitating new provision;
- 115.3** ensure that the Agent does not deviate from a given plan or programme, or exceed the allocation or the limits of delegation. Each Principal will decide particular means by which his responsibilities are carried out effectively.

***P.F.R.116* District Secretaries and Divisional Secretaries**

District Secretaries are Accounting Officers for the Heads of Expenditure assigned to them. They are accountable to the Chief Accounting Officer of the Ministry in charge of the subject of District Administration for the financial administration and management of their Departments including the internal check and inspection procedures adopted in the District and Divisional Secretariats.

In addition the District Secretaries also perform and discharge functions and duties entrusted to them by the Provincial Council.

In terms of Act No. 58 of 1992 the powers, functions and duties so exercised has been transferred to Divisional Secretaries. Thus the Divisional Secretaries shall exercise perform and discharge within his division any power, duty or function conferred or imposed on, or assigned to them.

Accordingly, the Divisional Secretaries in the Northern Province shall be delegated with authority to execute the functions of the Provincial Council. The relevant clause Para 3 (2) of the Act No. 58 of 1992 on transfer of powers is reproduced below.

“A Divisional Secretary shall, with the concurrence of his appointing authority, exercise, perform and discharge within his Division, any power, duty or function conferred or imposed on, or assigned to, him by a statute of a Provincial Council or any power, duty or function delegated to him by the Governor of a Province”.

SECTION 4

PROVINCIAL COUNCIL CONTROL AND AUDITOR GENERAL

P.F.R. 117 Provincial Public Accounts Committee (PPAC)

- 117.1** There shall be a Provincial Public Accounts Committee for the examination of the accounts showing the appropriation of the sums granted by Provincial Council to meet the public expenditure and of such other accounts laid before the Provincial Council as the Committee may think fit, together with the Auditor-General's report thereon and the annual report of the Director, Provincial Audit. The Committee shall have power to send for persons, papers and records and to report from time to time.
- 117.2** Chief Accounting Officer and Accounting Officers must appear before the Provincial Public Accounts Committee, when required, and answer questions on all matters arising from the accounts or the Auditor-General's reports. Although the Chief Accounting Officer and Accounting Officers who sign the appropriation accounts are the persons who are answerable for the accounts, yet for reasons of administrative convenience the Provincial Public Accounts Committee usually examines, in the first instance, the officers holding those posts at the time it examines the accounts. The Chief Accounting Officer or Accounting Officer has a right, of course, to consult the person who signed the Appropriation Account that is being discussed.

P.F.R. 118 Committee on Public Accounts

The Committee on Public Accounts of Parliament has been set up by the following Standing Order which reads as follows:

"125 COMMITTEE ON PUBLIC ACCOUNTS

- 1) There shall be a Committee to be designated the Committee on Public Accounts consisting of thirty-one members nominated by the Committee of Selection (these members may be changed from time to time)
- 2) It shall be the duty of the Committee to examine the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure

and such other accounts laid before Parliament as the Committee may think fit, along with the reports of the Auditor – General thereon and the reports of the Auditor-General on local authorities.

- 3) The Committee shall, from time to time, report to Parliament on the accounts examined, the finances, financial procedures, performance and management generally of any department, local authority and on any matter arising there from.
- 4) The Committee may when it considers necessary appoint sub-committees of its own members to examine and report to the committee on all accounts and the finances and management of such departments, local authorities as the Committee may direct.
- 5) The Committee or any of its sub-committees shall for the performance of its duties have the power to summon before it and question any person and call for and examine any paper, book, record or other document and to have access to stores and property.
- 6) The quorum of the committee shall be four members.”

The Provincial Council is answerable to the Committee on Public Accounts for grants and other funds provided for in the National Budget.

The Chief Secretary, Chief Accounting Officer and the Accounting Officers of the Provincial Council should appear before the Committee, when required, and answer questions on all matters arising from the contents of the Auditor-General’s report.

P.F.R.119 Provincial Treasury Minutes

After receipt of the report of the Provincial Public Accounts Committee, the Provincial Treasury will issue on the instructions of the Chief Minister minutes relating to the various matters dealt with in the report. It is the duty of Chief Accounting officers and Accounting Officers to study the report and the Provincial Treasury minutes thereon and be guided by them with regard to future financial operations.

P.F.R.120 Treasury Minutes

Within one year after the receipt of the Report of the Committee on Public Accounts, the Treasury will issue, under the hand of the Secretary to the Treasury, on the instructions of the Minister of Finance, minutes relating to the various matters dealt with in the report. It is the duty of the Chief Secretary, Chief Accounting Officers and Accounting Officers to study the report and the Treasury Minutes thereon and be guided by them with regard to future financial operations.

P.F.R. 121 Duties and Functions of the Auditor-General

Section 23 of the Provincial Councils Act No. 42 of 1987 is reproduced below-

"23.(1) Article 154 of the Constitution shall apply to the audit and accounts of the Provincial Fund of a Province.

- (2) A copy of the Auditor-General's report relating to the accounts of the Provincial Fund of a Province shall be submitted to the Governor who shall cause it to be laid before the Provincial Council.

Any officer bearing the written authority of the Auditor General must be considered as his deputy.

- (3) The Auditor General or any person authorized by him shall in the performance and discharge of his duties and functions be entitled -
- a. to have access to all books, records, returns and other documents;
 - b. to have access to stores and other property; and
 - c. to be furnished with such information and explanations as may be necessary for the performance of such duties and functions.

- (4) The Auditor-General shall within ten months after the close of each financial year and as and when he deems it necessary report to the Governor on the performance and discharge of his duties and functions under the Constitution."

The Chief Accounting Officers and Accounting Officers of the Provincial Council should ensure that every assistance is given to the Auditor-General, and Officers authorized by him in writing, for the performance of their duties and functions.

P.F.R. 122 Rendering of Documents to Audit

The Departments should render the documents for audit monthly, as soon as possible, after the close of the month to which they relate.

Old Documents – Documents relating to accounts may be destroyed in accordance with instructions issued by the Chief Secretary from time to time. Pay Abstracts should, however, be retained wherever necessary.

P.F.R.123 Audit Queries

It is the duty of the Chief Accounting officers and Accounting officers to see that letters, queries addressed to them by the Auditor-General or his deputies are dealt with promptly and complete answers given. When a final reply cannot be given immediately, an interim report should be made. The Accounting Officer should inspect the audit query register, on first assuming office and at regular intervals thereafter, in order to ensure not only the queries are promptly investigated but also that steps have been taken to correct any shortcomings which they revealed.

The Secretary of the Ministry will also personally inspect the audit query register from time to time as part of his supervisory functions.

(No PFR Under 124 and 125)

CHAPTER 4

RECEIPTS

Section 1 ▶ General

Section 2 ▶ Collection

Section 3 ▶ Accepting

Section 4 ▶ Reporting

THE ...

CHAPTER 2

RECEIPTS

Section 11. General
Section 12. Collection
Section 13. Accounting
Section 14. Rounding

SECTION 1

GENERAL

***P.F.R.126* Overview**

The receipts can be broadly identified as follows in terms of the impact thereof to the Provincial Fund.

126.1 The ultimate outcome of the receipt will increase the balance of the Provincial Fund. i e. receipts from general public, borrowings and other receipts.

(i) ***Exchange Receipts:***

Receipts generate out of exchange transactions which involve transactions between Provincial Council and general public.

(ii) ***Non-Exchange Receipts:***

Receipts generated from non-exchange transactions. These transactions involve no services directly to payers.

126.2 Receipts within departments of the Provincial Council with neutral effect on the balance of the Provincial Fund

***P.F.R. 127* Types of receipts to the Provincial Fund**

127.1 Sources and targets determined by the provisions in the Provincial Councils Act.

(i) Receipts of all Taxes imposed by the Provincial Council

(ii) Receipts of grants made available to the Provincial Council by the Government.

(iii) Receipts of all loans advanced to the Provincial Council by the Government.

(iv) All other receipts of the Provincial Council

127.2 Sources and targets not determined by any Act/Statute.

(i) Deposits.

(ii) Gifts.

(iii) Donations

SECTION 2

COLLECTION

P.F.R. 128 Collection Procedure

Form of Receipts

Departments of Provincial Council receive money in the following forms.

- (i) direct cash (local currency/foreign currencies).
- (ii) negotiable instruments with a further realization process

P.F.R.129 Collection of Receipts

Receipts can be collected in following forms;

- (i) cash or any negotiable instrument received over the counter
- (ii) negotiable instruments received by post
- (iii) receipts direct to the bank account of a department
- (iv) by collecting agents or by any other authority under delegation

129.1 *Cash Received over the Counter:*

Where cash is received regularly over the counter, by a Provincial Public Officer, every item of cash received shall be entered upon in his cash book, or register, provided for the purpose. It shall be the duty of the supervisory officer or the staff officer in charge to see that all such monies are accounted for, and disposed of, in the manner prescribed in these rules.

129.2 *Collection by Post and other receipts:*

- (i) by cheque, money order, postal order, stamps or in any other form, other than over the counter
- (ii) over the counter, in a form other than cash,

The following action should always be taken;

- (a) receipts over the counter should be entered up immediately and authenticated by a Staff Officer/ or any other officer authorized in a

Register of Cheques, Money Orders. If it is received by post, it should be entered up at once and authenticated by the Staff Officer responsible for the tappal;

- (b) Its subsequent disposal should be noted in the same Register and authenticated by a Staff Officer;
- (c) It should be accounted for and disposed of in the manner prescribed in these rules.

129.3 Receipts direct to the Bank Account of a Department:

Where standing arrangements have been made for the collection of receipts direct by banks, Paying in Vouchers (PIVV) should be prepared and issued to the payers by the collecting officer. Specimen forms should be made available to such collecting officer to get those forms filled by the payer before accepting the receipts. If any collections are received by the bank other than on standing arrangement the relevant bank may be requested to notify such receipts promptly.

129.4 By Collecting Agents or any other Authority by Delegation:

Collecting officers are appointed by certain Departments for collection of particular type of revenue and other receipts. Following are examples:

Licenses/Fines at Post Offices

Examination fees etc. at specified offices

Collections by field staff

Sales of various types of items

Collecting Officers should remit their collections to the Accepting Officers promptly. The supervisory officers should ensure that the dues to Provincial Council are duly received and accounted for.

Approval should be obtained from Deputy Chief Secretary Finance for the appointment of commission agents. The gross payment should be collected before deduction of allowable expenses. If he accepts cheques or/and money orders, the remittance should be done by him in cash after realization of such instruments.

Following negotiable instruments can be accepted as receipts through the above method,

- (a) Cheques
- (b) Money orders
- (c) Bank drafts/Pay orders/Guaranteed cheques

Departments may accept bank drafts, guaranteed cheques or bank pay orders from any payer after ascertaining the genuineness thereof and enter in the Cheques and Money Orders Register. They are considered as equivalent to cash and accounted for accordingly. In respect of supplies or services to private parties it is advisable to obtain Bank Drafts, Guaranteed cheques or Pay Orders.

129.5 Electronic Fund Transfers:

With a view to achieving collection targets as well as providing a better service to customers, Departments of Provincial Council responsible for collecting are encouraged to install the electronic fund transfer systems with the approval of Provincial Treasury.

P.F.R. 130 Cheques and Money Orders Register

This register on form GAM 83 should be maintained in every Provincial Department. It should be under the charge of a staff grade officer or an officer specifically authorized. The officer responsible for opening the tappal should ensure that the cheques, money orders, stamps etc of monetary value received by post or by hand are immediately taken over and sent to the staff officer in charge of the Cheques and Money Orders Register through a delivery book. All cheques and money orders etc should be immediately entered in the Cheques and Money Orders Register and authenticated by a staff officer.

The Officer in charge of the Register of Cheques and Money orders should retain the cheques and money orders with him and refer the covering letters or any other documents to the relevant section/division to furnish a Paying in Voucher (PIV). If a covering letter or any other documents is not received with the cheque or money order to determine the payer and the details of credit, it should be immediately brought to the notice of the staff officer concerned and action taken to keep it in a

Deposit Account until the correct identification of the payer and other details are ascertained. Unidentified credits lying in suspense or in deposit accounts should be cleared within two weeks of receipt.

The disposal of cheques and money orders should always be noted in this register and authenticated by the staff officer.

***P.F.R. 131* Parties and Documents involved in Collections**

131.1 Paying in voucher (PIV):

This is the basic document for the expression of an intention of the payer and used in every form of receipts. It can be treated as a document connecting the payer and the Provincial Council. The person authorized to receive money should accept money, in the form of cash, or in other form accompanied by a duly perfected Paying in Voucher signed by the appropriate person or officer except where other arrangements have been made. The PIV may be written out by the person making the payment. Otherwise the PIV should be issued by the officer in charge of collection of dues. Paying in Vouchers should contain full particulars of the payment, i.e. revenue code, deposit account or other accounts to which the sum is to be credited.

131.2 Payer:

Payment at an accepting office may be made by any of the following payers.

- (i) A member of the Public
- (ii) A collecting officer who had already received the money
- (iii) A paying officer in case of refunds, settlement of imprests or advances obtained, unpaid salaries etc.

131.3 Official Receipts for Acceptance and Acknowledgement:

(i) Issue of Receipts:

Every receipt should be acknowledged by issuing an official receipt on Form NPC 172. The original is issued to the payer while duplicate is kept on record. Issuing of computerized receipts requires the approval of the Provincial Treasury.

The counterfoil books should be recorded in the register of counterfoil books and kept under safe custody. Issue of receipt books for use should be under the strict supervision of a staff officer.

(ii) **Preparation of Receipts:**

As receipts are written out in duplicate a double sided carbon paper should be used so that the carbon impression will appear on the reverse side of the original and also on the duplicate. A hard pen (ball point pen) should be used to fill up the receipt form. Receipt books should not be cut or divided. Cancelled receipts should be attached to the duplicate.

The fact that money has been received by cash/cheque/pay order/money order should be stated in the Paying in Voucher as well as on the official receipt.

SECTION – 3

ACCEPTING

***P.F.R. 132* An Accepting Office;**

An accepting office, for the purpose of these Rules is an office or department, where monies received are brought to account. The usual accepting offices are the following:

1. The Provincial Treasury
2. Provincial Ministries
3. Departments and their sub offices;
4. Divisional Secretariats and
5. Any other offices authorized by the Provincial Treasury

All dues to the Provincial Council, should therefore, be ultimately paid to an Accepting Officer at any of the above offices.

***P.F.R. 133* Payments into Accepting Offices by Members of the Public**

Such payments should be supported by a Paying-in-Voucher, application form, or other documents relevant to the payment, according to the particular procedure prescribed for that office. The documents should, however, be scrutinized and initialed by the appropriate officers who should satisfy themselves that the amount due is correct and properly classified. Amounts received by post should be similarly dealt with. Paying-in-Vouchers, where necessary, should be prepared by the appropriate officers themselves.

***P.F.R.134* Preparation of Receipts for amounts Accepted by Accepting Officers**

Receipts should be drawn up by the Accepting Officers as follows;-

- (i) Where amounts are accepted from collecting officer, or paying officer it should be in favour of the officer or the department concerned. In the case of amounts

collected by a collecting officer, the receipts in favour of the individual payers would have been issued by the collecting officer previously.

- (ii) In favour of the payer, in other cases.

PFR 135 Recording in books

135.1 All amounts received by an Accepting Officer should be properly recorded in the cash book and in any other prescribed books of accounts, (e.g. classification books, deposit ledgers etc.) The Paying-in-Voucher. or other documents used should support the entries on the receipt side of the cash book, and the credit entries in the other books of accounts.

135.2 The entries in the cash book should be numbered consecutively in the order of receipts and the same numbers recorded on the corresponding supporting documents. The dates under which the entries are recorded in the cash book should agree with the dates under which the Accepting Officer's receipts are issued.

135.3 Arrangements should be made to reconcile periodically the receipt side of the cash book with the credit entries in the other books of accounts.

P.F.R.136 Date of Record of Receipt in the Cash Book constitutes date of Receipt in the Accounts

All monies received must as far as possible, be brought to account under the date on which they are received by the Accepting Officer. All receipts brought to account in the cash book in a particular month, will therefore be recorded as credits in the relevant accounts in the same month.

P.F.R.137 Disposal of Money

137.1 Same Day: Receipts by way of cash, cheques etc. should be deposited with the Bank on the same day of receipt or at least on the following working day. Bank deposit slips should be written out as per bank instructions before making deposits. For all deposits bank acknowledgements should be obtained and checked against the deposits shown in the cash book. The officer

authorized should initial the entries in the cash book while doing the daily checking.

In computerized accounting the checking should be done with the Daily Memorandum of Receipts.

137.2 Safety Measures: As a safety measure the cheques should be endorsed for deposit in the following manner.

- (i) In favour of the Bank to the credit of the official bank account of the Department.
- (ii) In favour of the official designation of the Head of the Department with 'Account Payee only' endorsement.

All cheques received in the institution should be stamped "not negotiable" and 'Account Payee only' and properly endorsed on the back of the cheque leaf before presenting to the bank. Cheques written out in favour of individuals should not be accepted.

137.3 Remittances:

- (i) Collection of public money to be remitted daily

All monies collected on behalf of Provincial Council whether it forms part of revenue or not, should be remitted to the Accepting Officer in full daily. If not, it should be at the earliest possible opportunity as determined by the Accounting Officer.

- (ii) Collecting Officers and any other authority by delegation

When collections are made by Collecting Officers or any other authority by delegation all monies received by them should be remitted at the earliest possible opportunity, but not exceeding a week, to the Accepting Officer or to the Collecting Officer as appropriate. If the remittances are made to the Accepting Officer direct, the Collecting Officer should ensure that he gets the necessary details of payments received in order to update his records.

P.F.R.138 The Reporting Procedure

138.1 Classification of Receipts:

All receipts to the Provincial Fund should be properly classified under the appropriate Revenue Code or any other account such as Deposit Account, Advance Account, Imprest Account, and Surcharge Account.

In the case of revenue, credit should be to a Revenue Account as specified by Provincial Treasury. The classification of revenue should be done after checking the revenue codes. If there is any doubt the Provincial Treasury should be consulted.

Recoveries under surcharge account should be classified under the respective Expenditure Heads.

Receipts to Advance Accounts, Imprest Accounts and Deposit Accounts etc. should be correctly classified under the appropriate code numbers assigned to the respective institutions.

Receipts without sufficient details can be held in suspense in the General Deposit account of the Department until the particulars of the remittances are obtained from the payer.

138.2 Control Accounts:

Control accounts should be maintained for each category of revenue or receipts. These control accounts should reveal the overall position of the total amounts due, amounts collected and arrears if any. These control accounts should be designed to meet the requirements of the organization and the type of revenue/receipts concerned.

P.F.R.139 Gifts

Money:

When a Department receives any money as a gift from a member of the public the following course of action should be taken.

- (i) If it is outright gift the money should be accepted and credited to appropriate Revenue Code. Details of such receipts should be sent to the Provincial Treasury for purposes of disclosure in the Annual Accounts.

- (ii) If the gift is for a specified purpose the money should be kept in the General Deposit Account of the Department and the donor informed that the proposed expenditure could be met only with Provincial Council approval, and therefore no assurance can be given that the proposal will be implemented.
- (iii) If the donor agrees to the condition the money should be credited to revenue. If the donor is not agreeable for the arrangement the money should be refunded to him.

***P.F.R.140* Proceeds not realized**

140.1 Cheques Returned

Cheques can be returned to Departments due to the following reasons:

- (i) Cheques posted but returned undelivered
- (ii) Cheques received for revalidation
- (iii) Cheques deposited, dishonoured and returned by the Bank
- (iv) Cheques received back after revalidation (cheque in lieu)
- (v) Cheques returned for any other reason,

Cheques received under any of the above circumstances should be taken into the Register of Cheques and Money Orders. They should be correctly identified and appropriate action taken as directed. The manner of disposal should be noted in the Register.

Cheques returned under category (i) and (ii) are departmental cheques issued out. They should be referred to the paying officer for suitable action.

Cheques returned under category (iii) are cheques received in by the Department as revenue/receipts and already brought to account. Action should be taken as directed by the rules below. In the case of (iv) and (v) however proper identification is essential to avoid issuing of fresh P.I.V.V which will result in double accounting and problems in bank reconciliation.

140.2 Action on Dishonoured Cheques:

When cheques are dishonoured and returned by the bank the following action should be taken.

- (i) If the cheque is dishonoured on account of expiry of the validity period then it should be referred to the Accepting Officer to get it revalidated by the payer.
- (ii) If the cheque is dishonoured for any other reason the cheque should be kept in safe custody. If the bank is unable to return the cheque, a certified copy of the same or a written confirmation from the bank should be obtained.
 - (a) Collecting Officer should be informed to stop any payment, supply or service forthwith.
 - (b) Recall any payment or supply already made and stop further service where applicable
 - (c) Obtain the explanation of the drawer of the cheque.
 - (d) Call for a fresh cheque if it is a Government institution and otherwise call for payment in cash.
 - (e) Report the matter to the Provincial Treasury

140.3 Accounting for Dishonoured cheques:

A Register for dishonoured cheques should be maintained in every Department.

- (i) As soon as a cheque is returned it should be recorded in the register while crediting the cash book and corresponding debit entry to be accounted under the "Authorized Advance - Cheques Returned Uncashed Account".
- (ii) When the cheque is revalidated/rectified or a cheque in lieu or if cash is received in place of a dishonoured cheque it should be recorded in the Register for dishonoured cheques while debiting the cash book, giving credit to the Authorized Advance account stated above.
- (iii) A separate acknowledgement for the remittance in lieu of the dishonoured cheque may be sent to the payer.
- (iv) These transactions should be noted in the bank reconciliation statement. The original credit to the revenue account or any other account will stand.
- (v) This Register should be periodically checked to see whether all outstanding items are settled and if not follow up action should be taken.

- (vi) If any of the amounts on cheques dishonoured is not settled within three months it has to be treated as a loss and appropriate action taken for the recovery.
- (vii) The amount on returned cheque should be shown in the Imprest Account as outstanding until a cheque in lieu or cash is received in place of the dishonoured cheque and credited to the Authorized Advance – Cheques Returned Uncashed Account.

SECTION 4

REPORTING

P.F.R.141 Monthly Reports to Treasury

All major revenue earning departments are required to send a monthly statement of revenue collection to the Provincial Treasury.

Other Revenue Accounting Officers are required to send the revenue reports quarterly to the same authority.

P.F.R.142 Half yearly returns of Arrears of Revenue

Every Revenue Accounting Officer is required to render half yearly return of arrears of revenue at the end of June and December every year within one month of the end of the half year period to the Auditor General with a copy to Provincial Treasury. For this purpose records should be maintained by the respective collecting officers to record the revenue collection due, amounts recovered and arrears at any point of time. Efficient collection methods and proper monitoring of revenue inflows are very essential. Keeping records for arrears on compulsory periodic payments in terms of the applied legal provision is also essential.

P.F.R.143 Control Measures

Adequate internal control measures should be adopted to ensure that all collections are remitted accurately and promptly to the Accounting Officer and there is a reconciliation process between the amounts remitted and amounts accounted for. Special care is necessary to safeguard against 'teeming and lading'.

P.F.R.144 Collection by way of Stamps

144.1 Departments should maintain a record of all revenue recovered by them in the form of stamps. It may be modified, where necessary, to suit the particular requirements of each department. The record should be as accurate as possible, and care should be taken to avoid the same item of revenue being

recorded more than once. The entries in the record should be checked by a responsible officer in the department as and when they are made.

144.2 A return of all revenue should be prepared at the end of each financial year and forwarded to the Provincial Treasury by 31st December.

P.F.R.145 Recovery of Arrears of Revenue

The Revenue Accounting Officer is responsible to the Chief Accounting Officer and to the Provincial Treasury to ensure that special attention is taken in regard to collection of arrears. The position of arrears should be kept under periodic review.

Collection officers are responsible to take all possible measures to recover the dues. Where necessary, legal action should be initiated to recover the arrears. If any part of the arrears cannot be recovered even through the process of law, early action should be taken to have the dues waived.

An officer responsible for any loss sustained by the Provincial Council due to carelessness, neglect, delay or wilful fault in the collection of dues is liable to make good the loss.

The Revenue Accounting Officer also should explain the reasons for any revenue shortfall against the respective estimate of revenue.

(No PFR under 146 to 149)

...the
... ..
... ..
... ..

RECOVERY OF AMOUNTS OF REVENUE

The
... ..
... ..
... ..
... ..

... ..
... ..
... ..

... ..
... ..

(50 P.R. under 140 to 141)

CHAPTER 5

PAYMENTS

Section 1 ▶ Powers and Authority to incur Expenditure

Section 2 ▶ Payment Documents

Section 3 ▶ Mode of Payments

Section 4 ▶ Custody of Documents

CHAPTER 3

PAYMENTS

Section 17 - Powers and Authority to incur

Expenditure

Section 23 - Payment Documents

Section 24 - Mode of Payments

Section 44 - Custody of Documents

SECTION - 1

POWERS AND AUTHORITY TO INCUR EXPENDITURE

***P.F.R.150* Authority and Powers of Accounting Officers to incur Expenditure**

Chief Accounting Officers and Accounting Officers are empowered to incur on their own responsibility, expenditure under their respective Heads authorized by Appropriation Statute, Annual Financial Statement and covered by Warrants referred to in PFR 61 subject to the general control of the Provincial Treasury, exercised in terms of the guidelines and other instructions issued by it. All expenditure should be made in accordance with internal control systems and procedure for delegation of authority. When expenditure is incurred value for money factor too should be considered.

***P.F.R.151* Methods of Payment**

Although the most expeditious and convenient method may be adopted in making payments, having regard to the circumstances of the case, all payments, should however be made subject to rules, regulations, guidelines and other instructions in force.

***P.F.R.152* Local Payments**

Payments are generally made by a Department or Ministry of the Provincial Council as follows:

- (i) By cash
- (ii) By crossed cheque
- (iii) By cheque into the Payee's Account in a Bank
- (iv) By money order
- (v) Electronic transfer/ E-Banking Method
- (vi) Payment facility scheme. (Banks advance money to Departments to meet recurrent expenditure and reimbursed to banks)

P.F.R.153 Foreign Payments

Methods of payment are:

- (i) By letter of credit
- (ii) By demand draft
- (iii) By telegraphic transfer
- (iv) Through Sri Lanka Missions abroad

P.F.R. 154 Organization Structure for Payments

154.1 Payments are done at Provincial Treasury Level:

By Provincial Treasury as a paying office in respect of imprest

154.2 Other Levels:

Provincial Ministries, Provincial Departments, Divisional Secretariats and sub offices of Provincial Departments and other Agencies make payments out of the imprest obtained from the Provincial Treasury.

P.F.R.155 Grant of Allocations

An Accounting officer as Principal can, grant allocations to other Accounting Officers as Agents authorizing them to make payments on his behalf. In such instances the Accounting Officer (Agent) is authorized to make payments within the allocations granted to him and account for them through his monthly summary of accounts furnishing monthly intimation of debits to the Accounting Officer who had given the allocation. This type of payments should be undertaken on receipt of specific allocations and applied only for that purpose.

P.F.R.156 Payment through another Accounting Officer by forwarding a cheque and certified vouchers

An Accounting Officer may with mutual arrangement, forward certified vouchers along with a cheque to another Accounting Officer for specific payments at the latter's office. This method is usually adopted when payments have to be made to employees working in District or Divisional Offices that do not operate as paying

units. The cheques so received should be credited to the General Deposit Account and paid to the respective parties out of the Deposit Account. If the voucher is already signed on a stamp, voucher for payment out of deposit account need not be signed on a stamp.

P.F.R. 157 Source of Funds

For the purpose of meeting public expenditure the Provincial Council raises funds by way of revenue and other receipts of the Provincial Council and by way of grants and loans from the Government.

P.F.R.158 Expenditure from Provisions in the Estimates:

158.1 Authority - All expenditure from provisions in the Estimates should be incurred only with the authority granted by the Appropriation statutes Warrants / and provided in Annual Financial Statement.

158.2 Scope and Extent - The services on which Provincial Council may incur expenditure and the scope and extent of such expenditure are prescribed in the Annual Financial Statement. The Annual Financial Statement also provides the basis of classification of such expenditure in bringing it to account.

158.3 Purpose - The provision in the Annual Financial Statement against each Head - Programme - Project – Sub Project, Object, Object details should be applied by Departments to the purpose or purposes for which it was intended. No expenditure which does not fall within the ambit of the expenditure classification as approved in the Annual Financial Statement should be charged to the provision. If any need arises to meet expenditure on a new service or on account of a departure in policy, the Provincial Treasury should be consulted. Expenditure incorrectly charged to a provision in the Annual Financial Statement is liable to be surcharged.

P.F.R.159 Promptness in Payment

159.1 Due Date - Payments should be made as and when they fall due. A payment is considered as falling due on completion of a service or supplies rendered

and where necessary a claim is presented to the Department. Where it is possible to obtain discount, payment must necessarily be made in time.

159.2 *Payment Calendar* - A payment calendar should be prepared in terms of the cash flow and the pattern of payments falling due. Every month follow up action should be taken to call for accounts or bills for services/supplies rendered and arrangements made to check and pay them promptly. As far as possible, payments should be made within the same month.

159.3 *Delay in Payment* - Any liability arising out of unreasonable delay in payment on the part of the officers concerned may be surcharged against the officers responsible.

***P.F.R.160* Recording of Liabilities**

All liabilities should be noted as and when they are incurred and a proper record kept up to date. These records should be reviewed monthly by Accounting Officers or Authorized Officers and action pursued to reach finality as per target dates. Bills should not be allowed to accumulate for settlement later in the financial year.

***PFR 161* Payment dates for Salaries**

161.1 *Salary Payments* - Salary payments should generally commence on the 25th of each month. There are exceptions in some departments where payments commence earlier with prior approval of the Provincial Treasury. The Provincial Treasury will at the beginning of each financial year issue a Payment Calendar giving the dates of payment of salaries and salary advances. In the case of casual and contract basis employees salary payments should be done during the first week of the following month.

161.2 *Salary Advances* - Salary advances out of the monthly basic salary is payable to Provincial employees at the percentages determined by the Provincial Treasury from time to time.

- (i) Only monthly paid employees are entitled and the amount payable should be rounded up to the nearest hundred rupees within the entitlement.

- (ii) An advance could be paid at the option of the officers given at the beginning of the financial year and will be valid up to December of the same financial year. An option can be exercised during the course of the financial year and that too will be valid up to the end of the financial year.
- (iii) The advances should be paid monthly on the due date charging to the provision from which salaries are paid. At the end of month, net salary after deducting the advance, should be paid by debiting the appropriate provision.

161.3 Daily Paid Employees - In the case of daily paid employees the Accounting Officer may authorize an advance within the amount of wages earned up to the date of payment.

P.F.R.162 Provision not to be Transferred and held in any Account to meet Impending Payments

No portion of the financial provision made in the Annual Financial Statement should be transferred to any account to meet impending payments without prior approval of the Provincial Treasury. Under no circumstances should provision be transferred to a Deposit Account.

Where orders have been placed on foreign firms direct, through local agents, on Letters of Credit, sufficient time should be given for execution within the financial year. Where goods ordered have been shipped and shipping document issued on or before 31st December, but owing to shipping delays or other unforeseen circumstances delivery could not be effected by 31st December, the amount required for payment for such orders may be transferred to a Deposit Account, with the approval of Provincial Treasury. In such cases, payments should be made from the Deposit Account during the next financial year.

P.F.R.163 Payments not to be Deferred to avoid Excess

Expenditure properly chargeable to the accounts of a financial year should be met within that year. Such payments should not be deferred for the purpose of avoiding an excess on the amount provided in the estimates. Departments should take prompt action to arrange additional provision, if required, to avoid any excesses.

163.1 Advance Payments to Government Departments / Institutions:

CAOO or AOO can make advance payments for Government Departments, Electricity Board and Water Supply and Drainage Board etc. if such institutions insist on advance payments.

163.2 Advance payments to Corporations, other Provincial Councils and Local Authorities:

Advance payments may be made in terms of an agreement / contract entered with a bond or bank guarantee for relevant amount in the case of Corporations other Provincial Councils and Local Authorities where necessary.

163.3 Payments of Advance:

An advance in specific instances may be paid when the actual payment cannot be determined until the event is over.

(i) Responsibility of the approving authority

The amount of advance should be determined according to:

- (a) the estimates
- (b) level of the responsibility
- (c) requirement of the advance

(ii) Settlements of the advance

After completion of the supply/work or services advance should be settled within ten working days. Otherwise advance should be recovered from the responsible officer. In the case of large contracts the conditions of contract shall apply.

P.F.R.164 Completion of Payments within a Financial Year

164.1 Closing of Accounts - Accounting Officers should stress upon their officers the necessity for completing as far as possible, all payments falling due in a financial year before the close of accounts for that year. Any willful neglect may entail personal pecuniary liability on the part of officers responsible for such act.

164.2 *Claims of Employees* - In the case of employees, perfected claims should be presented well in time to the paying office. Officers who delay or neglect to furnish their claims in time will run the risk of their claims being totally or partially disallowed

***P.F.R.165* Advances granted to Public Officers for Travelling on Duty in Sri Lanka.**

165.1 *Scope*: These are advances to meet travelling expenses in Sri Lanka and in the nature of personal advances to be settled in full by the officers concerned when they submit their claims for the travelling expenses incurred.

165.2 *Record and Recovery*: The officers responsible for granting these advances should maintain adequate records to indicate the advances granted and the recoveries made, along with other relevant particulars. They should ensure that these advances are recovered in full from the appropriate travelling claims submitted by the officers concerned. If travelling is not undertaken the advance should be refunded immediately. If travelling claims are not submitted within ten working days, after the journey of the officer, action should be taken to recover the advance in full from the salary of the officer concerned in one lump sum. Officers who draw such advances are specially enjoined to settle them without delay. Serious notice will be taken of any delay or other lapse on the part of any officer in the settlement of an advance granted to him.

165.3 *Settlement of Advances granted*: Advances granted by Departments need not be brought to account through the monthly Summaries of Accounts or Schedules of Payments. These advances will be treated as imprest balances in hand of these departments.

When an advance is paid to an officer prior to his transfer to another station, particulars of such advance should be intimated promptly to the department to which he is transferred requesting it to effect recovery and to forward a cheque for the full amount so advanced. All recoveries in this respect should be credited to the account from which the advance was made. Before any credit is accepted, the corresponding debit should be verified.

P.F.R.166 Payments in a subsequent Financial Year

If payment is not made in the financial year in which it falls due, the following course of action should be taken.

166.1 *Claims falling due in December of the preceding financial year:*

Claims due for payment in December of the preceding financial year may be paid in the following financial year before the end of March by charging to the corresponding object code provided the delay is reasonable. Payments not made before end of March require a certificate under 3 below.

166.2 *Payments falling due before November 30 of the preceding financial year:*

All cases of payments falling due before November 30 which had not been made within that financial year should be brought to the personal notice of the Accounting Officer stating the reasons and the explanation of the officer or officers concerned. The Accounting Officer will decide whether any part of the payment should be surcharged against the officers responsible. If so decided a copy of the authority should be sent to the Auditor General.

166.3 *Authority for lapsed payment:*

Lapsed payments referred to in 1 and 2 above may be made in the subsequent financial year on a certificate of a duly authorized officer (Accounting Officer) who should indicate in the voucher, the circumstances under which payment was delayed and that he is satisfied that the delay was unavoidable.

166.4 *Claims of any previous financial years:*

Claims of any financial year prior to the preceding year should, whatever the reasons be, referred to the Chief Accounting Officer for a decision as prescribed above.

166.5 *Salaries:* Provisions of 2, 3 and 4 above are not applicable to salaries and cost of living allowances paid in the following year.

166.6 *Non availability of Provision:* Lapsed payments may be made from the current year's provision, subject however to above procedure. If provision is not adequate transfer of provision procedure should be followed failing which additional provision should be obtained.

166.7 Exceptions:

- (i) The above requirements are not applicable to, payments from
 - Advance Accounts
 - Deposit Accounts
 - Refunds from Revenue and
- (ii) To categories of payments in respect of services rendered at the later part of the financial year which are normally provided in the subsequent financial year such as Electricity, Telephone and Water bills.

P.F.R.167 Ex-gratia payments by way of Compensation:

167.1 Act of Grace – The Provincial Council is not liable to pay compensation for any loss or damage suffered by the public in the performance of the legitimate duties of a public officer. However the grant of compensation as an act of grace may be considered by the Provincial Council in exceptional cases from the appropriate provision. In such an event an application should be made to the Provincial Treasury.

167.2 Private Parties - Any compensation paid to private parties out of Provincial funds even on Court order should be intimated to the Provincial Treasury as the resulting loss to the Provincial fund may entail a surcharge.

167.3 Public Officers - As regards loss or damage to property belonging to Provincial officers or loss of life or injury to a Provincial officer in the discharge of his duties, applications for compensation should be made to the Provincial Treasury.

P.F.R.168 Withdrawals from Deposits

168.1 Certification - All withdrawals from deposits should be on the specified form certified by two officers.

168.2 Availability of Funds - There should be adequate funds in the account to withdraw a deposit and the withdrawal should not exceed the amount held in deposit.

168.3 Certification - First Signature - The officer certifying first should see that:

- (i) the payment has been duly authorized
- (ii) the gross amount to be paid is correct
- (iii) the payees whose names appear on the vouchers/requisitions are the persons entitled for payment
- (iv) the payment has not been made before
- (v) the necessary recoveries have been made
- (vi) the amount payable is the correct charge to the account indicated
- (vii) the particulars and the amount have been noted in the deposit ledger.
- (viii) the voucher is accurate and complete in all respects.

168.4 Certification -Second Signature - The other officer should verify that:

- (i) the payment is in order and appropriate
- (ii) there is authority and that it has not been paid before

SECTION - 2

PAYMENT DOCUMENTS

P.F.R.169 Vouchers

169.1 Forms Prescribed - All payments should be supported by- vouchers, prepared accurately and completely in the prescribed forms. If the law prescribes a particular form that form should invariably be used. The following forms should generally be used in the Provincial institutions

(i) For Salaries	----	NPC 33
(ii) For Wages	----	NPC 36
(iii) For General Payments/Imprest & Advance Payment	----	NPC 35
(iv) For Overtime	----	General 35A
(v) For Travelling Expenses	----	NPC 177/178
(vi) For Refund of Deposits	----	NPC 70
(vii) For Refund from Revenue	----	NPC 29
(viii) For Transfer Payments	----	General 127

169.2 All payments should follow the delegation procedure, which the Accounting Officer has to authorize at the beginning of each financial year.

169.3 All payment vouchers should follow the four distinct stages of expenditure authorization, approval, certification and payment. The Internal control system of the organization should be followed in all payments.

169.4 Other Formats - Chief Accounting Officers may approve other formats for use for above purposes depending on individual requirements of the Departments, under their control. But the particulars of the basic format should not be changed.

P.F.R.170 Preparations of Vouchers

- 170.1 Originating a Voucher** - Except otherwise provided for, a voucher may be prepared by the Approving Officer and passed on to Certifying Officer for certification. In the case of payments to staff or certain categories of payments to outside parties, the relevant claim or voucher may originate from them and be presented to the respective approving office for payment.
- 170.2 Preparation and Checking** - Officers who prepare vouchers as well as officers who check them should mention names and also initial in the spaces provided for the specific purpose.
- 170.3 Classification** - Classification of expenditure should be correctly done. In the case of expenditure from the annual financial provision, the Head, Programme, Project, Object, Code etc. should be given as in the Annual Financial Statement. In other cases the Code and the description of the account and sub account should be stated. The Code, Sub Code, Item and description of accounts should correspond exactly to the titles appearing in Main Ledger or subsidiary ledgers of the Provincial Treasury and also the Departmental books of accounts.
- 170.4 Vouchers for refund from Revenue** - Vouchers for the payment of refunds from revenue should be headed "Refund Account" and the Appropriate Revenue Code indicated thereafter. All refunds from revenue which are authorized by the Provincial Treasury or delegated authority can be made through Ministry or Department concerned with proper supervision and control in accordance with relevant circulars and guidelines.
- 170.5 Particulars of Service rendered** - All vouchers should contain full particulars of service rendered with reference to dates, numbers, quantities, distances, rates etc. to enable them to be checked, as far as possible, without reference to any other document.
- 170.6 Reference to annexures** - Where certificates, sub vouchers, under receipts or other documents are attached to the payment vouchers, the fact that they are annexed should be indicated on the voucher itself with brief details.

- 170.7 Petty Payments** – When a number of payments of similar nature of small value and chargeable to the same object code of expenditure or to the same account arise, they may be included in one voucher, the receipts of the payees being annexed as sub vouchers.
- 170.8 Gross Amount** - The voucher should always be prepared for the gross amount to be debited to the financial provision or other account. Any recoveries due should be indicated on the body of the voucher itself.
- 170.9 Amount to be expressed in words** - The amounts for which the voucher or abstract is drawn should be entered in words as well as in figures. Care should be taken not to leave space in between for any fraudulent interpolations before or after every entry.
- 170.10 Recoveries** - When a recovery has to be made from a payment, the full amount due, unless otherwise authorized, should be recovered. When an amount is due to Provincial Council from a payee on one account it may be recovered from the amounts due to him on any other account.
- 170.11 Computerized Accounting** - Additional details such as Ledger Type, (i.e. letter 'V' for Vote, 'D' for deposits) whether payment is from facility account or not etc are required for the transaction to be entered into CIGAS.

P.F.R.171 Entries of recoveries in payment vouchers

- 171.1 Recovery of full or part of the amount payable:** When a recovery has to be made from the amount of a voucher, only the balance due if any should be paid to the payee. If the full amount of the voucher has to be recovered and the recovery can be settled by transfer entry, the voucher should be crossed and marked "X Entry" in red ink and full particulars of credit should be given thereon. It will be treated as a "X Entry". If the recovery cannot be settled by "X Entry" the recovery should be settled by drawing out a cheque in favour of the Head of Department or other party concerned. If only a part of the amount of the voucher has to be recovered, the recovery or recoveries should be, shown as follows, indicating separately the amounts to be settled by X Entry, by cheque, etc.

		Rs. Cts.
Pay Cash	
Issue cheques in favour of		
(i) -----	Rs.....
(ii) -----	Rs.....
(iii) -----	Rs.....
X Entry to be credited to: (Account and details)		
(i) -----	being
(ii) -----	being
(iii) -----	being
Total of Voucher		----- =====

In the Cash Book (Form Gen. 58) the X Entry items will appear on both sides in the Cross Entry columns.

171.2 Other Departments - Recoveries made by any Department on account of Income Tax or any other item of revenue payable to the Department of Inland Revenue, should be remitted by cheque to that Department along with schedules of recoveries or other particulars required. They should not be settled by Transfer Payment.

P.F.R.172 Special Certificates

172.1 When a voucher is certified for payment for any of the services prescribed in Column I of the Schedule below, the instructions given in Column 2 thereof should be complied with in the manner applicable in each case.

Schedule

<i>Column 1</i>	<i>Column 2</i>
A. Contracts	
(i) Supplies made or work done under agreement or contract	A certificate should be appended to the effect that the supplies have been made or the work has been done, satisfactorily and in terms of the contract or agreement, and that the payments recommended are in accordance therewith.
(ii) On account payments	A certificate should be appended to the effect that the amount paid is fully covered by the supplies made, or the works performed, and that the payment is in order and in terms of the contract or agreement, if any.
(iii) Retention money	A certificate should be appended to the effect that the work is completed and in good order and condition that the time limit, if any, after the completion of the work, or supplies made has elapsed; and the terms and conditions of the contract have been fully satisfied.
B. Payments for Stores supplies	A certificate that the articles have been received and that they have been brought on charge in the appropriate inventory, stock book, etc., should be appended giving folio numbers.

<p>C.Claims in reimbursement. Where provincial public officers present claims in reimbursement of expenditure incurred by them on official business</p>	<p>Actual receipts for expenditure incurred must be produced, and attached to the voucher as under-receipts. In respect of small items of expenditure, when such receipts cannot be produced, the officer concerned must certify on honour that the charges have been incurred solely on the public service and were actually paid by him. However, a certificate or authority or order of the officer authorizing and/ or approving the service or expenditure should be given on the voucher or on the under receipts.</p>
<p>D. Paysheets.</p>	
<p>(i)Salary after appointment, secondment, transfer, promotions etc.</p>	<p>When salary is paid to a post in the authorized cadre for the first time the letter conveying the relevant authority including letter of reporting duty must be quoted on the Pay Ledger, subject to the regulations relating to medical examination, furnishing of security. Establishment authorities are responsible for reporting the pay ledger details of half pay and full pay leave, vacation of post, deduction of salary and / or any other deduction to be made from the pay sheets</p>
<p>ii) Increments</p>	<p>A certificate, in terms of the Establishment Code designed to indicate that the officers concerned have earned their increments. Similarly any suspension or stoppage of increment should be informed.</p>

(iii) Certification of Paysheets	Before a pay sheet is certified by a Certifying Officer, it should bear a certificate at the bottom of it, to the effect that Personal Emoluments Register, for the month have been completely entered up, totalled and reconciled and W&OP reconciled with total payments. This is, however, in addition to other requirements relating to pay sheets.
E. House allowances	A certificate from the Head of the Department that the officer has not occupied Government quarters for the period for which house allowance is drawn.
F. Fixed Transport and Commuted Allowances.	Certificates required in terms of the Establishment Code should be appended.
G. Witnesses Expenses.	Vouchers for expenses incurred by Provincial public officers required to attend Courts of Justice on matters directly connected with the discharge of their public duties, Certificate of attendance in Courts should be appended.
H. Release of Security	
(i) of Public Officers;	Security should be released only after a "No Claim" certificate has been issued by the Head of the Department.
(ii) of private parties	Security to be released only on a

	certificate that payment or release is due in terms of the contract entered into and that it has been wholly performed.
I. Other specific authority.	
(i) When specific authority is granted for any expenditure;	The number and date of the letter of authority should be entered on the voucher (if convenient a copy of the authority may be attached)
(ii) Where an authority has been conveyed by endorsement	Authenticated copies of the applications and the endorsements; or authenticated extracts there from, which include, as far as possible, the whole subject, should be attached.
J. Refunds to Local Authorities	Dates of credit of the amounts to the respective funds should be indicated on the vouchers. If the item forms part of a lump sum, the sum should be quoted.

***P.F.R.173* Pay-Sheets**

173.1 *Sanctioned rates of salaries, etc.* - Salaries, wages, allowances and other emoluments should be paid in accordance with sanctioned rates, and payments should not be made otherwise. Payment of salaries should be limited to the approved cadre.

173.2 *Wages* - The period for which daily paid wages are paid should not, in any circumstances, extend beyond the date of payment.

173.3 *Authorized deductions from Salaries and Wages* - Deductions from Pay Sheets should generally be of an official nature. The deductions so authorized are given below. If the deductions cannot be shown on the abstract, the

details may be given as a memorandum at the foot of the pay sheet or on the reverse of it.

- (i) Statutory Deductions - W. & O.P, National Insurance Trust Fund, Health Insurance, Income Tax etc.
- (ii) Departmental Recoveries - Loans to Public Officers, Surcharges, Security, Fines, Rent, Fuel Charges, Electricity dues, Telephone bills, Advances for Travelling or any other purpose, Stamp Duty etc.
- (iii) Remittances to any two Banks operated in Sri Lanka, any one Insurance Company, etc.
- (iv) Remittances to Recognized Lending Institutions – Public Servants Mutual Provident Association (P.S.M.P.A), Government Officers Benefit Association (G.O.B.A)., Lady Lohore Loan Fund, Co-operative Thrift Societies, National Housing Development Authority, State Mortgage and Investment Bank, HDFC Bank etc.,
- (v) Voluntary Contributions - Trade Union Subscriptions, Departmental Welfare Association Subscriptions, Subscriptions to Departmental Sports and Recreation Clubs and Seva Vanitha Branches.

The approval of Provincial Treasury is required for any additions to the above list.

173.4 *Limit of deductions from salary or wages for a month* - The total deductions on the salary or wages of a month should not exceed 40 per cent thereof. All statutory deductions and certain deductions notified by the Provincial Treasury from time to time are exempted from this rule.

The following are examples of non-statutory recoveries exempted from the authorized limit:-

- (i) Festival Advance recoveries;
- (ii) Recovery of Monthly Salary Advance
- (iii) Recoveries on account of salary overpayments, including half-pay and no pay leave.
- (iv) Property loan installments inclusive of interest;

- (v) Donations to the Government or Provincial Council
- (vi) Dues to the State
- (vii) Amounts due to the National Housing Development Authority and State Mortgage and Investment Bank, HDFC Bank etc.

173.5. *Payment to a Bank Account* - The net salary or wages, of an employee may be paid into his bank account. In this situation employees must submit an acknowledgement or sign in their pay sheet within two weeks from salary date, until such time future payment should be stopped.

P.F.R.174 Certification of Vouchers

174.1 *Certification* - All vouchers must be certified by the Certifying Officer by completing the form of certificate printed on the voucher.

174.2 *Duplicate Voucher* - Certifying Officers should not certify more than one voucher authorizing payment for one and the same purpose. If additional copies are required they should be marked "Duplicate" across the- full face of it.

174.3 *Recording in Books* - Particulars of all vouchers should be recorded in the relevant books of accounts before certification.

174.4 *Period of Validity* - All payment vouchers should be marked "Payable within 30 days from the date of issue". If it is in the month of December it should be marked "valid for payment up to 31st December"

174.5 *Extension of Validity* - If for any reason the period of validity has lapsed before presenting for payment it should be referred to the Certifying Officer for revalidation.

PFR 175 Scheduling

175.1 When a number of vouchers are presented together for payment at an Office of Payment, they must be arranged and scheduled in the same order as the Programme, Project, Object Code etc., appearing in the Annual Financial Statement. The total on each Object Code must be entered in the Schedule,

and the grand total of the schedule must appear at the bottom. The vouchers must be numbered consecutively in the order they are listed in the schedule.

175.2 Where it is convenient to draw out one Cheque, Pay Order, Bank Draft; etc. in payment of a number of vouchers, the latter may be scheduled as indicated in 1 above. In every case the schedule should also be certified.

P.F.R.176 Specimen signatures to be sent to the Paying Officers

176.1 *Specimen signatures* - Whenever vouchers certified in one office to be presented for payment to a Paying Officer at another office, the specimen signatures of the officers authorized to certify vouchers should be sent to the Paying Officers, to enable them to verify the signatures on the vouchers at time of payment. The number of copies of specimen signatures required will be determined by the Paying Officers.

176.2 *Subsequent Changes* - All subsequent changes as regards the officers authorized to certify vouchers, should be notified, and fresh specimen signatures sent where necessary.

176.3 *Signatures to be verified before payment* - No payment should be made unless the signature of the Certifying Officer on the voucher has been verified, with his specimen signature.

(The term "Office" in these rules means and includes a branch office or a separate unit.)

P.F.R.177 Payments to be made only on Certified Vouchers

All vouchers should be certified before they are presented for payment to a Paying Officer. It is the duty of every officer passing a voucher for payment or making payment thereon, to see that a voucher accepted for payment has been correctly prepared and duly certified by an officer who has been authorized to do so. Any payment made on an uncertified voucher will amount to an unauthorized payment and will be surcharged against the officer responsible. Any alteration should be duly signed by the certifying officer.

P.F.R.178 Payments to Correct Party

178.1 Identity of Party - Payments must be made only to the persons named in the vouchers or to their legal representatives. All precautions should be taken against payments to wrong parties. The Paying Officer should therefore, satisfy himself with regard to the identity of the payee if he calls for payment. The payee should be required to produce his/her National Identity Card or any other valid identity and the number/reference should be recorded on the payment voucher. In case of doubt, the payee should be identified by one or more responsible persons, acceptable to the Paying Officer, and such persons should sign as witnesses to his/her identity and signature. Where the payee is unable to write, his/her thumb impression should be obtained in the presence of the witnesses who will certify on the voucher, that payment was made to the correct person, and that the thumb impression is bona fide.

178.2 Payment to legal representatives - When payment is made to a legal representative, the authority under which the payment is made, e.g. Powers of Attorney, Letters of Administration, should be registered in the Department of Registrar General with copy to the Provincial Treasury and Auditor General. Reference to such authority should be quoted on the vouchers, except where the law permits of a declaration being substituted for Letters of Administration in cases of succession to small Estates. The legal representative should be required to produce his/her National Identity Card or any other valid identity and the number/reference thereof should be recorded on the payment voucher.

178.3 Loss to Provincial Council - Officers are liable to be called upon to make good any loss to Provincial Council arising out of fraud, neglect, irregular payment, payment to incorrect party, or for disregarding any special rules and regulations, which are applicable.

P.F.R.179 Recording

179.1 Vouchers to be numbered - In computerized Accounting all payments made should initially be posted to the Daily Memorandum of Payments and thereafter recorded in the Computerized Integrated Government Accounting System (CIGAS) electronic Cash Book and any other books of accounts prescribed for the purpose. The vouchers on which the payments are made

will support the entries in the Cash Book and the debit entries in the Ledgers. The entries in the Cash Book should be consecutively numbered and these numbers entered in the corresponding vouchers.

179.2 *Number of the cheque to be quoted on vouchers* - Where payment is made by cheque, the number of the cheque should be quoted on the voucher and against the appropriate entry in the Cash Book.

179.3 *Adequacy of Funds for Payments* - The Cash Book should be totalled and the balance ascertained daily. No payment should be recorded in the Cash Book, or a cheque drawn out for payment, unless there is sufficient money available. Action should be taken to ensure that sufficient money is available to meet the current as well as the impending payments, without interruption, by making an appropriate application to the relevant authority well in time for necessary funds.

179.4 *Monthly reconciliation with ledgers, registers, etc:* Arrangements should be made to reconcile monthly & periodically the payment side of the Cash Book with the payment entries in the other books of account.

179.5 *Computerized Accounting* - In the case of computerized accounting through CIGAS once the electronic Cash Book is posted from the Daily Memorandum of Payments; the other accounts are automatically updated.

179.6 *Date of payment recorded in the Cash Book* - All payments must be brought to account under the date on which payment is made. All payments brought to account in the Cash Book in a particular month should be recorded as charges in the relevant accounts in the same month.

179.7 *Paid Stamp* - All vouchers paid and supporting documents attached thereto should be stamped with the "PAID" stamp, which should bear the date of payment as recorded in the Cash Book. Unless this is done in every case, there is danger of vouchers being presented for payment a second time.

179.8 *Initialing of Paid Vouchers* - Immediately after payment (in the case of a payment by cheque, at the time of signing it), the Paying Officer should sign or initial the paid voucher or vouchers involved and the supporting

documents, preferably on the mark of "Paid" stamp, or in a particular position specified on the document.

SECTION - 3

MODE OF PAYMENTS

P.F.R.180 Cheque Payments

180.1 *Remittance by Cheque or Money Order* - Where the payee does not call for payment, the amount on a voucher may, when expedient, be remitted by cheque crossed "NOT NEGOTIABLE" and "ACCOUNT PAYEE ONLY" or on specific request by money order. A memorandum giving reference to the bill, nature of service performed and other particulars, if any, necessary for the identification of the payment should also accompany the remittance. The connected voucher should not be sent with the remittance to be receipted and returned, but a receipt should be called for and carefully pinned or pasted to the voucher in such a manner as to prevent it getting easily detached.

180.2 *Record of cheques and money orders* - Where payments are made by cheques, records of particulars of cheques sent by post should be maintained. Similar records of money orders applied for and despatched should be maintained when payment is made by money orders.

If a payee habitually delays to furnish receipts for remittances made to him, or if difficulty is otherwise experienced in obtaining a receipt after payment, the Accounting Officer may authorise calling for a receipt before payment.

180.3. *Validation of cheques:* Generally validation of cheques should be limited to thirty days. However validity can be extended at a time up to maximum of ninety days.

PFR 181 Receipts required for Payments

181.1 *Acknowledgement* - Every payment should be supported by a receipt from the payee, duly stamped where necessary, in acknowledgement of the gross amount of the voucher. Only one receipt can be demanded in respect of each payment, even if such payment relates to more than one voucher. In such

cases the receipt should be attached to one voucher and cross reference given in all other vouchers to which the receipt relates.

181.2 Alteration - Any alteration in the amount expressed in the receipt should be authenticated by the recipient.

181.3 Stamp Duty - A receipt given by an officer for money paid to him by way of Imprest, or an adjustment of an account where he derives no personal benefit therefrom, is not, unless specially required by law, chargeable with stamp duty. Payments of combined and other allowances, in reimbursement of expenses actually incurred, are likewise exempted.

***P.F.R.182* Payments to several employees on one Pay list, Pay sheet, etc.**

When payments have to be made to several employees on the same voucher, pay sheet, pay lists. eg:- salary advance, overtime payments and the payment of monthly salaries and wages;

- (i) the officer making payments should be satisfied with regard to the identity of the employees and be responsible for the payments. In case of doubt, a payee should be identified by one or more responsible persons acceptable to the paying officer, and they should sign as witnesses to the payee's signature and identity; a payee may also be required to produce his/her National Identity Card or any other valid identity.
- (ii) at the end of the day's payments, if there are any unpaid items, a statement of such items should be prepared so that the balance of cash in hand may be reconciled with the unpaid items of the pay sheets;
- (iii) when payment is made thereafter, the same procedure as under (i) should apply;

***P.F.R.183* Receipts for salaries, wages, etc.**

Payee - The salary or wages of an employee should, as a rule, be paid to the employee himself or to his bank account and his acknowledgement therefor obtained on the relevant pay sheet or pay list. A separate receipt may be obtained in the following circumstances:-

- (i) Where an officer is unable to call for payment owing to distance from the office of payment, and his salary or wages are paid by cheque or official money order;
- (ii) Officer on circuit;
- (iii) Where, since the time of drawing up the pay sheet, the officer has been transferred to another station;
- (iv) Officers on duty or on leave abroad who desire payment to be made in Sri Lanka;
- (v) Where an officer is ill or absent on leave and his salary or wages are sent by post, as in (i) above;

Whenever a separate receipt has to be obtained, it should, as a general rule, be obtained before making the payment. In cases falling under (i) to (v) above, a departure from the general rule of obtaining receipts before payment, may be made only with the personal authority of the Paying Officer concerned given generally or specifically.

P.F.R.184 Officers absent

When an officer, the payment of whose salary or wages is provided for in cash, cannot call for payment, owing to illness or absence on leave or for other special reasons, his salary or wages may be paid to another person duly authorized by the payee, in writing, provided that the following requirements are satisfied –

- (i) the officer concerned has furnished a receipt for the payment
- (ii) the Paying Officer has approved payment to the person authorized, after satisfying himself as to –
 - (a) the identity of the person authorized;
 - (b) genuineness of the letter of authority produced; and
 - (c) the cause of absence or inability of the payee to call for payment;
- (iii) the person authorized acknowledges receipt of the amount paid; and
- (iv) one or more responsible persons acceptable to the Paying Officer, sign as witnesses to the signature and identity of the bearer.

The letter of authority, with the Staff Officer's order thereon, and the acknowledgment of the person authorized by the payee, should be attached to the pay sheet or voucher along with the receipt furnished.

P.F.R.185 Life Certificate / Performance Report

An officer absent on leave or on duty, outside the Island, whose salary is paid to another person or remitted to a bank in Sri Lanka, should submit a life certificate attested by a responsible person or performance report from the relevant Educational Institution as applicable in order to pay his salary. The receipt of payment should be obtained from the authorized persons to receive the salary in Sri Lanka. The Chief Accounting Officer /Accounting Officer may, however, waive this requirement of a life certificate if he is personally aware that the officer concerned is alive.

P.F.R.186 Cash drawn out separately for payments on pay lists, pay sheets, etc.

Whenever cash is drawn out separately for the purpose of making payments to several persons on pay sheets, pay lists, etc. the amount remaining unpaid at the end of each day, should be carefully checked and reconciled with the connected documents, and both the cash and the relevant pay sheets, pay lists, etc., should be locked up in a safe or other place of security prescribed for the purpose.

- (i) Payments on such pay lists, pay sheets, etc., should be closed not later than 14 days from the date of commencement of payments.
- (ii) The amounts remaining unpaid at the end of the period indicated in (i) above, should be disposed of by crediting them to surcharge or other appropriate account.
- (iii) Care should be taken to reverse the entries made for abatements where necessary.

SECTION 4

CUSTODY OF DOCUMENTS

***P.F.R.187* Paid Vouchers**

187.1 Custody: All paid vouchers should be kept in safe custody in the consecutive order of their numbers until they are disposed of as in 3 below. Within that time, action should be taken to see that all vouchers are perfected and made ready for Audit. Officers having custody of paid documents should keep them under lock and key to prevent unauthorized persons having access to them. Acknowledgments should be obtained when paid documents are passed on to any officer even for official purposes. Officers responsible for the loss of any paid document may be dealt with under disciplinary procedure. They may also be called upon to make good any financial loss to Provincial Council.

187.2 Missing vouchers:

This falls into two categories

- (i) where there is evidence to support the bona fides of the payment
- (ii) where there is no evidence to support the bona fides of the payment.

In regard to category (i) above, it will be a matter for the Auditor General to determine whether, on the evidence available, the payment can be passed in audit. In every case where the Auditor General declines to pass the payment, the Accounting Officer should immediately make a report to the Provincial Treasury through the Chief Accounting Officer. In regard to category (ii), the Accounting Officer should, immediately after any vouchers have been reported lost, notify the Provincial Treasury through the Chief Accounting Officer, with a copy to the Auditor General.

In the report to the Provincial Treasury, the Accounting Officer should set out the history of the case and the reasons why evidence is not available. The Chief Accounting Officer should examine the responsibility of the officers concerned and make specific recommendations with regard to the recovery, partially or fully, of the amounts paid on the vouchers reported missing.

- 187.3 *Paid vouchers to be sent to Audit:*** All paid vouchers should be made available to Audit monthly, not later than four weeks from the end of the month to which they relate. Where, however, vouchers have to be forwarded to the Head Office, for renewal of imprest or other purpose, the latter will send them to Audit along with its own paid vouchers.
- 187.4 *Paid vouchers that cannot be sent to Audit on due date:*** Where there is a delay on the part of departments in making available "paid" vouchers to the Audit owing to the departments themselves requiring such documents for some immediate purpose, photo copies of such vouchers, duly certified, should be sent to Audit. It should be noted that a certified photo copy of a voucher is essentially an intimation that the original voucher will follow as soon as it can be released, and action must be taken accordingly. Certified photo copies of vouchers will in no circumstances be accepted by Audit as proof of payment.

***P.F.R.188* Unpaid Wages**

The Paying Officer who had drawn money for payment of wages should not retain them for more than 14 days from the date of commencement of payment. Any unpaid wages remaining in the hands of the Paying Officer should be recorded in the register of Unpaid Wages and the money refunded to the officer originating the payment and a receipt obtained for same. The word "Unpaid" should be written on the pay list against each unpaid item. When an unpaid item appearing in the Unpaid Register is paid subsequently the voucher should be drawn only for the net amount and paid. The date of payment and the details should be noted in the register and authenticated.

***P.F.R.189* Transfer Payments**

- 189.1 *Definition*** - Settlement of transactions between accounts or departments, other than by transmission of money between them, is referred to as Transfer Payments.
- 189.2 *When Transfer Payments occur*** - These payments are resorted to when inter departmental or inter account transactions or correction of errors are

involved. These adjustments are done in the case of accounts appearing in the Provincial Treasury books.

- 189.3 *Accounting of Transfer Payments*** - Accounting of Transfer Payments should be done through the Monthly Summary of Accounts rendered to the Provincial Treasury. These payments can be accounted for even after the close of the financial year through supplementary summaries of accounts, as specified in the instructions issued by Provincial Treasury.
- 189.4. *Allocation to be obtained for debits*** - If the transfer payment gives rise to a debit to a programme/project/account controlled by another department a prior allocation should always be obtained
- 189.5 *Intimation of Debits and Credits*** - A debit or credit raised to a programme/project or account controlled by another department, in effecting a transfer payment, should be immediately notified to the department concerned, indicating the exact amount involved and the month in which it was brought to account.

***P.F.R.190* Supplies and Services Rendered by one Department to Another**

When supplies and services are rendered by one department to another for which a charge is imposed by the department rendering the services or supply, the transaction may be settled between the two departments either by a transfer payment or by a payment made by cheque. The arrangements most convenient to two departments involved may be adopted so as to ensure the expeditious settlement of accounts. If payment by cheque, etc. cannot be made before the 31st of December, of the financial year, settlement of the transactions can still be effected by transfer payment.

(No PFR under 191 and 192)

These amounts are to be paid to the...
of the...
of the...

It is to be noted that the...
of the...

The...
of the...

Supplies and Services Rendered by one Department to another

When supplies and services are rendered by one department to another...
of the...
of the...

The...
of the...

CHAPTER 6

CUSTODY OF MONEY IMPRESTS AND BANK ACCOUNTS

Section 1▶ Security and Custody of Public Money

Section 2▶ Counterfoil Books

**Section 3▶ Boards of Survey on Cash, Stamps, Securities
etc.**

Section 4▶ Imprests

Section 5▶ Bank Accounts

THE BANKING ACT, 1946

CHAPTER 8

CUSTODY OF MONEY, INTERESTS AND BANK ACCOUNTS

Section 12 - Security and Custody of Public Money

Section 14 - Central Bank

Section 15 - Board of Survey on Cash, Stamp, Securities

etc.

Section 16 - Interest

Section 17 - Bank Accounts

Section 18 - Offences

SECTION – 1

SECURITY AND CUSTODY OF PUBLIC MONEY

P.F.R.193 Responsibility of Accounting Officer for Security

193.1 *Custody:* It is the duty of every Accounting Officer to ensure that adequate arrangements are made for the safe custody and preservation of Public money, stamps, tickets, securities, stores, equipment or anything else of value which either belongs to the Provincial Council or though not belonging to the Provincial Council is kept in its permanent or temporary custody. He should also take steps to ensure that the appropriate officers furnish security.

193.2 *Maintenance and proper use:* The arrangements envisaged above should also extend to the adequate maintenance and proper use of the articles in custody. They should also cover cases of absence on leave or otherwise of the responsible officers, changes among them (such as transfers), and questions of handing over and taking over as a result of such changes.

193.3 *Loss sustained by Provincial Council:* If at anytime the Provincial Council sustains a loss by reason of the neglect or willful fault on the part of any officer, in the custody or disposal of public money, stamps, tickets, securities stores, etc., he will be liable to be surcharged with the amount.

P.F.R.194 Articles which must be kept in Safes, Strong boxes, etc.

194.1 The following articles should always be kept in safe custody in a vault, safe, strong box, strong room or any other lockable cupboards in the office specially provided for the purpose, until they are duly disposed of :-

- (i) All public money (including cheques, money orders etc.).
- (ii) Stamps, tickets of saleable value etc,
- (iii) Counterfoil books, such as licence books, receipt books and other forms having monetary value,
- (iv) Cheque books, Pay Order Books, Draft Books etc. and any written and unwritten loose leaves of such books,

- (v) All productions in any court proceedings, whether of monetary value or not. Where the court makes a special order for safe custody of any productions, the terms of such order should be complied with.
- (vi) Anything of monetary value in Provincial Council custody as are not referred to in (i) to (v) above, whether or not they are the property of Provincial Council (e.g. Savings Bank Pass Books for security deposits, etc.).

194.2 Records of articles kept in Safe Custody – Records of the articles lodged in, or withdrawn from safe custody, should be maintained by the officer responsible, e.g.:-

- (i) Vault Book for amounts deposited in or withdrawn from a vault;
- (ii) Register of Productions for production in court;
- (iii) Petty Cash Registers for Petty Cash; and
- (iv) Register of Securities specified by Provincial Treasury for Securities.

An officer of staff rank or any other authorized officer should authenticate entries of deposits and withdrawals.

194.3 Methodical arrangement of articles – Articles kept in safe custody should be arranged methodically, so that an article required may, at any time, be easily located.

194.4 Small safes to be built into wall – Small safes should be built into the wall of the room where they are kept.

P.F.R.195 Keys of Safes, Strong boxes, Strong rooms, etc.

195.1 As far as possible, all strong boxes, strong rooms, etc., should be provided with two locks, the key of each lock being kept in the custody of a separate officer, where the requirement is justified by the Accounting Officer.

195.2 An officer responsible for the contents of a vault, safe, strong box, strong room etc., and/or for the custody of the key thereto, shall always keep such key in his possession. He shall carry it with him and shall not leave it in any cupboard, drawer, etc.

195.3 He shall not permit the key to fall into unauthorized hands.

195.4. These requirements should be observed even if the contents of the vault, safe, strong box, strong room etc., are unimportant, as, at no time should it be possible for unauthorized persons to gain access to the key, lock, vault, safe, strong box, or strong room.

P.F.R.196 Non-compliance and Losses or Damages

Failure to comply with the above provisions will result in disciplinary action against the officers responsible. If a loss occurs at any time of articles kept in safe custody by Provincial Council, the officers concerned shall be held responsible for such loss.

PFR 197 Duplicate Keys

197.1 The duplicate keys, of all Northern Provincial Council's Safes, Strong Rooms, Strong Boxes, etc., must be treated with an anticorrosive and enclosed in sealed envelopes, with the description and details of the safe marked on the outside of the envelope as follows.

- (i) Name of the Institution.
- (ii) Location where the safe has been kept.
- (iii) Special characteristics of the key
- (iv) Register No.
- (v) Deposit date

All departments under the Northern Provincial Council shall deposit the sealed packets with the Provincial Treasury and obtain a registration number.

197.2 When the duplicate is required for any purpose the application to the Provincial Treasury should contain reference to the registration number of the sealed packets and other details.

P.F.R.198 Loss of Key

If a key is lost, the fact must be reported forthwith to the Head of the Department. Any expenses incidental to the loss, will have to be borne by the officer responsible,

if not decided otherwise by the Head of the Department. Any alteration to the lock of a safe, or the making of duplicate keys, should be done under strict supervision.

P.F.R.199 Annual Verification of sealed packets of duplicate keys

A register of duplicate keys should be maintained at Provincial Treasury for all duplicate keys sent for safe keeping. At the end of each financial year the Deputy Chief Secretary Finance should appoint a Board of Verification consisting of two officers to verify the particulars given on sealed packets with those given in the register and confirm that seals are intact and that packets are kept in the order of entries made in the register. The Board should render a report on completion of verification.

P.F.R.200 Articles held in Safe Custody

200.1 Subject to Verification at any time:

Every officer in charge of cash, stamps, tickets, securities or any other article held in safe custody, should be able at any time to account for the whole of the amount of such cash, stamps, etc. in his charge. For this purpose it is essential that he should always have his records posted up to date, and compare the book balance with the physical balance.

- (i) Where money has been handed over to an Accepting Officer, the receipt issued by him should be produced as evidence of such disposal. In the case of payments made, the cash books and paid documents should be produced for verification.
- (ii) In the case of stamps, tickets, etc meant for sale, the officers responsible should be able to account for the whole of their value in the form of money and or the stamps, tickets, etc

200.2 Private money, etc, not to be kept in Provincial Council Safes, Strong boxes etc.

No provincial public officer should keep or allow to be kept in any Provincial Council safe, etc. under his charge, anything that does not belong to Provincial Council or is not in its custody, or anything except that which by virtue of his office, he is bound to receive and account for. Private money or anything else

found in a Provincial Council safe, in contravention of this rule is liable to be confiscated and the value credited to revenue.

200.3 Temporary accommodation of funds of Departmental Societies

Temporary accommodation of funds of a departmental society (such as a thrift society) may be permitted to be kept in Provincial Council safes, by the Head of the department at the risk of the Society concerned, provided such funds are withdrawn the next working day.

***P.F.R.201* Borrowing, Advancing or Lending Public Money is Prohibited**

No public money shall be made use of by Provincial public officers in any way whatsoever for private purposes; nor will any officer borrow, advance or lend, any sum for which he is answerable to the Provincial Council. The lodging of public money to a private account, or the borrowing of public money from a Provincial Public Officer, is also strictly prohibited.

It must be clearly understood that the Provincial Council regards the act of lending or borrowing public money for private purposes, or the lodging of public money to a private account, as a most serious offence and that an officer who commits any of these offences will be liable to prosecution and to dismissal from the Provincial Public Service.

Cashing of private cheques from Provincial Council money, is also strictly prohibited.

***P.F.R.202* Control by Issuing Officer on Money issued for Disbursements**

Whenever a sum of money is issued to any officer for the purpose of meeting official payments (sub imprest, etc) his acknowledgement for the sum issued should invariably be obtained. The officer to whom the money is periodically or finally accounted for should, before accepting the accounts, take steps to examine and check them, and to ensure that the balance returned is correct.

P.F.R.203 Periodical checks

- 203.1 *Complete verification of money, etc*** – A complete surprise verification of all cash stamps etc. should be carried out at irregular intervals.
- 203.2 *Checks on other articles in safe custody*** – In the case of all other articles held in safe custody a surprise test checks of a few items selected at random, should be carried out periodically.
- 203.3 *Results to be reported*** – The checks referred to in 1 and 2 above should be carried out in every Ministry, department, sub office, or other distinct unit of a department, by an officer delegated for the purpose, who is not himself directly or indirectly in charge of the cash, stamps or articles involved. The results of these checks should be reported to the Accounting Officer. Copies of the reports under 1 above, should be forwarded to the Auditor-General and Provincial Audit.

P.F.R.204 Remittance of Money

Whenever large sums of money are conveyed from one place to another or from department or office to another, the remittance must be accompanied by an authorized officer of the department concerned, and also with adequate escort.

P.F.R.205 Counterfeit Notes and Coins

- 205.1** When it is suspected that a note or coin, tendered to a Provincial public officer is counterfeit information should be given immediately to the nearest police station, and the note or coin and the tenderer should be handed over to the Officer in Charge of the police station. Where it is considered that a tenderer has acted bona fide, and there is no ground for such suspicion, the tenderer may be let off, with the authority of a superior officer. The statement of the tenderer should however be recorded, and his name, address and other particulars together with the note or coin should be forwarded to the relevant police station.
- 205.2** When counterfeit notes and coins are received and the tenderers cannot be traced, the notes or coins should be sent direct to the Officer in charge, Counterfeit Currency Bureau, Criminal Investigation Department.

SECTION – 2

COUNTERFOIL BOOKS

P.F.R.206 Counterfoil Books

The term “Counterfoil Book” is used in these Rules to indicate books containing forms which have any financial or monetary significance, or are issued on payment of fees or charges. (Such books, even if the forms are written out in original and copy in one operation, fall into this category). These forms are usually serially numbered.

The Counterfoil books may be –

- (i) Departmental (in which case they are not supplied by the Provincial Treasury).
- (ii) Receipt Books Supplied by the Provincial Treasury.

The term “Counterfoil Books”, when used without qualification in these Rules, applies to both (i) and (ii) above.

P.F.R.207 Sources of Counterfoil books

207.1 Counterfoil Books supplied by the Provincial Treasury:

- (i) counterfoil books containing receipt forms and forms for licenses, permits etc, for which fees are payable, are stocked in the Provincial Treasury and departments requiring them should apply to Provincial Treasury.
- (ii) whenever the Provincial Treasury issues counterfoil books to a department, a copy of its advice note of issue, giving particulars of the books issued, should be forwarded to the Auditor-General and the Internal Auditor, for verification of the entries made by the department in its Register of Counterfoil Books.

207.2 Application for Counterfoil Books supplied by the Provincial Treasury

In the annual order form supplied to departments by the Provincial Treasury in terms of PFR 207.1 the forms of the counterfoil books for which application should be made to the Provincial Treasury are specifically indicated; and a special form of application for such books is provided at the

back of each annual order form. As soon as each annual order form is received from the Provincial Treasury, the form of application for counterfoil books appended thereto should be completed and detached from the annual order form and forwarded to the Provincial Treasury duly certified, to be received not later than 14 days from the appropriate date. Application received thereafter will be rejected.

Application should be for sufficient supplies of counterfoil books or forms required for the 12 months taking into account the stocks of books expected to be in hand on that date. Only particulars of counterfoil books listed in the annual order form should be given,

207.3 Supplementary Application

Supplementary application should not be made, but if, owing to unavoidable circumstances, such application are made they should be forwarded two months before the books are required and should contain the same particulars as those provided for in the forms attached to the relevant annual order forms.

P.F.R.208 Register of Counterfoil books

208.1 Every department and branch of a department must maintain a Register of Counterfoil Books in form number – GA – N20 to record the receipt and disposal of counterfoil books. A separate section of the register should be opened for each kind of book

208.2 Particulars of departmental counterfoil books should also be recorded in the same register or in a separate register in form No. GA-N20.

P.F.R.209 Custody

209.1 Custody: Departments obtaining Counterfoil Books are responsible for their safe custody and proper use.

209.2 Books to be kept intact: Counterfoil Books should be kept intact and should not be cut or divided.

209.3 Spoilt Forms: When a form is spoilt it must not be destroyed but pinned to its duplicate, or to its counterfoil.

209.4 Disposal of completed books of Receipt Forms or Counterfoil Books:

Subject to the following rules, Counterfoil Books which are completely used should be retained by each department at least for five years.

- (i) Books which are connected with a pending investigation should be preserved in safe custody until the investigation is over.
- (ii) Destruction must be authorized by, and carried out in the presence of a Staff Officer authorized for the purpose, the date of destruction being recorded in the Register of Counterfoil Books, against the numbers relating to the books destroyed, and authenticated by the Staff Officer. In the case of used counterfoil books of regional/divisional offices the destruction should be undertaken with the approval of a Secretary to the Ministry concerned. A representative of the head office should be present at the destruction.
- (iii) In the case of Counterfoil Books in which any forms are missing or lost, the books should not be destroyed until action in terms of PFR 210 is completed.

209.5 Partly used Counterfoil Books:

Partly used counterfoil books which are no longer required by a department should be disposed of in the following manner-

- (i) if they are counterfoil books issued by the Provincial Treasury, they should be returned to the Provincial Treasury. Divisional, District or branch offices should, however return such books to the head office to be forwarded to the Provincial Treasury;
- (ii) if they are departmental counterfoil books, they should be returned to the Provincial Head Office of the department concerned.

P.F.R.210 Loss of Used or Unused Counterfoil Books or Forms

Loss of used or unused Counterfoil Books, or Forms of monetary value, is a very serious matter which should be dealt with by the department concerned in the following manner, quite apart from disciplinary action that may be necessary against the officers responsible:

210.1 The department should ascertain how the loss occurred and take necessary steps to avoid a recurrence thereof.

210.2 If the Counterfoil Books contain forms on which documents such as licences, permits and certificates are issued on payment of fees or charges, the case should be dealt with as a loss under PFR 68

The maximum value that could possibly have been realized by the issue of such documents on the lost forms, at rates prescribed for such issues, should for purposes of PFR 71, constitute the maximum recoverable value.

210.3 If the lost forms are not of the type contemplated in 2 above the following action should be taken;

- (i). if it is ascertained that they have been put to improper use with resultant financial loss to Provincial Council, such financial loss should also be dealt with as a loss under PFR 68 the Maximum Recoverable Value in such a case being the ascertained financial loss;
- (ii) if the department is satisfied that the forms have not been put to improper use, or that the Provincial Council has not suffered a financial loss, no surcharge need be imposed.

210.4 When the final order regarding the loss is received the books or forms may be written-off, by making suitable entries in the Register of Counterfoil Books and authenticating such entries.

210.5 A copy of every order issued in terms of 3 (ii) or 4 above, should be sent to the Auditor- General, Provincial Audit and to the authority which issued the Counterfoil Books.

SECTION – 3

BOARDS OF SURVEY ON CASH, STAMPS SECURITIES, ETC

P.F.R.211 Boards of Survey

211.1 *Cash stamps securities etc.*

Deputy Chief Secretary Finance will appoint Boards of Survey, giving their duties and functions, to verify the cash, stamps, bank balances and securities in the custody of the Provincial Council on the last working day of the financial year.

211.2 *Surprise Verifications:*

Similar Boards of Survey may be appointed, by the respective Accounting Officers from time to time, to hold surprise surveys at all Provincial Council Departments.

211.3 *Boards for the destruction of Soiled Stamps and/or Stamps Withdrawn from Circulation:*

The Provincial Treasury should whenever necessary inform the Provincial Commissioner of Inland Revenue for the appointment of a Board of Survey for the purpose of verifying and destroying soiled stamps and stamps withdrawn from circulation. Full details of the items to be destroyed should be provided in making the application.

P.F.R.212 Duties of the Board

212.1 *Verification:* Boards appointed under PFR 211.1 must assemble at the office of verification on the opening of office on the first working day of January. The Board should verify the cash, stamps, securities etc. in the vault or safe in the hands of the authorized officer. The Board must take into account any unpaid amounts as appearing in the subsidiary registers. They should check and verify that the physical cash, stamps etc. verified agree with the balances as shown in the Cash Book or other Stock Books.

212.2 Transaction not to be suspended: No transactions should be done before the Board meets, however, transactions during the proceedings of the verification could be allowed without affecting the survey.

212.3 Duration of the verification: Every endeavour should be taken to verify the cash or stamps in one sitting. If it is not possible to complete the verification in one day, the keys of the vaults/boxes/chests etc. should be locked up in a secured place and sealed by the members of the Board. The seals should be broken only in the presence of the Board when the verification is resumed.

P.F.R.213 Report to the Auditor General

On completion of the Boards of Survey, reports duly signed by all members of the Boards should be forwarded, along with the bank certificates and other statements where applicable to the Auditor General and Provincial Audit. The date and hour at which the verification commenced must be stated in the report.

SECTION – 4

IMPRESTS

P.F.R.214 Imprests

214.1 Definition of Imprest – The term Imprest is used in these Rules, to indicate a sum of money placed by the Provincial Treasury at the disposal, of a department, or an individual public officer, to be utilized for making authorized payments during the financial year for which it is issued.

214.2 To whom granted- All Accounting Officers and in special cases, individual Provincial public officers, are provided with Imprests for making their payments.

214.3 Fresh Imprest granted for each financial year –At the beginning of every financial year a fresh Imprest is granted to a department to meet payments for that year and, therefore, such money should not be used to meet payments, of another financial year.

P.F.R.215 Settlement of Imprests

All Imprests should be accounted for to the Provincial Treasury on yearly basis and unused balance if any, should be returned to the Provincial Treasury on the first working day of the next financial year.

P.F.R.216 Limits of Imprest

The Imprest limits are decided and notified by the Provincial Treasury at the beginning of each financial year. This indicates the aggregate amount of money required by each department for making all its payments during that financial year (excluding Transfer Payments). This is referred to as the “Limit of Imprest” of that department.

P.F.R.217 Fixing of the Limits of Imprest

217.1 The Provincial Treasury obtains an estimate of money required by each department before the beginning of each financial year and decides on the

limit of imprest for each department. This limit may be revised considering additional allocations/provisions received in respect of each department.

217.2 Direct receipts of Ministry and Departments are treated as a part of their Imprests, and are therefore taken into account in ascertaining the limits. Thus the limit of Imprest indicated in the Imprest Authority shows the aggregate amount of -

- (i) Money that a Ministry and Department receives from the Provincial Treasury.
- (ii) The money a Ministry and Department receive directly, less any sums remitted from time to time to the Provincial Treasury on account of collections in excess of current requirements. If the direct receipts of the department are less than the money required, for its current requirements, the limit of the Imprest will be the total of its direct receipts plus the monies received from the Provincial Treasury.

217.3 When the Imprest Authority is issued, the limit of Imprest should be noted and action taken to ensure that it is not exceeded, unless a Supplementary Imprest Authority is obtained.

P.F.R.218 Supplementary Imprest Authority

If, during the course of the financial year, it is anticipated that the 'Limit' prescribed in the Imprest Authority will be exceeded, action should be taken to obtain an increase of the 'Limit' by an application made to the Provincial Treasury explaining the reasons for the increase. If the Provincial Treasury accepts the application a Supplementary Imprest Authority will be issued. The new 'Limit' should be noted and action taken to ensure that it is not exceeded

P.F.R.219 Sub-Imprests

This is referred to as any payment made without debiting a financial provision and regarded as an imprest advance and will reflect in the imprest balance until it is settled against an appropriate provision.

219.1 Subject to the provisions below, an Accounting Officer may issue a part of his own Imprest to any of his subordinates. Such re-issue is referred to in

these rules as a Sub-Imprest. However, no part of an Imprest granted to an Accounting Officer, should be re-issued to any other Accounting Officer or any other organization/institution.

219.2 A Sub-Imprest may be granted by an Accounting Officer,

- (i) For defraying petty expenses – in which case it is usually referred to as a Petty Cash Sub-Imprest. An Accounting Officer, may at his discretion, authorize a Petty Cash Sub-Imprest up to a maximum of Rs. 10,000.00 to any officer working under the direct supervision of a Staff Officer. However a Chief Accounting Officer may at his discretion authorize a Petty Cash sub-imprest up to a maximum of Rs. 20,000.00. Any other authorization above the limit may be referred to the Provincial Treasury.
- (ii) An ‘ad-hoc’ Sub-Imprest – not exceeding Rs.50,000 in case of special activity of the department to a Staff Officer.
- (iii) As a continuous Sub-Imprest to a Sub-Office for meeting all its payments with the approval of the Provincial Treasury.
- (iv) The limit of a single payment on a voucher out of petty cash imprest will be decided by Accounting Officer.

The grant of Sub-Imprests under (ii) and (iii) above should be limited to Staff Officers. A Sub Imprest under (ii) should be settled immediately after the completion of the purpose for which it is granted. Any scheme of granting Sub-Imprests under (iii) above should be approved by the Provincial Treasury, and application for this purpose should be made to the Provincial Treasury through the Chief Accounting Officer. Such Imprests should, as far as possible, be paid into a bank account,

219.3 No Sub-Imprest should be used for purposes other than the purpose for it is meant. An Accounting Officer may, however, at his discretion, further limit the scope of the use of a Sub-Imprest.

219.4 A Paying Officer will account for his Sub-Imprest in the manner and in terms and conditions laid down by the Accounting Officer at the time of its issue. The balance of a Sub-Imprest should be surrendered to the Accounting Officer at any time prescribed by him; and, in any case, not later than the 31st of December of the financial year in which the Sub-Imprest is issued. When

surrendering the balance, the paid vouchers in hand since the last renewal should also be brought to account. Steps should be taken to ensure that all vouchers paid from a Sub-Imprest in the month of December are brought to account well in time to be incorporated in that month's accounts.

219.5 The rule that money granted on an Imprest for a particular financial year should not be utilized to make payments of another financial year applies also to money granted on Sub-Imprest.

P.F.R.220 Surrender of Imprests

220.1 *Balance of Imprest to be surrendered on the 31st of December-* The balance in hand of an Imprest on the 31st of December, should be surrendered to the Provincial Treasury on the first working day of the following year.

220.2 *Special authority required for late surrender* – Whenever a department finds it impossible to surrender the balance in hand of its Imprest on the 31st of December, the Provincial Treasury may, in exceptional circumstances, grant authority to surrender the balance later. No part of such balance should be utilized to make payments of the subsequent financial year.

P.F.R.221 Treasury's right of withdrawal

The Provincial Treasury has also the right to recall at any time, any sum of money from any imprest granted.

P.F.R.222 Reconciliation of Imprest Accounts

222.1 *Need for Reconciliation:* Provincial Treasury main ledger imprest account should be reconciled with the Departmental books of accounts. i.e. Cash book, Departmental Imprest account, Imprest Advances Register (sub imprests). This should be regularly done by using monthly statements issued by the Provincial Treasury. Any erroneous debits or credits should be promptly noted and follow up action pursued until the corrections are effected.

222.2 *Incorrect Entries:* The Imprest Account balance at any time should be equal to the cash book balance and the imprest advances outstanding, if correct entries have been recorded. But, due to the following reasons, imprest account balance at the Provincial Treasury may not tally with that of the Department.

- (i) Erroneous entries getting recorded in the Imprest Account
- (ii) Incorrect cash book balance
- (iii) Incorrect amounts shown as outstanding Imprest Advances

Even when incorrect entries effected to an imprest account by other sources referred to in (i) are subsequently corrected, the account may still not reconcile, if (ii) and (iii) above does not show the correct balances. Adequate care should be taken to avoid such erroneous entries.

222.3 *Imprest Advances Register:* A register for Imprest Advances should be maintained by each department showing the following information:

- (i) Opening balance at the beginning of the month
- (ii) Imprest advance granted with details such as date, name of the officer, purpose, amount etc.
- (iii) Settlement of advances – date, amount, debit particulars to provision
- (iv) Outstanding balance at the end of the month.

In computerized accounting using CIGAS, an Imprest account statement should be taken and verified with monthly summary of accounts.

222.4 *Maintenance of an Imprest Account:* An Imprest Account should be maintained by Ministry/Departments monthly to reconcile the Imprest with the Provincial Treasury. The accounting entries in the Imprest account will be as follows:

Imprest Account

	Debit	Credit
1. Balance brought forward	-----	
2. Withdrawals from payment Facility (if available)	-----	
3. Imprest from Provincial Treasury	-----	
4. Cash Receipts	-----	
5. Cash Payments		-----
6. Imprest refund to Provincial Treasury		-----
7. Balance carried forward *		-----

* This includes Cash Book balance, Sub – Imprest, Ad hoc Imprest, Travelling Advance and any other Imprest outstanding to be settled.

SECTION – 5

BANK ACCOUNTS

P.F.R.223 Chief Secretary's Authority to utilize Bankers Services

223.1 The Chief Secretary, to the Northern Provincial Council may avail the services of any State banks in the island for the custody of the Provincial Council money.

223.2 The Chief Secretary may authorize Heads of departments and other Provincial officers to open official bank accounts in the Bank of Ceylon and Peoples Bank and to limit the amount of public money that should be kept in such banks. Where an officer maintains official accounts in more than one bank, the Chief Secretary may direct the proportion and manner in which such accounts shall be used.

P.F.R.224 Opening of Bank Accounts

224.1 *Application to be made to the Chief Secretary;* Application on the prescribed form to open an official bank account should be made through the Chief Accounting Officer and the Provincial Treasury to the Chief Secretary, explaining the necessity for opening the account, and giving full particulars including the following:-

- (i) Name of the bank in which account is to be opened
- (ii) Title of the Account
- (iii) Designation and other particulars (salary etc) of officers authorized to operate on the account.

224.2 Specimen signatures

- (i) When authority has been granted to open a new bank account, the name, designation and four specimen signatures of each officer who is authorized to operate on the account, must be sent to the bank concerned by the Chief Secretary. The list of specimen signatures which should also contain the specimen signature of the Head of the department himself, should be signed personally by him.

- (ii) Any change or addition to the list should be notified to the bank and such communication should be signed personally by the Head of the department and the Chief Secretary. The prior approval of the Chief Secretary, should however be obtained where the change or addition is not as a result of a transfer of officers.
- (iii) When the Head of the Department is transferred or any other change takes place in respect of that post, the fact should be notified by the Chief Accounting Officer to the Chief Secretary. The Chief Accounting Officer should also forward a certified copy of the letter of appointment and specimen signature of the new Head of department. The Chief Secretary, will forward this to the bank.

224.3 Security:

Officers authorized to sign cheques should furnish security in terms of the provisions in the Public Officers Securities Ordinance.

224.4 Other modes of payment:

Provincial Treasury may operate one bank account to facilitate the cash operation of relevant Ministries and departments where necessary instead of operating individual bank accounts.

P.F.R.225 Deposit of monies in Bank

All monies deposited in the Bank, whether in cheques or cash, must be sent to the bank accompanied by a bank Paying-in-Slip, duly filled in, in foil and counterfoil. It is the duty of the officers responsible to see that an acknowledgement is obtained from the bank for sums deposited. On return of the counterfoil of the Paying-in-Slip they should satisfy themselves that it bears an acknowledgement from the bank and its official stamp

P.F.R.226 Monies paid direct to Banks

226.1 Where money is paid by the public direct to the credit of the Department's bank account, blank forms of Paying-in-Vouchers must be supplied to the bank, and the bank officials should be asked to have the vouchers filled up by persons paying in, and to send the Paying-in Vouchers with their statements. Receipts for such payments on the usual form must be prepared from these vouchers. It is the duty of the officers concerned to see that Paying-in-Vouchers received from the bank have been duly perfected in all respects before they are classified for purposes of accounting. If, in any case, the bank fails to send such a voucher, a voucher on the proper form must be made up in the department.

226.2 Whenever a Provincial Department pays money into the bank account of the Provincial Treasury the appropriate Paying-in-Voucher form should always be used.

P.F.R.227 Receipt and custody of Cheque Books

227.1 Cheque Books should be placed in safe custody in charge of an officer specially delegated for the purpose, who should count the cheque leaves of each cheque book as soon as it is received from the bank, before he acknowledges receipt thereof.

227.2 All cheque leaves should be crossed "NOT NEGOTIABLE.....& Co.;" Banks should be requested to supply "Order" cheques. Where the word "Bearer" is printed it should always be effectively deleted and the word "Order" substituted therefor. When the payee has a bank account special crossing: "Account payee only" should be placed.

Note: The words "not negotiable" do not remove the transferability of the cheque in any way but merely afford protection to the drawer in that any person who negotiates the cheque should be in a position to vouch for the correctness of the endorsement on the cheque and also the identity of the payee. In the event of payment being made on an incorrect endorsement, i.e., by the endorsement of a person other than the actual payee, the person through whose account the cheque was negotiated will be held pecuniary responsible to the drawer for the proceeds of the cheque in question.

- 227.3** Particulars of each cheque book received, such as the date of receipt, the number of cheque leaves and the printed numbers relating to each book, should be recorded in a Register. Space should also be provided in this Register for the purpose of recording the date of issue of each book to the office for purpose of writing cheques, the date on which the last cheque in the book was written, and the date of destruction of the counterfoils.
- 227.4** Steps should be taken to ensure that cheques or cheque books are handled only by authorized officers.
- 227.5** When cheque books have to be conveyed from one building to another, from one floor to another, or between places far apart, they should be placed in a locked box and conveyed by an authorized officer.
- 227.6** At close of business each day the cheque books should be lodged in the safe or other place of security. The officer responsible should satisfy himself that all the unused cheque leaves are intact and that the number of cheque leaves taken out of the book corresponds to the number of cheques issued during the day.

P.F.R.228 Payments by Cheques

228.1 When a bank account is kept all payments should be made by cheques. In case where the receiver has a bank account, the payment should be made directly to the receiver's bank account.

Exceptions - In cases where the payee is unable to sign, or makes a special request for payment in cash and if the sum too involved is not a large amount; a staff officer may authorize payment in cash, after establishing the payee's identity.

- 228.2** A number of payments could sometimes be made by drawing out one cheque, e.g. salaries of staff
- (i) In these cases a cheque for the aggregate amount of the payments involved is drawn. The cheque is cashed and the individual payments are made in cash;
 - (ii) One cheque is drawn in favour of the bank when several payees having their accounts in the same bank are paid.

228.3 *Payments to Payee's Account* – Where a cheque has to be drawn in favour of a bank to the credit of payee's account, the credit details be stated on the body of the cheque or on its reverse and duly authenticated by one of the signatories.

P.F.R.229 Issue of Cheques

229.1 *Cheques to be correctly drawn:* Cheques should be drawn correctly taking care not to leave space for fraudulent interpolations before or after words and figures written out by the drawer. Written words and figures should commence as close as possible to printed words and figures; and a line should be drawn to fill any space left after what is written.

Whenever the payee is denoted by his designation, it should be written in full and abbreviations are prohibited, e.g., the abbreviations "P.M.G." or "G.M.R." should not be used for "Postmaster General" or "General Manager of Railways".

In writing the date, the month should be inserted in words. Cheques should be prepared in indelible ink, or on a cheque-writer. Ball point pens should not be used for writing cheques.

229.2 *Payments to Accounts of several Payees* - Where a cheque has to be drawn in favour of a bank to the credit of several payees accounts, the details of the accounts may be stated on the body of the cheque or on its reverse and duly authenticated by the Paying Officer. If the details of the accounts are shown in a separate statement, forming an annexe to the cheque, such statement should be referred to on the body of the cheque and the statement itself authenticated by one of the signatories to the cheque. Further, such statement should bear a distinct reference to the cheque to which it is annexed.

229.3 *Voucher number to be quoted* – The number of the voucher should be quoted on the counterfoil of each cheque drawn.

229.4 *The period of validity* – The validity of all cheques issued should be restricted to thirty days from the date of issue. A clear indication of this should be given on the face of the cheque. Wherever possible the bank may

be requested to have this printed on each cheque leaf. Extension of validity may be granted where necessary.

229.5 *Signing of Cheques* – Cheques should be signed by two officers whose specimen signatures have been sent to the bank. Cheques should be signed preferably in special indelible ink used for writing of cheques. Ball point pens should not be used for signing cheques.

229.6 *Open Cheques* – All cheques must be made payable to order and be crossed. The specific authority of a Staff Officer is required for the purpose of issuing an open cheque. To issue an ‘open’ cheque, the crossing should be cancelled by an endorsement on the body of the cheque to the effect “Crossing Cancelled”. Two officers authorized to sign cheques should certify the endorsement, as close as possible to the crossing. “Open cheques” should not be sent by post

229.7 *Spoilt and cancelled cheques and counterfoils of cheques-* When a cheque is spoilt it must be effectively cancelled. A cheque cancelled for this or any other reason must be affixed to the counterfoil and retained in the cheque book.

Counterfoils of cheques should be held in custody and destroyed after they are passed in Audit or at the end of five years from the date of the last cheque in the particular cheque book.

***P.F.R.230* Overdrafts Prohibited**

Paying officers should ensure that the bank balance is adequate to meet all payments made by cheques. No official bank accounts should be overdrawn without specific authority of the Provincial Treasury.

***P.F.R.231* Posting and Handing Over of Cheques**

231.1 A cheque must not be handed over to a payee unless he is properly identified. “Open” cheques should be handed over only by a Staff Officer after the proper identity of the payee has been established.

231.2 A written acknowledgement should be obtained for every cheque handed over, indicating the number and the amount of the cheque, whether crossed or uncrossed, the bank on which it is drawn, the voucher number, and date of handing over.

231.3 Posting of cheques :

- (i) A record of all cheques sent by post should be maintained by every department showing the following particulars in respect of each cheque.
 - a. Date of cheque
 - b. Number of the cheque
 - c. Bank on which it is drawn
 - d. Party to whom forwarded
 - e. Amount of cheque
 - f. Reference to voucher number
 - g. Date of dispatch
 - h. Date of acknowledgement of payment
 - i. Initial of officer responsible for dispatch

Where the voucher has already been receipted at the time of dispatch of cheque it will be suitably indicated under column 'h'.

- (ii) 'Open' cheques should not be sent by post.
- (iii) Cheques over Rs 5000/= may be sent by registered post, duly crossed as a precaution against loss if it is not an "Account Payee only" cheque. When it is known that a payee has a bank account, always cheques in his favour should be crossed 'Account Payee Only' and may be sent by ordinary post.

P.F.R.232 Extension of Validity of a Cheque

232.1 The period of validity of a cheque may be extended where necessary for a period not exceeding thirty days, by suitable endorsement on the cheque.

The endorsement should be signed by two of the officers authorized to sign cheques.

232.2 Before extending the period of validity of a cheque, the cash book and the counterfoil of the cheque should be examined to ensure that the cheque has not already been cancelled, or treated as a lost cheque, or that payment has not been stopped thereon.

232.3 The extension of validity should be noted in red ink-

- (i) in the counterfoil of the cheque;
- (ii) against the appropriate item of the list of uncashed cheques in the Bank Reconciliation Statement of the previous month, and initialled by the officers signing the endorsement on the cheque.

P.F.R.233 Cheque in Lieu

233.1 *Cancellation of cheque*- Where a payee returns a cheque which is so defaced that it is not likely to be honoured by the bank on presentation, a fresh cheque in lieu of the returned cheque may be issued after scrutinizing it carefully to ensure that it has not been tampered with.

The original cheque should be effectively cancelled and filed of record.

233.2 *Cheque Lost* - If a payee reports that a cheque has been lost, or cannot be traced, a fresh cheque in lieu thereof may be issued only after –

- (i) Verifying by reference to the Cash Book, Bank Reconciliation Statement and Bank Statement, that the cheque has not so far been paid;
- (ii) Obtaining the confirmation of the bank that the cheque in question has not been paid within last thirty days, and will not be paid if presented thereafter; and
- (iii) Obtaining a Letter of Indemnity in the subjoined form.

Particulars of issue of fresh cheque in lieu should be noted as indicated in 233.3 below.

233.3 *Particulars to be noted* - Whenever a cheque is cancelled or lost, and a fresh cheque in lieu is issued, the following action should also be taken-

- (i) cross reference should be made in the respective counterfoils;
- (ii) columns 5,6 and 7 of the List of uncashed cheques of the last Bank Reconciliation Statement, in which the cheque appears as unpaid, should be completed;
- (iii) a suitable note should be placed in red ink in the Cash Book, against the original entry relating to the cancelled cheque; and
- (iv) a new entry under the date of issue of fresh cheque should be inserted in red ink in the current Cash Book, giving particulars of new cheque issued and cross reference to original cheque, but leaving money columns blank.

FORM OF INDEMNITY BOND

Indemnity Bond for Cheque (P.F.R 233.2(iii))

In consideration of the (Head of Department) issuing me a cheque in lieu of the Bank cheque No. of 20., drawn by him in my favour for Rupees (Rs.) only, which has been lost, I, the undersigned hereby guarantee and agree to hold the said (Head of Department) his successors and assigns harmless and indemnified from and against all consequences that may arise from his so doing and from payment of the original cheque and from and against all losses, charges and expenses in connection with the said cheque.

Signature (stamp)

Address:

Witnesses:

P.F.R.234 Stoppage of Payment on a Cheque

234.1 If for any reason, payment on a cheque issued is stopped, the Bank should at once be notified and a confirmation obtained from it that the cheque has not been paid within the last thirty days, and will not be paid if presented

thereafter. No such cheque should be later revalidated, either by rescinding the stoppage or by the extension of its period of validity. The fact of stoppage should be noted as in the case of a cancelled cheque.

234.2 A fresh cheque can be issued in lieu of such cheque only in the following circumstances:-

- (i) if the original cheque becomes available, at any time;- in which case the relevant provisions of P.F.R 233 shall apply;
- (ii) where the original cheque is not available and if the relevant provisions of PFR 233 are satisfied. But if for any reason an Indemnity Bond cannot be obtained, the matter should be reported to the Provincial Treasury, and a direction obtained.

234.3 When no cheque is issued in lieu of a "stopped" cheque, credit for the amount involved should be taken after the Bank's confirmation under 1 above is received, or, if the original cheque itself becomes available. In the latter case, the cheque should be carefully scrutinized to ensure that it has not already been paid, cancelled effectively and filed of record.

***P.F.R.235* Cheques Cancelled with no Cheque Issued in Lieu**

If for any reason, a cheque has to be cancelled and no cheque in lieu is issued, the following action should be taken:-

1. The cheque should be scrutinized before cancellation as indicated in PFR 233 and filed of record;
2. Particulars of cancellation should be noted as follows :-
 - (i) on the counterfoil of the cheque;
 - (ii) against the relevant item in the list of uncashed cheques of the latest Bank Reconciliation Statement
 - (iii) against the relevant entry in the Cash Book.
3. The value of the cancelled cheque should be treated as an amount received by the department, credit being taken to the appropriate accounts. Cross references should be made between the original payment entry and the new receipt entry ;

4. A receipt for the amount should be issued in favour of the Head of the Department;
5. If for any reason, a payee does not require payment and returns a cheque, it should be immediately cancelled effectively by the Staff Officer opening the tappal, before action is taken as in 2 and 3 above. In such cases the receipt should be made out in favour of the payee of the cancelled cheque.

P.F.R.236 Preparation of Bank Reconciliation Statement

236.1 *Bank Statements and Certificates of Balance* - Statements showing the daily receipts and payments in the bank account are sent by the bank to the department concerned, either daily, weekly, fortnightly, or monthly, as requested by the department. The bank will also supply the department with a certificate of the bank balance whenever required. These statements and the Bank Certificate should be used for the preparation of the Bank Reconciliation Statement.

236.2 *Necessity for a Reconciliation Statement* - The balance, according to the Bank Statement or Bank Certificate, may not agree with the balance as appearing in the department's cash book, as some of the cheques already issued by the department, may not have been presented to the bank for payment, before the date of the Bank Certificate. Similarly, cheques, money orders, etc., which have been paid into the Bank account by the department, may not have been realized before the date of such Certificate. In order to reconcile the balance according to the Cash Book of the department, with the balance as shown in the Bank Certificate, a Bank Reconciliation statement should be prepared. It should be certified by the Paying Officer concerned, and made available to Audit for inspection.

236.3 *Monthly Bank Reconciliation Statement* - Every department which maintains a bank account should prepare a Bank Reconciliation Statement as at the end of each month, before the 15th of following month. Where accounts are computerized using CIGAS the bank reconciliation statement should be made available before 10th of the following month.

- 236.4 *List of unrealized remittances*** - Cheques, Money Orders, etc., remitted to the bank but which, at the time of preparing the Bank Reconciliation Statement, have not been realized, should also be separately itemized;
- 236.5 *Delays in Reconciliation*** - The Paying Officer concerned should bring to the notice of the Accounting Officer any delays in the preparation of the monthly Bank Reconciliation Statement and take such steps as are necessary to avoid the recurrence of such delays;
- 236.6 *Updating list of uncashed cheques***: Whenever items of such uncashed cheques against which notes of revalidation, stoppage, cancellation, or issues of fresh cheques in lieu, have been noted, are brought forward from a previous list of uncashed cheques into a subsequent list, in a new Bank Reconciliation Statement, the officer certifying the new statement should ensure that the notes relevant to such items are also brought forward into the new statement. He should also initial against the appropriate item in Column 7 of the list attached; Bank Reconciliation Statement should invariably be prepared by an officer or officers, who have no connection with the banking of collections, the writing out of cheques or the maintenance of the cash book.
- 236.7 *List of Uncashed Cheques***: For the Purpose of the Bank Reconciliation Statement a list of cheques, drawn by the department but not cashed as at the end of the relevant month, should be prepared on the following form :-

LIST OF UNCASHED CHEQUES AS AT -----

Bank -----

Title of Account -----

(1) Date of Issue	(2) No of Cheque	(3) Amount Rs. Cts	(4) Date of Revalidati on	(5) Date of Stoppage or Cance- llation If any	(6) No. of Cheques, if any Issued In lieu	(7) Initials of Staff Officer	(8) Date of Payment of cheque

P.F.R.237 Action to be taken on outstanding cheques:

237.1 In these rules, the term 'outstanding' cheque indicates a cheque, the period of validity of which has expired.

237.2 Revalidation – The payee of each outstanding cheque should be noticed as soon as possible after the period of validity has expired requesting him to return the cheque for revalidation. If the cheque is returned by the payee, it should be revalidated and returned without delay. If there is no response to the letters sent to the payee, within a period of two weeks, a further letter should be sent under registered cover, indicating that the cheque will be treated as cancelled and action will be taken accordingly.

237.3 Cancellation – If the cheque remains uncashed for more than three months from the date of issue or from the last date of revalidation, whichever is later and no reply to the letters has been received, the following action should be taken ;

- (i) Obtaining confirmation from the bank that the cheque will not be paid if presented thereafter

- (ii) Treating the cheque as cancelled and follow the procedure applicable for cancellation of cheques.
- (iii) Note the amount of the cheque as a liability in the appropriate ledger.

P.F.R.238 Management of Bank Accounts

It is the responsibility of the Chief Accounting Officer/Accounting Officer in general and the Chief Accountant/Accountant in charge of operation of bank accounts in particular to ensure that all official bank accounts under their supervision are properly managed for the purpose of maintaining an efficient cash management within the institution. The management of official bank accounts should include the following;

- (i) Control over receipts and payments
- (ii) Proper cash book maintenance
- (iii) Avoidance of idle cash balances
- (iv) Regular receipt of Bank statements on due dates.
- (v) Preparation of Bank Reconciliation Statements in time and follow up action taken promptly.

P.F.R.239 Monitoring of Bank Accounts by the Provincial Treasury

Monies in official bank accounts, whether received from the Provincial Treasury or collected by the Departments themselves, belong to the Provincial Treasury and come under the purview of the Provincial Treasury. Operations of official bank accounts, wherever they may be, have a direct impact on the process of cash management at the Provincial Treasury. Therefore it should maintain a continuous monitoring system over all official Bank Accounts to ensure that they are properly managed. Every Department operating official bank accounts should forward the following, in respect of each month, to the Provincial of Treasury on or before 20th of the following month.

- (i) A statement indicating name of the Bank, Bank Branch, Account No., Name of Account, operative/non operative, last Bank Reconciliation prepared, balance as

per cash book/balance as per bank statement, value of unrealized cheques exceeding 03 months etc.

- (ii) In the case of departments with Bank Accounts operated in outstations, the Head Office should maintain a suitable information system to obtain the details mentioned under (i) above regularly from their branch offices and incorporate them in the report mentioned above.

P.F.R.240 Closure of Bank Accounts

Prior Approval – If a Bank account is to be closed for whatever reason it should have the prior approval of the Provincial Treasury. Request for such approval should be made by providing the following details

- (i) Name of the Bank account, Account No., Bank branch, reason for the closure, last month in which the Bank Account was in operation, action taken for unrealized cheques over 03 months.
- (ii) In addition, the following documents should be sent along with the request.
- a. A copy of the Bank statement pertaining to the last month of operation.
 - b. Certificate of balance obtained from the Bank.
 - c. A copy of the Bank Reconciliation Statement prepared for the last month of operation.

If the Provincial Treasury approves the closure of the bank account, the relevant bank will be informed accordingly with copy to the Ministry/Department concerned.

(No PFR under 241-243)

For each facility, the bank statement shall be prepared in accordance with the following instructions:

(a) In the case of deposits with Bank Accounts opened in accordance with the above, the bank shall maintain a suitable information system to obtain the required information under (i) above regarding items such as interest, charges and other items in the report mentioned above.

Section 2. Features of Bank Accounts

Bank Accounts - If a bank account is to be closed for whatever reason it should have the full approval of the Financial Director. Requests for such approval should be made by providing the following details:

(1) Name of the bank account, Account No., Bank branch, Name of the branch, last month in which the bank account was in operation, a copy of the account statement prepared over 12 months.

(2) In addition, the following documents should be submitted with the request:

- a. A copy of the bank statement covering the last 12 months of operation.
- b. A statement of balance signed by the bank.
- c. A copy of the last reconciliation statement prepared for the 12 months of operation.

If the Financial Director approves the closure of the bank account, the bank will be informed accordingly with regard to the Ministry's/Department's records.

(No PRN under 241-242)

CHAPTER 7

ACCOUNTING

Section 1▶ Provincial Treasury Accounting

**Section 2▶ Books, Registers and other
Accounting Records**

**Section 3▶ Security Deposits for Contracts,
Excise Rents, Issue of Licenses, etc.**

Section 4▶ Advance Accounts

**Section 5▶ Foreign Aid and Other Special
Accounts**

**Section 6▶ Computerized Government
Accounting System**

CHAPTER 7

ACCOUNTING

Section 1: Principles of Accounting

Section 2: Books, Registers and other

Accounting Records

Section 3: Security Details for Control

Statements, Book of Debits and Credits

Section 4: Various Accounts

Section 5: Foreign Aid and Other

Accounts

Section 6: Organized Government

Accounting System

SECTION 1

PROVINCIAL TREASURY ACCOUNTING

PFR 244 Provincial Treasury Accounting

244.1 *Incorporation of all Accounts in Provincial Treasury Books* - Treasury books are maintained in electronic form on a double entry system. The Treasury incorporates in its books not only its own transactions, but also all the transactions of other Provincial Ministries and Departments.

244.2 *Departmental Accounts to correspond to Accounts kept in the Provincial Treasury* – Accounts in the departmental books should correspond to Accounts kept in the Provincial Treasury. The titles of the accounts maintained in the books of Provincial Ministries and Departments should correspond to the titles under which those accounts are kept in the Treasury Books. Departments should maintain their accounts using the computerized accounting system prescribed in Section 6 in this chapter.

Departments should maintain their records as per provisions of these rules and render Accounts to the Provincial Treasury.

Note: Words “Department” includes any institution with an Expenditure Head including a Ministry or other units under the Provincial Council.

Provincial Treasury maintains the following accounts in its main ledger.

(i) ***Revenue Accounts*** – Revenue Accounts are maintained under different revenue codes as per Annual Financial Statement.

(ii) ***Expenditure Accounts*** – Expenditure Accounts are maintained under different Head, Programme, Project, Sub Project, Object, Financing Code. in accordance with the Annual Financial Statement.

(iii) ***Refund and Surcharge Accounts:***

(a) ***Refund Account.*** Refunds from revenue are not debited direct to revenue account. They should be accommodated under Refund Account and so intimated to the Provincial Treasury in all accounting documents.

(b) **Surcharge Account** - Credits arising out of recovery of expenditure from financial provision under Estimates during the financial year of payment are not directly credited to Expenditure Account; but should be accommodated under Surcharge Account.

244.3 Authorized Imprests (Provincial Treasury) Account:

When the Provincial Treasury releases cash to a department on account of Imprest, the amount involved is recorded in the Treasury Main Ledger, Authorized Imprests (Provincial Treasury) Account.

244.4 Advances to Public Officers (Provincial Treasury) Account:

Loans granted to Provincial Public Officers by departments are accounted for through the medium of Advance Accounts which fall within the category of Special Advance Accounts. The rules relating to the granting of loans will be laid down by the Provincial Treasury from time to time.

244.5 Advance Accounts:

These are separate Commercial, Work Done, Stores or Miscellaneous Advance Accounts incorporated in the total Account titled Authorized Advances 'Provincial Treasury Account'. In the latter case subsidiary accounts are maintained for the total account.

P.F.R. 245 Deposits

245.1 Accounting for Deposits: Deposits are normally brought to account through the General Deposit (Provincial Treasury) account in the main ledger.

The subsidiary accounts pertaining to General Deposits (Provincial Treasury) accounts are maintained in the deposit ledger of each Provincial Ministry and department as well as in the deposit ledger of the Provincial Treasury.

245.2 Authority for opening new deposit accounts: The authority of the Provincial Treasury is required to open a new subsidiary deposit account under General Deposit (Provincial Treasury) account.

PFR 246 Rendering of Accounts by Provincial Departments

246.1 Summary of Accounts: Every Provincial Ministry/Department (Accounting Units) should forward a monthly summary of accounts to the Provincial Treasury. These summaries would show as debits the aggregate of the amounts charged to each account during the month. Such debits would include both cash payments and transfer payments. The aggregate of the cash payments would be shown as a credit to the Imprest account of the department and the transfer payments will be included as credits to other accounts. The cash collections of departments would be shown as a debit to the Imprest account, credit being given to revenue or other accounts involved.

246.2 Presentation: The total amount debited or credited to each main ledger account of the Provincial Treasury should be clearly indicated. Where the Provincial Treasury maintains subsidiary books in respect of any such accounts the subsidiary accounts involved should also be stated along with the amounts to be posted to each of them, the aggregate being shown against the main ledger account.

P.F.R.247 Arrangement in the Submission of Accounts

Every accounting document forwarded to the Provincial Treasury should clearly indicate the Head and the month to which it relates. The order in which the accounts should appear therein are as follows:

Debits:

- (i) expenditure account
- (ii) refund account
- (iii) general deposit (Provincial Treasury account)
- (iv) authorized advances (Provincial Treasury) account
- (v) imprest account
- (vi) other accounts

credits:

- (i) surcharge account
- (ii) revenue account
- (iii) (iii) to (vi) as per debits

Note: Examples of accounting documents referred to above are;

- (a) monthly summaries of accounts of Provincial Ministries/departments
- (b) vouchers
- (c) transfer orders

P.F.R.248 Provincial Treasury Books

The following books, inter alia, shall be maintained by the Provincial Treasury-

1. Main books

- (i) Cash books
- (ii) Main ledger
- (iii) Journal

2. Subsidiary Books

- (i) Revenue ledger
- (ii) Expenditure ledger
- (iii) Advance ledger
- (iv) Imprest ledger
- (v) Deposit ledger
- (vi) Subsidiary journal

P.F.R.249 Provincial Treasury Main Ledger

249.1 The main ledger contains;

- (i) the total accounts for which there are subsidiary books in the Provincial Treasury; and

(ii) other accounts for which there are no subsidiary books

249.2 The following are some of the total accounts of the main ledger for which subsidiary books are kept. The latter are indicated against the total accounts named below.

Total Account in the Main Ledger	Subsidiary Books
(I) Expenditure Account	Expenditure Ledger recording expenditure under the different Programmes and Projects of Part I of the Annual Financial Statement classified under object category and object Codes.
(II) Revenue Account	Revenue Ledger – recording revenue under the different Revenue Codes and Sub Codes.
(III) General Deposits (Provincial Treasury) Accounts	General Deposit Ledger where subsidiary. Deposit Accounts are separately maintained
(IV) Authorized Advances (Provincial Treasury) Accounts	Advance Ledger, where subsidiary Advance accounts are separately maintained
(V) Authorized Imprests (Provincial Treasury) Accounts	Imprest Ledger where subsidiary Imprest Accounts are separately maintained.

(VI) Advances to Public officers Accounts	Individual accounts of the Ministries and departments
--	--

249.3 The Deputy Chief Secretary/Finance may decide to open other Total Accounts in the Main ledger, and maintain corresponding subsidiary books therefor.

***P.F.R.250* Provincial Treasury Journal**

All postings into the Provincial Treasury Main Ledger are from the Provincial Treasury Journal. The figures entered in the Journal are recorded from monthly summaries of Provincial Ministries and Departments (Accounting Units).

***P.F.R.251* Abstracts for posting of Subsidiary books**

251.1 The Provincial Treasury also prepares monthly separate abstracts incorporating the transactions which affect the accounts maintained in each of the following subsidiary books:-

- (i) The Revenue Ledger; and
- (ii) Expenditure Ledger

251.2 The Provincial Treasury may also prepare suitable abstracts considered necessary for entering up its other subsidiary books.

***P.F.R.252* Closing of Provincial Treasury Books monthly**

Standing instructions are issued by the Provincial Treasury in regard to the period of time within which Departments should render their accounts to the Provincial Treasury each month on or before the specified date. Delay on the part of a department in forwarding its accounts for a month may result in the exclusion of such accounts from the accounts of the Provincial Treasury for that month.

P.F.R.253 Reconciliation of Provincial Departmental Books of Accounts with Provincial Treasury Books

253.1 In the case of Accounts maintained by departments under;

Programme, Project and object code, under Part I of Annual Financial Statement the total expenditure for each month as appearing in the departmental Appropriation (Votes) Ledgers should be reconciled by each department regularly with the figures appearing under the relevant month in the Provincial Treasury Sub Votes ledger. This will enable departments to expedite the preparation of the Annual Appropriation Accounts.

253.2 Every department should also reconcile monthly, with the accounts maintained in the Provincial Treasury books, the following accounts maintained in its own books.

(i) Advance Accounts

(ii) Imprest accounts

(iii) Deposit accounts; and

(iv) Any other accounts for which corresponding accounts are maintained in the Provincial Treasury books

253.3 Any discrepancy between the Provincial Treasury figures and departmental figures should immediately be investigated into. If the discrepancy is due to an error of the Provincial Treasury, the fact should be promptly brought to the notice of the Provincial Treasury, in order to adjust the books. If, on the other hand, the discrepancy is the result of an error of the department itself action should be initiated to rectify the error. If, however, another department is responsible for the error, that department should be requested to take action immediately to effect an adjustment. The matter should be pursued until this is done.

253.4 Unless the adjustments referred to in 3 above are effected as specified in PFR 255, they cannot be incorporated in the accounts of the Provincial Treasury for the relevant year. The department or departments concerned will be held responsible for the errors, and for not rectifying them in due time.

253.5 Besides the reconciliation of departmental accounts with the accounts maintained in the Provincial Treasury books, individual or, separate accounts should be reconciled periodically with the respective Total or Control Accounts of the department (e.g. the outstanding balance of advance paid or of sub-impressts granted to individual officers should be reconciled periodically during the financial year with the relative main accounts of the department).

P.F.R.254 Closing of Provincial Treasury Books Annually

254.1 The Deputy Chief Secretary Finance will notify the Provincial Ministries/ Departments the date by which the Provincial Treasury books of accounts for the financial year will be finally closed.

254.2 All accounting documents such as summaries of accounts, transfer orders, etc, forwarded to the Provincial Treasury after 31st December, but meant for incorporation in the account of the financial year which ended on that date should be dated 31st December and should be forwarded to the Provincial Treasury before the date specified in 1above.

These documents should, in addition, bear in a conspicuous position a very clear indication of the financial year to which they relate. They will be brought to account at Provincial Treasury under 31st December of that financial year.

254.3 All departments should ensure that the outstanding bills and any other bills which are rendered by one department to another and have to be settled by transfer payment are settled before the date prescribed in 1above. Similarly, all adjustments of errors etc, due to be made within the financial year, should also be made and brought to proper account before the specified date. Very serious notice will be taken of any delays or other lapses on the part of officers responsible for these transactions.

P.F.R.255 Adjustment of Errors in the same year in which they occurred

255.1 Errors in accounts may be rectified by adjustment, which should be made as soon as they are detected, and before the closing of the Treasury Books for the financial year in which the errors occurred.

255.2 All adjustments should be made by transfer payments and brought to account.

P.F.R.256 **Errors detected in a subsequent financial year**

Where it has not been possible to comply with the above requirements and errors are detected after the closing of the Treasury books for the financial year in which they occurred, they may be adjusted in the accounts of the subsequent financial year, subject to the following provisions.

256.1 *General Estimates* - Where the error has been a debit to an incorrect Object Code of the Estimates and the correct debit should have been to another Object Code, an adjustment need not be made in the accounts of the subsequent financial year. But notes should be inserted against the relevant Object Code of the Programme or Programmes affected by the error

256.2 *Adjustment of Debits* - Where the adjustment under this rule gives rise to a debit to corresponding financial provision in the current year's Estimates the relevant provision may be debited. When there is no such provision transfer procedure may be applied. If that too is not possible supplementary estimate procedure may be applied.

256.3 *Adjustment of Credits* - Where the adjustment under this rule gives rise to a credit to offset an erroneous debit to financial provision in the Estimates of a previous financial year, the credit should be to Revenue

256.4 *Advance Account* - Where an adjustment under this rule affects an Advance Account, the provisions of PFR 285 should also be followed.

256.5 *Responsibility for non-adjustment of errors in due time* - The possibility of rectifying an error in a subsequent financial year, in terms of this rule, does not in any way minimize the responsibility of an Accounting Officer for inaccuracies in his accounts. The error will be commented on by the Auditor-General in his Annual Report and will be dealt with by the Provincial Public Accounts Committee.

P.F.R.257 Annual Performance Report of Ministries and Departments

- 257.1** All Ministries and Departments are required to prepare Annual Appropriation Accounts, Annual Revenue Accounts and any other Accounts as specified by the Provincial Treasury from time to time and forward them to Auditor General for certification before the specified dates. Chief Accounting Officers and Accounting Officers are also required to prepare financial statements on prescribed formats on or before the dates specified by the Provincial Treasury.
- 257.2** All Ministries and Departments should prepare an Annual Performance Report on their activities highlighting the performance on delivery of services, cost effectiveness together with the Annual Accounts, (audited Appropriation, Revenue and Other Accounts) and to take necessary action to forward them to the Secretary to the Assembly within 150 days after the close of the financial year.
- 257.3** In the submission of Annual Performance Reports the following information should be included along with the review of performance by the Accounting Officer.
- (i) Mission, Objectives and Responsibilities
 - (ii) Actual expenditure against budget, under main categories
 - (iii) Actual revenue against budget, under main categories
 - (iv) Actual against prescribed limits, in case of advance accounts
 - (v) Performance data on output produced and / or service delivered, measured against Annual Work Plan targets.
 - (vi) Observations of the Accounting Officer / Chief Accounting Office on performance

P.F.R.258 Accounts and Statements to be rendered by the Provincial Treasury

The Provincial Treasury shall prepare the following accounts and statements:

258.1 Provincial Fund Accounts which shall include

- (i) Receipts and Payments Account
- (ii) Revenue and Expenditure Account
- (iii) Assets and Liabilities Account (Balance sheet)
- (iv) Statement of liabilities of all Heads of Expenditure
- (v) Schedule relating to revenue and expenditure account and assets and liabilities statement

258.2 Other Accounts to be prepared are;

- (i) Final accounts relating to other Funds
- (ii) Final accounts relating to Authorized Advance Accounts
- (iii) Appropriation Accounts in respect of miscellaneous services
- (iv) Consolidated Half Yearly Arrears of Revenue Statement
- (v) Consolidated Half Yearly Revenue Statement
- (vi) Consolidated Annual Revenue Statement
- (vii) Consolidated Arrears of Revenue Account
- (viii) Financial Performance Report

These accounts and statements referred to above should be prepared by the Provincial Treasury and signed by the Chief Secretary.

258.3 The above statements and accounts should be rendered to the Auditor-General as follows:

- 1 (i) to (v) and 2 (i) to (iii) before March 31st of the following year
- 2 (iv) and (v) before 31st August of the following year
- 2 (vi) and (vii) before 30th April of the following year
- 2 (viii) before 31st May of the following year

SECTION - 2

BOOKS, REGISTERS AND OTHER ACCOUNTING RECORDS

P.F.R.259 Books for General use in Ministries and Departments

259.1 The following books and registers are prescribed for general use;

- Daily Memorandum of Receipts (Daily checking necessary)
- Daily Memorandum of Payments (Daily checking necessary)
- Cash Book and/or Petty Cash Book;
- Departmental Appropriation (Votes) Ledger (Form General 138);
- Register of Cheques, Money Orders, etc. (Form GA.M 83);
- Register of Counterfoil Books;
- Deposit Ledger;
- Audit Query Register;
- Inventory Book (Form General 44);
- Catalogue of Books;
- Register of Consumable Stores;
- Personal Emoluments Register;
- Fixed Assets Register;
- Register of Contracts;
- Tender Minutes Book/File;
- Register of Losses;
- Ledger for Advance Account Activities;

259.2 In computerized accounting, cash books and appropriation (votes) ledger need not be maintained manually.

259.3 Departments shall however keep such other books of accounts which are necessary for their particular requirements.

259.4 The books of accounts of departments whose methods of accounting are laid down by specific rules, codes or manuals, duly approved by the Provincial Treasury, should be kept in accordance with the rules/procedures prescribed therein.

P.F.R.260 Cash Book and Petty Cash Book

260.1 Cash Book:

Subject to the following provisions, the cash books should contain entries in respect of all receipts and payments.

- (i) Unless otherwise provided for, money received at an office; which is not an Accepting Office should be entered in the cash book, and remitted intact to the Accounting Officer. However, money received at such office, on account of imprest (or Sub Imprest) should be entered as receipts, and the payments made there from as payments, on the respective sides of the Cash Book.
- (ii) In any department where owing to large number of items of receipts or payments, subsidiary cash books may be maintained. Each item of receipt or payment, as the case may be, should be individually recorded in such subsidiary cash books, along with relevant particulars. At the end of each day, after necessary verification and checks the totals should be extracted and posted in the main Cash Book.
- (iii) Cash books must be written up to date, in chronological order of receipts and payments, totalled and balanced daily. The entry should be numbered consecutively and the same numbers affixed to the corresponding supporting documents. The numbers of the receipts issued for sums paid in should also be quoted in the cash book. The supervisory officer responsible should check entries in the cash book at the end of the day and verify the cash balances.
- (iv) In computerized accounting using CIGAS, the Cash book is electronically maintained and therefore the daily memorandum of receipts and payments should be kept. In case of daily memorandum of payments three columns for cheque numbers date and amount, and two columns for first and second signatories of

cheques should be provided. This register should be maintained according to the order of cheque numbers.

260.2 Petty Cash Book:

Only money received on account of petty cash imprest and payments made therefrom, should be entered in the petty cash book. Other receipts and the disposal thereof, will be dealt with in the cash book.

P.F.R.261 Departmental Appropriation (Votes) Ledger

261.1 Purpose:

A departmental Appropriation (Votes) Ledger should be kept in every department on Form General 138, or in the computer in order to control expenditure under the various object codes/object details of programmes, projects and sub projects in the budget. The account must show not only the amount expended but also the liabilities committed in order that the exact amount available for expenditure at any time may be known.

261.2 Provision under Object Codes and Details:

As soon as the estimates for the financial year is received, a separate account must be opened in the Appropriation (Votes) Ledger, for every object codes and object details of the estimate, on which the department incurs expenditure. The provisions under object codes and object details should be posted in the appropriate spaces on the top of each page and authenticated by a staff officer. The number of pages allotted to each object code etc., must be sufficient to contain all probable entries for the financial year. If new object codes, object details, etc., are authorized afterwards by supplementary provision or otherwise, similar accounts must be opened, entries made and authenticated.

261.3 Additional Provision:

If additional provision is authorized under an existing object code, object detail etc, the amount of such additional provision must immediately be entered up in red ink in the proper space and added to the original provision. Similarly, such provision should be deducted from original provision of the particular object code, object details etc. where anticipated savings are

transferred. In all cases reference should be made, in both pages of the accounts affected, to the authority granting such transfer.

261.4 Commitments (Liabilities):

Subject to the provisions of 5 below, all commitments should be entered on the left hand side of the account immediately they are committed. Every entry should show the description of the commitment, together with a reference to the order, contract, correspondence, or other document relating to the service. If the actual cost of the article or service is not known, the estimated cost should be entered. As soon as a payment is made on account of a commitment, the original entry should be ruled through and fresh entry made in a new line, showing the balance, if any, of the commitment. The column 'Total Commitments Outstanding', (i.e. Commitments other than deferred commitments), should be filled in at the end of each month, and will represent the total of the items of commitments which have not been ruled through and transferred to the expenditure side of the account.

261.5 Deferred Commitments (Deferred Liabilities):

These should be entered in a separate column or in any other suitable manner in the Appropriation (Votes) Ledger of the year in which they are incurred. They may also be dealt with in a separate register specially kept for the purpose. In either case, they will not affect the financial provisions of the year in which they are incurred. These commitments should be carried forward to the Appropriation (Votes) Ledgers of the subsequent year or years in which they are expected to materialize and dealt with there as ordinary commitments.

261.6 Payments and Charges:

Payments charged to the provision under each object code, object detail, should be entered up on the right-hand side of the account. The number, of the relevant schedule, abstract, or voucher being quoted in the column provided for that purpose. The total of payments for each month should be added up after drawing a line. The cumulative monthly total would then be entered in the column headed: 'Total' which will represent the total of all such payments to that date.

261.7 Balance Provision:

The account must be balanced as at the last day of each month. For this purpose the totals of the columns 'Outstanding Commitments' (i.e. Commitments other than Deferred Commitments) and 'Total' must be added together and entered in the column provided for the purpose. This figure represents the payments, and outstanding commitments. The amount of refunds or recoveries pertaining to payments made from provision in the current year should be entered in red ink in the 'credits' column. The balance available for expenditure must be entered in the column 'Provision available'.

261.8 Closing of the Account:

At the end of the financial year, the account will be closed and the unspent balance of the provision, if any, will lapse.

261.9 Any outstanding commitments:

These should be carried forward to the Appropriation (Votes) Ledger of the following financial year, as commitments against corresponding provision of that year.

P.F.R.262 Allocation to other Accounting Officers

Accounting Officers may, when necessary, allocate to each of their sub offices or to other Accounting Officers portions of their total provision, and each officer should open departmental Appropriation (Votes) Ledger accounts for the allocations granted to them.

PFR 263 Accounting for Allocations

263.1 Department granting the allocation: A department which grants an allocation to another department or representative should at once note it in the Appropriation (Votes) Ledger, and other appropriate books of accounts where necessary, as a commitment/reduction from provision, and the sum involved cannot be used for other purposes unless the allocation is later reduced or withdrawn.

As soon as the expenditure intimations referred to in 2 (i) below are received, the particulars should be noted in the Appropriation (Votes) Ledger/relevant books of account.

263.2 Sub Office/Other Departments receiving Allocations:

- (i) The Department or officer to whom an allocation is granted will enter up the sum involved in the departmental Appropriation (Votes) Ledger, and other books of account, as provision available for expenditure and thereafter expenditure may be incurred from the allocation.

Any such expenditure should be dealt with, by the department or officer incurring the expenditure, in the same manner as any other expenditure, but the department or authority which granted the allocation should be notified accordingly.

- (ii) An allocation should not be exceeded under any circumstances without the prior approval of the department or authority granting it.

P.F.R.264 Statement of Committed Expenditure

Every Accounting Officer should submit to his Chief Accounting Officer, on form Treasury 170, a Quarterly Statement of Committed Expenditure for the previous quarter within 15 days after the end of that quarter in respect of each Programme under his control. It is also the responsibility of the Chief Accounting Officer to obtain the statement and monitor the progress of expenditure and performance of that Department.

P.F.R.265 Audit Query Register

265.1 Maintenance: an Audit Query Register must be kept in every department, showing the date of receipt of all letters and queries received from the Auditor-General, and the date on which a reply was sent. The duplicate copies of queries received from the Auditor-General should be filed in serial order along with copies of replies sent.

265.2 Examination: The Accounting Officer should examine the audit query register on assumption of duties and monthly thereafter and endorsement

made to that effect. This register should be submitted quarterly to the Chief Accounting Officer within one month after the end of each quarter for his perusal and his endorsement obtained.

P.F.R.266 Personal Emoluments Register

266.1 Need: Every department, other than those envisaged in 5 below, should maintain a Personal Emoluments Register in Form Treasury and Audit 17 (or in other approved form) in the manner prescribed below. A separate register should as far as possible be maintained for each financial year. Separate section thereof (or separate registers if more convenient) should be maintained for staff, other than casual/daily-paid labour, paid from -

- (i) Personal emoluments
- (ii) Advance accounts; and
- (iii) Any other source

266.2 Purpose:

The purpose of this register should be to see that, in the case of all staff, other than casual/daily – paid labour-

- (i) The sanctioned cadre of a department under each class and/or grade it not exceeded
- (ii) The payments are made in accordance with sanctioned scale of salary, the rates of wages, etc.
- (iii) A record is maintained of –
 - a. payments made to (and if necessary the recoveries made from) every officer; and
 - b. other particulars necessary or helpful in determining the amounts to be paid

266.3 Maintenance: the following instructions should be strictly complied with,

- (i) the register should readily show the numbers of the sanctioned cadre in each class and/or grade, and the appropriate salary scales, along with any special particulars relating to such classes, grades, and salary scales. The

names of the officers paid should appear below such particulars and the following should be noted against each name-

- a) annual salary of officer –
- b) dates of appointment, confirmation, increment, marriage, retirement, resignation, interdiction, reinstatement, occupation and vacation of quarters, dismissal, death etc. and
- c) all relevant particulars which affect the salary, allowance etc, of an officer, when the spouse is employed.

Sufficient space should be left between the names in the register to accommodate the above particulars relating to each officer and to provide for changes referred to in (b) above.

- (ii) Under normal circumstances the personal emoluments register should be maintained in the order of the positions and categories as appearing in the programme employment summary of the budget.

If, however, a separate pay-sheet is prepared in respect of each institution (e.g. schools) , and the position and categories in the budget are not according to the institutions, the personal emoluments register may, if convenient, be maintained with the names appearing in the order in which they appear in the different pay-sheets; but the numbers paid under each position/category on the several pay-sheets should be reconciled every month with the total number as appearing in the establishment record and in the budget, under each position and category. For this purpose suitable arrangements should be made to forward monthly statement of the numbers paid under each position and/or category on the several pay-sheets to the establishment section of the department.

- (iii) The particulars of salary, wages etc., paid to each officer should be noted against his name under the month of payment. If the amount of salary or wages paid is different from the amount paid in the previous month, the difference should be explained by foot-note or otherwise (e.g. when the officer is on half-pay or no –pay).
- (iv) A line should be drawn across the space left against the name of an officer, for any month or months in which he is not paid salary, on account of

transfer, retirement, etc., so that no entries can be made thereafter. Similarly when a new officer assumes duties a line should be drawn across the space against his name, up to the month in which he is paid his first salary in the department.

- (v) When a new appointment is made to fill a vacancy, a name will be noted against the first vacant number (see paragraph (ii) above) quoting authority for the appointment for the number and date of the letter of appointment (or transfer), and the date of assumption of duties. Every such entry must be initialled by the officer making it, and by staff officer concerned.
- (vi) When a new register is opened and particulars in the old register are transferred to the new one, every entry so made in the new register should be verified by an officer other than the person who entered it and a note indicating the name of the officers who wrote the register and checked the entries should be made in a conspicuous position on the opening sheets of the register. The officers concerned should sign this note.
- (vii) Complete cadre control records should be carefully maintained in the departments and a monthly reconciliation between the number of officers paid under each position or category, and the numbers appearing in the cadre control records of the establishment section should be made in order to ensure that the number of officers paid is correct.
- (viii) A certificate should be provided by the certifying officer at the bottom of each pay abstract, to the effect that he has verified and found that the personal emoluments register has been completely entered up, totalled and reconciled for the previous month.
- (ix) Surcharges should be entered against the appropriate name under the month of recovery in red ink; but a cross – reference should be made to the month in which the overpayment occurred, and vice versa.
- (x) Similar procedures as in (ix) above should be followed in recording the payment of arrears of salary or wages (i.e. cross –reference should be made in the month of payment of arrears, to the month in respect of which the arrears are paid, and vice versa).

266.4 Accounting for unpaid salaries and wages:

- (i) The officer responsible for cash disbursements should, after payment on the pay sheet is closed, write the word 'UNPAID' against each unpaid item on the pay sheet and thereafter prepare a statement showing the following particulars to enable officers maintaining personal emoluments registers, to enter unpaid amounts against the names of the officers concerned;
 - a) the name of each unpaid person and the unpaid (net) amount;
 - b) the page of the pay sheet on which the name appears and the number or other particulars which would enable the name to be easily found and identified;
 - c) the aggregate of the unpaid amounts;
 - d) the date of credit and the account/s to which the amount/s were credited;
 - e) the receipt for the credit and/or its serial number (as required)

This statement should be signed by the officer responsible for the disbursements.

- (ii) the officer responsible for the maintenance of the personal emoluments register will enter the surcharges from this list, in terms of paragraph 266.3 (ix) above, after it has been checked with the pay sheet to ensure that the full sum provided thereon has been correctly accounted for.

266.5 Alternate Systems:

If in any department, personal emoluments registers are not maintained owing to the existence of an alternative system of maintaining pay records such systems should provide for methods of control required to achieve the objectives indicated in these rules.

In the computerized government payroll systems all these control aspects are provided for and the P.E. Ledger will be taken as a printout at the end of the financial year and filed of record.

P.F.R.267 Other Books

Every department or a sub office of a department should maintain the following books:

1. **Inventory book:** to record the receipt and issue of every article of Provincial Council property and stores. This will not include consumable stores and printed forms.
2. **Inventory of electrical fittings:** to record all electrical fittings, apparatus etc. in Provincial Council buildings including bungalows.
3. **Register of consumables:** to record receipts and the distribution of consumable items in the department.
4. **Catalogue of book:** to record separately the books and other publications of value belonging to the Provincial Council.
5. **Fixed Assets Register:** to record and manage all items of fixed assets like land, buildings, structures, machinery, and equipment etc.
6. **Tender Minutes Books/Files:** to have a record of all decisions taken by the Tender Board in the respective accounting unit.
7. **Contracts Register:** to have a record of all contracts awarded by the department for purposes of contract management and follow-up.
8. **Register of losses:** to have a central record of all losses that had been reported and the nature of action taken in each case.
9. **Ledgers for Advance Account Activities:** to record transactions of Advance Account Activities of the department.

SECTION 3

SECURITY DEPOSITS FOR CONTRACTS, EXCISE RENTS, ISSUE OF LICENSES ETC

P.F.R.268 Security Deposits

Security deposits in respect of contracts entered into by the Provincial Council may be obtained in the form of;

- (i) Cash
- (ii) Bank guaranteed cheques
- (iii) Bankers cheques
- (iv) On demand bonds issued by recognized banks operating in Sri Lanka
- (v) Any other form approved by the Provincial Council

Cash or cheques received in favour of the Provincial Council as security deposits should be lodged to the credit of an appropriate Deposit Account.

Bonds obtained or tendered as security deposits should be valid for the period of the contract and are to be kept in safe custody.

P.F.R.269 Interest when payable

Provincial Council admits no liability to pay interest in respect of deposits of security, save and except in the following circumstances:

If the depositor asks the Head of the Department concerned, in writing, to place security money in the National Savings Bank, or in a fixed deposit in an approved bank, the interest allowed by the bank may be paid to the depositor;

P.F.R.270 Security Deposits tendered other than in Money

270.1 If security required by a department is furnished in the form of a deposit in the National Savings Bank, or a fixed deposit in any other bank, it must be in the name of the Head of the Department, a lien on the amount being secured to Provincial Council. The Savings Bank Books and Deposit Receipts for all

such deposits must be retained in safe custody in the department. The total receipts and total withdrawals of such securities should be brought to account, through the Monthly Summaries of Accounts, as indicated below.

270.2 Accounting- The lodgment, renewal or withdrawal of each security deposit, furnished other than in money, should, in the first instance, be entered in a Register of Securities (Form Treasury 88). The total amount of such deposits received into custody during each month should be debited to the Account entitled: "Sundry Security Deposits and Investment-Account" and credited to "General Deposit Account - Sundry Security Deposits and Investments". Similarly, the total amount of deposits withdrawn during each month should be debited to the "General Deposit Account Sundry Security Deposits and Investments", and credited to "Sundry Security Deposits and Investments Account".

This procedure is adopted in order that the value of such deposits and securities may be included in the Provincial Treasury Accounts.

P.F.R.271 Seizure of Deposits

Whenever a notice issued by a Court is served on the Head of a Department, seizing money or a deposit which is in his custody, or in the custody of the Provincial Treasury and requesting that the money or deposit be withheld, subject to the further orders of such Court, he should immediately forward the notice to the Attorney-General, together with full information as to the circumstances in which the deposit was made, and any mortgage or document relating to the deposit. In the meantime a note should be made in the Deposit Ledger, and the deposit should not be returned to the depositor, even if it is due to be refunded.

P.F.R.272 Forfeiture of Security Deposits

If the contractor fails to perform or fails to comply with the conditions of the contract, the security deposit furnished by him is liable to be forfeited in part or in full as decided by the relevant authority.

SECTION 4

ADVANCE ACCOUNTS

P.F.R.273 Advance Accounts

273.1 Authority and Scope: Advance Accounts are authorized by the Appropriation Statute and provided for under Part II of the Annual Financial Statement and its financial operations are subject to the provisions of Appropriation Statute.

273.2 Receipts and Payments of Advance Accounts: Within the prescribed limits both receipts and payments of each activity conducted on an Advance Account are accounted for under the appropriate Advance Account. This expedient brings the financial transactions of the activity into a single account, as far as the Provincial Treasury is concerned.

273.3 Advance Warrants: No debit should be raised to an Advance Account, provided for in the Annual Financial Statement unless an Advance Warrant, or Special Advance Warrant containing provision for the activity, has been issued by the Chief Minister.

273.4 Types of Advance Accounts

The Types of Advance Account activities operated are given below:

- (i) **Stores Advance Accounts:** These are in the nature of suspense accounts. The cost of stores required by a department, including incidental expenses, such as the cost of transport and handling, is first met from the relevant Stores Advance Account. When issues are made to departments, or sections of department, the full value is recovered from appropriate provision in the estimates (or from the activity to which the stores have been supplied) and credited to the Stores Advance Account. Normally, Stores Advance Accounts are not expected to result in losses, nor are they worked on a profit. Abnormal losses, such as marine losses, civil commotion and loss by fire, are recovered from specific financial provision made under the distinct Object Code of the relevant Head of Expenditure in the Financial Statement.

- (ii) **Commercial Advance Accounts:** These are made use of for the purpose of carrying on certain activities on a commercial basis. The recurrent expenses of the activity are charged to the Advance Account. The proceeds, by way of sale or otherwise of the products of the activity, are credited to the Advance Account.
- (iii) **Special Advance Accounts including Advances to Provincial Public Officers:** These accounts are used to pay recoverable advances for specific purposes, other than those referred to in (i) and (ii) above. They are a convenient way of accounting for loans to Provincial public officers. These accounts are not expected to result in losses. Full recovery should be made in terms of the conditions authorizing the original payment.

- a) **Accounting:** Every department which is authorized, in terms of the Appropriation Statute, to operate an Advance Account for the purpose of granting loans and advances to its employees, shall maintain a separate Advance Account in the departmental books. This account will serve as a departmental total account for the separate accounts of authorized loans and advances granted to the employees of the department. In the Provincial Treasury books of account a corresponding Advance Account will be opened in the appropriate Subsidiary Ledger. The accounts in this Subsidiary Ledger will be represented in the Provincial Treasury Main Ledger by a single Total or Control Account. The title of this account is: "Advances to Public Officers Account". Debits and credits raised to this account should also indicate the relevant Subsidiary Account of the Provincial Treasury, by mentioning the name of the department and the item number of the Advance Account, as appearing in the Annual Financial Statement.

It should however be noted that this item number may change from year to year.

- b) **Authority:** Normally, every department is provided with authority under the Appropriation Statute, for the operation of an Advance Account for granting loans to its employees, in terms of regulations and instructions issued by the Provincial Treasury. If such authority is not provided in the Statute in respect of any department, the Provincial Treasury may issue

special instructions indicating the manner in which loans and advances granted, and recoveries effected by such departments, should be brought to account.

- c) **Reconciliation of Accounts:** Every department should reconcile monthly, the total debits, the total credits and the balance in its Advance Account, with the aggregate of debits and credits and balances of the individual loan accounts.
- d) **Transfer of Officers:** When an officer is transferred from one department to another, the balance still due from the officer should be settled by the latter department to the former, treating the balance so paid as part of a loan granted by the new department; and continue to make the recoveries due from the officer. The documents relating to the loan should also be transferred to the new department.

273.5 Capital Expenditure of Advance Accounts - All the capital expenditure for the activity should be met from specific financial provision in the Financial Statement and should not therefore be debited to the Advance Accounts.

P.F.R.274 Books, Records, etc. for Control

274.1 Books and Records:

In respect of each Advance Account Activity, Accounting Officers should see that-

- (i) adequate records are maintained to ensure that there are no excesses in respect of the maximum limits of expenditure, maximum limits of the debit balance, maximum limits of liabilities and no shortfall on the minimum limits of receipts prescribed in the Appropriation Statute without proper authority.
- (ii) adequate steps are taken to ensure that-
 - a) amounts due are promptly collected;
 - b) satisfactory progress is made in the working of the activity;

- c) proper books of account are maintained to record all transactions relating to the commercial aspect of the activity.

The Provincial Treasury may, in certain cases, prescribe the minimum requirements in this connection; but, as proper records have to be maintained to suit the requirements of each individual activity, Accounting Officers should act with care, and obtain the assistance of the Chief Accounting Officers, and the Provincial Treasury in difficult circumstances.

274.2 Fixed Assets Register:

A Fixed Assets Register should also be maintained in respect of each Advance Account Activity as specified in Chapter 8 - Assets and Stores Management.

P.F.R.275 Excesses / Shortfalls of Limits prescribed for Advance Accounts

Ascertainment of Excess / Shortfall: For the purpose of ascertaining whether or not there is an excess/shortfall on the prescribed limits of an Advance Account, the following types of transaction should not be taken into account:

- (i) erroneous or incorrect debits and credits;
- (ii) debits and credits raised in adjustment of erroneous or incorrect/entries;
- (iii) debits raised for the transfer of profits
- (iv) credits necessary for the transfer of provision to meet working losses
- (v) Settlement of loan balances of the public officers transferred between Provincial Ministries and Departments.

PFR 276 Variation of Limits

The Limits prescribed for each Advance Account are fixed with due regard to the capacity of the department concerned, the scale of operations envisaged, and the extent to which the Provincial Council can provide funds for the expenses of the activity. Departments are therefore strictly enjoined to keep within the prescribed limits and avoid excesses/shortfalls on them.

The Appropriation Statute, however, empowers the Chief Minister with the approval of the Board of Ministers to vary or alter by Order, any of the limits prescribed for an Advance Account. Any such Order takes effect from a date specified therein and should be obtained in advance when it is known that an excess/shortfall would occur on any prescribed limit. If, for any unavoidable reason, authority could not be obtained before an excess/shortfall occurred, the application seeking an Order should expressly indicate the date from which the Order should take effect. Such applications should be received in the Provincial Treasury not later than December 31st of the Financial Year. No such Order shall have effect unless it has been approved by Provincial Council by Resolution.

P.F.R.277 Unauthorized Excesses/Shortfalls on Limits

When an excess/shortfall is not covered by authority, it will be the subject of comments by the Auditor-General.

P.F.R.278 Quarterly Statements and Provisional Accounts to be prepared

278.1 To enable Chief Accounting Officers and Accounting Officers to acquaint themselves with the progress of a Trading Advance Account Activity, departments should prepare, as at the end of each quarter, the following statements, and forward them to the Chief Accounting Officer (with a copy to Auditor-General) before the 15th of the month following the quarter :-

- (i) Statement of trade debtors;
- (ii) Statement of trade creditors;
- (iii) Statement of finished goods;
- (iv) Statement of raw materials, stores and supplies;
- (v) Statement relating to the prescribed Limits of the Advance Accounts

The statements at (i) (ii) (iii) above should be prepared substantially on the specimen forms prescribed by the Provincial Treasury.

278.2 At the end of each quarter a provisional Profit and Loss Account should also be prepared.

P.F.R.279 Preparation of Annual Accounts

279.1 The following statements of accounts relating to the financial year should be prepared and certified by the Accounting Officer concerned, before the date prescribed by the Provincial Treasury (before 30th of April of the following financial year).

(i) In the case of Commercial activities:

- a) Income Statement
- b) Balance Sheet
- c) Cash Flow Statement
- d) Accounting Policies and explanatory notes to the accounts

(ii) In the case of Stores Advance Accounts :

- a) Stores Receipts and Issues Account
- b) Balance Sheet.
- c) Cash Flow Statement
- d) Accounting Policies and explanatory notes to the accounts

A special certificate should be appended to the relevant statements that the value of stocks-in-hand, and the existence of fixed assets, have been verified by a Board of Survey appointed for the purpose.

(iii) In the case of Special Advance Accounts, a statement reconciling the total of the balances of individual accounts with the balance of the Advance Account.

279.2 The statements should be forwarded through the Chief Accounting Officer to the Auditor-General for examination. In the case of (i), (ii) and (iii) above, the statements will be certified by the Auditor-General after examination, and forwarded to the Provincial Treasury for publication, where necessary.

When the statements are meant for publication, they should be accompanied by a “Foreword” on the lines of an Annual Report, briefly explaining the following aspects of the activity :-

(i) The progress of the activity and main achievements during the year;

- (ii) Any abnormal or unusual items in the Profit and Loss Account and Balance Sheet;
- (iii) Any other points of note.

The “Foreword” should be signed by the Accounting Officer.

P.F.R.280 Stores and Fixed Assets Management

Stores and fixed assets management relating to advance account activities should be carried out as specified in Chapter 8 – Assets and Stores Management of this rules where applicable.

P.F.R.281 Income Statement and Hypothetical Charges

281.1 The Annual Income Statement should contain the appropriate items of income and expenses recorded in the books of account of the Advance Account Activity. Interest payable at rates annually notified by the Provincial Treasury on advances made by Provincial Council should also be included. The balance of this Account would reveal the profit or loss of the activity for the year.

281.2 "Nett Profit". The credit balance of the Income Statement will represent the "nett profit" of the activity, and should be credited to the appropriate Revenue Code.

281.3 Hypothetical Charges. – However, there exists a number of items of expenses which a private commercial undertaking would normally incur, but which an Advance Account Activity does not usually pay for.

In order to indicate the extent to which hypothetical charges, if paid for, would affect the profit or loss of the activity for the year, a Memorandum Hypothetical Charges Account should be appended to the Annual Income Statement

P.F.R.282 Provision to cover Working Losses in Advance Accounts

282.1 Normally Advance Accounts are not expected to incur losses. However if losses are incurred as per policy of the Provincial Council, the provision to

cover such working losses in Advance Account Activities should be made in the Annual Financial Statement.

282.2 When the activity is expected to reveal a loss, (i) If the Provisional Income Statement reveals a loss, the financial provision for the loss, existing in the Estimates of the financial year to which the accounts relate, should be debited to such provision or (ii) if the loss is in excess of the provision in the Annual Estimates, a Supplementary Financial Statement should be presented before the end of the financial year, if savings are not available under the Head of Expenditure.

P.F.R.283 Working Losses in Commercial Advance Accounts

283.1 Provisional Income Statement:

- (i) In the case of Commercial Advance Accounts, departments should prepare, before the end of January each year, a Provisional Income Statement for the previous financial year, in respect of each activity conducted by them.
- (ii) If the Provisional Income Statement reveals a loss, the financial provision for the loss existing in the financial year to which the accounts relate, should be debited with the loss reflected in the Provisional Account, and the Advance Account credited. This should, however, be done before the Provincial Treasury books for that financial year are closed. In the accounts of the activity the amount so appropriated from financial provision will be accommodated to the credit of an "Appropriation of Provision Account", until action as in 2 below is taken.

283.2 Final Income Statement and Appropriation of Provision Account:

- (i) Treatment of loss reflected in Final Income Statement, - The loss reflected in the Final Income Statement of the activity should be transferred to the debit of the "Appropriation of Provision Account" which will show a credit balance, if the amount transferred from financial provision in the Estimates in terms of 1 (ii) above, is more than the loss transferred from the Final Income Statement

- (ii) When the "Appropriation of Provision Account" shows a credit balance, the whole of such credit balance should be credited to appropriate Revenue Code.
- (iii) If the "Appropriation of Provision Account" shows a debit balance, it is because the amount appropriated from financial provision, under 1 (ii) above, is less than the actual loss of the activity for the year. In such a case, Supplementary Provision to cover the balance should be obtained.

P.F.R.284 Unauthorized Working Losses

In respect of an Advance Account Activity, where working loss has not been settled fully, before the end of the financial year to which the loss relates, by the application of provision already existing in the Estimates, or by Supplementary Provision, the unauthorized working losses will be reported on by the Auditor – General to Governor, and will be examined by the Provincial Public Accounts Committee. Supplementary provision should be made, for such amount of the loss as has been passed by the Provincial Public Accounts Committee. A brief description of the details and a reference to the recommendations of the Provincial Public Accounts Committee should be given against this provision.

P.F.R.285 Adjustments relating to the Accounts of a previous Financial Year

285.1 Advance Account provided for in the current Estimates: If an adjustment affects the balance of the Income Statement of the year of adjustment, a note explaining the adjustment should be appended to the accounts.

285.2 Advance Account not provided for in the current Estimates:

- (i) When an Advance Account, operated on in previous years, but not provided for in the current Estimates, is yet open in the Provincial Treasury books (i.e. the debit or credit balance of the Account has yet to be closed, or finally disposed of), debits and credits may be raised with the authority of the Provincial Treasury in the following circumstances:-
 - a) In adjustment of erroneous debits and credits already made.
 - b) For the transfer of profits to Revenue.

- c) For the closure of the Account.
- d) For the transfer of provision appearing in the Estimates, to meet working losses

A statement showing the particulars of such debits and credits should be forwarded to the Auditor-General and Provincial Audit at the end of the financial year.

- (ii) When the Advance Account is closed in the Provincial Treasury Books, the adjustment of errors detected later should be effected as follows:
 - a) If the adjustment would have required a debit to the Advance Account if it was still open in the Provincial Treasury Books, the debit should now be to specific provision in the Estimates.
 - b) If the adjustment would have required a credit to the Advance Account if it was still open in the Provincial Treasury books, the credit should now be to Revenue.

P.F.R.286 Winding-up of an Advance Account Activity

286.1 Order to wind up activity: When Provincial Council has decided to close down an activity, all steps necessary to stop production (i.e. by completion of work in progress, stopping purchases, reduction of staff, etc.), should be actively pursued in such a manner that the interests of Provincial Council are not adversely affected. Thereafter action should be taken to cease production and manufacture, as early as possible; but normal sales to clear residual stocks should continue. Action necessary to wind up the activity should be taken simultaneously.

286.2 Financial authority to continue the Advance Account for winding-up operations:

- (i) In the financial year in which it is decided to wind up the activity, debits and credits to the Advance Account may continue to be accommodated, as the activity would already be provided for in the Annual Financial Statement. In order to continue winding-up operations in the following financial year, the activity should continue to be authorized in the Annual Financial Statement and debits and credits arising out of such operations

should be accommodated in the Advance Account. If a loss is anticipated during this stage of winding-up, such loss should be provided for in the Annual Financial Statement. It should normally be possible to complete the process of winding-up during this financial year, and every effort should be made to do so.

- (ii) As soon as the winding-up accounts for the financial year following that in which the decision to wind up was taken are certified by the Auditor-General, a Supplementary Financial Statement should be submitted for such amount as may be required to settle the debit balance, if any, outstanding in respect of the Advance Account in the Provincial Treasury Books, as at the end of that year. A credit balance, if any, should be settled by transferring it to Revenue.

286.3 Authority for winding-up operations in the financial years following the first financial year, after decision to wind-up is taken:

- (i) If for any reasons, winding-up proceedings cannot be completed within the first financial year following that in which the decision to cease operations is taken, it should be ensured that the activity is wound up in the next financial year.
- (ii) However, no provision should be made in the Annual Financial Statement to continue the Advance Account. No further debits or credits, other than those in respect of adjustment of errors, and for closing the Account in the Provincial Treasury Books, can, therefore, be raised to the Advance Account, even if it has not yet been closed in terms of paragraph 2 (ii) above.
- (iii) For this purpose of continuing winding-up operations, where necessary, specific provisions should be made in the Financial Statement of the Departments concerned to meet any outstanding liabilities and winding-up expenses- e.g. salaries of staff. The proceeds of realization of assets, if any should be credited to the appropriate Revenue Code.

286.4 Preparation of Accounts: In respect of the year in which the closure decision is taken, two sets of accounts should be furnished, one set for the period from the commencement of the financial year to the date of decision of closure, and the other for the rest of the financial year

286.5 Preparation of Accounts of periods after the date of decision to wind-up:

The following accounts on, specified forms should be prepared, in respect of:

- (i) the period commencing from the date of decision to wind-up, to the end of the particular financial year, and
- (ii) the financial year following that in which the decision to wind-up was taken:
 - a) A Statement of realization of assets.
 - b) A statement of settlement of liabilities.
 - c) An Income Statement (Adjustment) and a Profit or Loss on Disposals Account.
 - d) A Receipts and Payments Account.

Note - 1 The Income Statement (Adjustment) is the medium by which,

- (i) assets omitted from previous Balance Sheets can be brought to account (e.g. Sundry Debtors in respect of sales effected in previous years), and
- (ii) liabilities incurred in previous years and omitted from previous Balance Sheets can be admitted in the accounts of the period under review.

In the case of (i), the "Assets Accounts" will have to be debited and the Profit and Loss (Adjustment) Account credited with their value, while in the case of (ii), the amounts will have to be credited to the claimants' accounts and debited to the Income Statement (Adjustment). The balance of this account should be transferred to the Profit or Loss on Disposals, which will show the manner in which the outstanding profit or loss has been disposed of during the period.

Note 2 – Where provision has been made in the Annual Financial Statement to meet a loss, the loss revealed in the Profit or Loss on disposal, should be debited to such provision. Where such provision has not been made, the Accounting Officer will take necessary steps to have the loss covered by specific financial provision.

Note 3 - Assets such as vehicles, furniture, equipment, etc., should be disposed of in accordance with rules on disposal of assets, after ascertaining from other departments whether they require these assets for their own use. If they can be so transferred, the appropriate provision of the receiving departments should be debited with their value, the corresponding credit being to the appropriate Revenue Code.

286.6 *Statements to be furnished from the second and subsequent financial years, following that in which the closure is applied:*

The following statements of accounts should be furnished in respect of the operations in terms of paragraph 3 (iii) above:

- (i) A statement showing in detail, the assets as appearing in the previous Balance Sheet, the amount realized in respect thereof during the year of account, and the value of any assets remaining unrealized at the end of the year. (Total amount realized as shown in this statement would have been credited to Revenue).
- (ii) A statement showing in detail, liabilities as appearing in the previous Balance Sheet, the amount settled during the year of account and the balance outstanding at the end of such year. (The total payments appearing in this statement would have been debited to financial provision in the Annual Financial Statement).
- (iii) A statement showing salaries and other expenses of winding-up, during the year of account (This amount too would have been debited to financial provision in the Annual Financial Statement).

286.7 *Foreword:* In the Foreword to the winding-up accounts, statement containing the following information should be given-

- (i) The progress made in winding-up during the period under review;
- (ii) What remains to be done, and when it is hoped to complete the winding-up;
- (iii) The reasons, if any, for the delay in its completion.

SECTION 5

FOREIGN AID AND OTHER SPECIAL ACCOUNTS

P.F.R.287 Fund Accounts

Separate guidelines on management of special funds issued by the Provincial Treasury from time to time shall be applicable to Fund Accounts.

P.F.R.288 Foreign Aid to Provincial Council

288.1 In terms of Provincial Councils Act No. 42 of 1987 – Section 22, Foreign aid negotiated by the Government for a Project or scheme in a Province shall be allocated by the Government to such Project or scheme. The Credit Agreement is signed by the Government and a Project Agreement is signed by the Chief Secretary on behalf of the Northern Provincial Council.

288.2 Foreign Aid is assistance received by the Provincial Council in the form of grants and loans in currency or in kind aimed at transferring resources from donors to the Province for socio-economic development.

288.3 For capital projects, foreign assistance shall be provided following approved Project approval procedures for co financing and to meet counterpart funds as commitments from the Provincial fund in the following manner.

- (i) Co-financing along with principal donor where budgetary support is provided by sub donors for a specific sector/component or an activity of the project.
- (ii) Co-financing with direct participation of the beneficiaries who belong to community based organisations by providing labour, materials etc.
- (iii) Co-financing with multi-donors when Provincial funds are inadequate to meet commitments of large capital projects.
- (iv) Co-financing through Counterpart Funds of the Provincial Council to complement or supplement donor funding to meet specific local expenses such as duties, local rates etc. which are not covered in the agreement with donor.

- 288.4** The Governor shall issue authorization to the Chief Secretary to sign the Project Agreement or Memorandum of Understanding (MOU) on behalf of the Provincial Council immediately after negotiation is concluded.
- 288.5** Where foreign aid is available for Provincial Council and agreed by donor with the Government under a Country Assistance Strategy (CAS) Programme the Chief Secretary is empowered to negotiate and sign an agreement or MOU with the donor with the authorization by the Governor. Availing assistance under CAS need not go for approval of the President.
- 288.6** MOU in respect of grant aid negotiated with International Non-Governmental Organizations, Missions and similar organizations that are already working under a CAS programme shall also be signed by the Chief Secretary
- 288.7** For donor funded projects Multi-lateral or Bi-lateral or by any Agencies the Executing Agency is the line Ministry and Implementing Agency is the Provincial Council.

***P.F.R.289* Project Accounts**

289.1 Implementation:

- (i) For the prompt and speedy utilization of aid that is committed, the officers handling projects shall have the necessary knowledge, experience and expertise in implementing such projects.
- (ii) Financial management of a project includes mobilization, utilization and controlling of financial resources. It comprises sourcing of funds, preparing detailed budgets, forecasting, establishing procedures for disbursing funds, instituting and maintaining project accounting systems and controlling financial operations of the project.

289.2 Preparation of Accounts:

All agencies under the Provincial Council who operate Projects financed either by the Government and/or by foreign donors should prepare following annual report and financial statements for each project operated by them and submit to the Secretary of the Line Ministry with copies to the Auditor-General, Department of State Accounts and to the Department of External Resources before 90 days after the close of the financial year. Accounts

relating to projects financed by INGO should be submitted to the Chief Secretary and the relevant agencies.

- (i) Balance Sheet
- (ii) Statement of Financial Performance prepared as per the project Financial Plan
- (iii) Cash flow Statement
- (iv) Statement of disbursement of foreign aid
- (v) Statement indicating that the balance of the foreign aid account has been reconciled and agreed with the balances appearing in the Central Bank of Sri Lanka (CBSL) and the donor.
- (vi) Receipts and Payment accounts

289.3 Closure of Projects:

When projects are closed or wound up, the Chief Accounting Officer and Accounting Officer or the Head of the Implementing Agency should ensure that the following are done;

- (i) Settlement of outstanding liabilities of the project
- (ii) Recovery of dues to the project
- (iii) Recovery of all outstanding re imbursement claims
- (iv) Reconciliation of balance of the foreign aid account with the CBSL and the Donor and clear all discrepancies observed.

289.4 Assets of Projects to be wound up:

When a project is wound up, all the assets belongs to the project should be disposed as per the provisions in the Project Agreement or MOU. If no specific instructions are available in the project agreement/MOU, the Chief Accounting Officer/the Accounting Officer /the Implementing Agency should dispose the assets through the following procedure;

- (i) Within two months after the project is closed all the assets of the project should be verified as per the provisions in Chapter 8 of these rules.
- (ii) Action should immediately be taken for any discrepancies observed

- (iii) If the assets are in usable form and required for the use of implementing agency, they should be transferred to the respective implementing agency.
- (iv) If those assets are no more required to the implementing agency, they can either be transferred to other Provincial agencies as per the provisions in Chapter 8 of these rules or disposed of following competitive bidding procedure or by sale through public auction.
- (v) The sale proceeds should be credited to the Provincial Fund.

289.5 Assets imported by the Contractors:

If the contractors have imported assets for the use of the project where the customs duties and other levies were paid by the project, the duties assessed on the depreciated value should be recovered from the contractor or ownership transferred to the project.

If the contractors have imported assets for the use of the project on duty free basis with the agreement to re export such assets after completion of the project, the Chief Accounting Officer/ Accounting Officer/Implementing Agency should ensure that the contractor re exports the assets as agreed or pay the applicable duties where he has failed to re export the assets.

PFR 290 Emergency Fund Advances - Method of Accounting

290.1 When an advance from the Emergency fund is authorized by the Governor, a new Subsidiary Deposit Account should be opened debiting the Emergency Fund Account.

290.2 Any expenditure incurred by the department on account of the new service, pending the grant of supplementary provision for such service, should be debited to the aforesaid Deposit Account. In all vouchers, schedules, renewals of Imprests, summaries of accounts and other accounting documents, departments should indicate fully the title of this Deposit Account, whenever any debits or credits are raised to that account. The serial number of the account should invariably be quoted.

290.3 As soon as the Supplementary Financial Statement for the service is passed and the Special Warrant is issued, the department concerned should make the following transfers:

- (i) The unspent balance in the Deposit Account should be transferred to Surcharge Account as follows:

Dr. General Deposit Account – Emergency Fund Advance No.
.....A/C.....

To: Surcharge Account (Indicate the Head, Programme, Project, Object Code etc. under which the Supplementary Provisions etc has been obtained)

This will close the deposit account and enable the transfer of the full sum as follows from Expenditure Account to the Emergency Fund A/C.

- (ii) The full amount of the advance should be replaced by the following transfer-

Dr. Expenditure Account (Head....Programme/Project Object.... Of Supplementary Financial Statement...

To: Emergency Fund A/C

After (i) and (ii) above have been effected, the resultant balance of provision will be available to the department for further expenditure during the financial year.

290.4 If the Supplementary Financial Statement for the replacement of the advance obtained from the Emergency Fund is not passed before the end of the financial year in which it is granted, the balance that remains unspent in the Deposit Account at the end of the financial year in which it is granted, may be utilized for expenditure during the following financial year, until the Supplementary Financial Statement is passed.

SECTION 6

COMPUTERISED ACCOUNTING SYSTEM

P.F.R.291 Computerization of Government Accounts

The Department of State Accounts has computerized Government accounting using the Computerized Integrated Government Accounting System. In order to ensure uniformity, the Northern Provincial Council too has adopted the system for accounting purposes in Provincial Ministries and departments.

P.F.R.292 Computerized Integrated Government Accounting System (CIGAS)

- 292.1** This is the main accounting system used to keep the Provincial accounts and generate Provincial financial management and accounting information at operational level.
- 292.2** Following accounting activities are performed by CIGAS.
- General Ledger
 - Cash book.
 - Bank reconciliation
 - Deposits and releases
 - Cash advances and recoveries Payroll and staff room integration
 - Printing of pay cheques, covering letters, vouchers and schedules
 - Electronic data transmission from branches (E-mail or Diskette, Pen drive)
 - Consolidated accounts of head office with branches and consolidated cash management report
 - Budget controls, budget revisions and transfers
 - Monthly and annual accounting statements
 - Automatic transfer of payroll data to accounts and printing of abatement cheques

- Management of staff loans under Public Officer's Advance Account, integrating recoveries from payroll and loan payments from cash book

292.3 The system is being upgraded from time to time to incorporate technological developments.

P.F.R.293 Operation of CIGAS

293.1 Security of Data and Computer Equipment:

Since all the accounting records and books of accounts are in the computer it is essential that the equipment and data stored are adequately protected. Adequate security arrangements should be made to house the computer and accessories preferably in a separate room under the charge of the Accountant. Safeguard against natural hazards and unauthorized handling should be provided.

293.2 Data Protection - Daily Backup Copies on External Media:

CIGAS has the facility to obtain backup copies of data on external storage devices. These backups must be taken DAILY without fail.

293.3 Password Protection -Power on Password:

Computer has a power on password. Without this password the computer cannot be started. Action must be taken to install the power on password and keep it with the Accountant or any other authorized officer.

293.4 CIGAS Passwords

CIGAS has three levels of passwords. The officer who has the first password can do any operation in the CIGAS including even deletion of data, while the other passwords have low authority respectively. It is recommended to keep the three passwords with the following officers.

<u>Level</u>	<u>Officer</u>
Password 1	Accountant / Senior Finance Officer
Password 2	Senior Finance Assistant
Password 3	Data Entry Officer

All the passwords must be changed preferably once in three months or whenever necessary so that it will not go to unauthorized hands.

P.F.R.294 Manual Records

In addition to computerized records the following manual records also should be maintained;

- (i) Daily Memorandum of Receipts and Payments
- (ii) Appropriation Control Register
- (iii) Deposit Ledger
- (iv) Advance Accounts Records
- (v) Any other records considered as necessary by the department concerned

P.F.R.295 Statements to be generated

The following statements should be taken, certified and filed of record when CIGAS is in operation.

Daily:

For each cash book

Daily Cash Book Summary

Payments of the day

Receipts of the day

Monthly:

Appropriation ledgers

Classification Register

Summary of Accounts

Imprest Accounts

Account Totals

List of Deposit Details

List of Imprest Advances

All auto journal Entries

Daily Weekly or Monthly:

Bank Reconciliation

Unrealized payments/receipts lists

***P.F.R.296* Discontinuance of Manual Records**

The following manual records need not be maintained when the Accounting Officers are satisfied that sufficient alternative computer generated records are available.

Cash books on form General 58

Appropriation ledgers on form General 138

Classification book

***P.F.R. 297* Rendition of Monthly Summaries**

Accounting Officers having expenditure heads should forward their monthly summaries of accounts to the Provincial Treasury by E-mail or any other electronic media and post the hard copy by ordinary mail.

***P.F.R.298* The Government Payroll System**

298.1 A uniform payroll package is in operation to cater to the Government requirements and this package encompasses the following major components.

- (i) Processing of salaries of officers with necessary abatements
- (ii) Monitoring loan disbursements and recoveries under Advances to Public Officer's Account.

298.2 This system has been integrated with CIGAS so that it is possible to transmit accounting, payment and receipt data automatically to CIGAS.

298.3 This system is in operation in the Provincial Council Ministries and Departments as well.

(No PFR under 299 and 300)

CHAPTER 8

ASSETS AND STORES MANAGEMENT

Section 1▶ Procurement

Section 2▶ Assets Management

Section 3▶ Stores Management

Section 4▶ Boards of Survey

Section 5▶ Disposal of Assets

Section 6▶ Losses and Write Offs

CHAPTER 8

ASSETS AND STORES MANAGEMENT

Section 1 - Procurement

Section 2 - Assets Management

Section 3 - Store Management

Section 4 - Boards of Directors

Section 5 - Disposal of Assets

Section 6 - Loans and Vents etc

SECTION 1

PROCUREMENT

P.F.R.301 Public Procurement

Procurement is the standard practice stipulated by the Government through the Government Procurement Guidelines to procure/purchase/obtain goods, works and services. These guidelines are applicable to the Northern Provincial Council as well subject to the limitations imposed at the Provincial level by the Governor.

P.F.R.302 Government Procurement Manual 2006 Goods and Works and Government Procurement Guidelines – 2006

The Procurement Manual and Procurement Guidelines 2006 issued under the directives of the General Treasury, Department of Public Finance forms the basis of instructions and guidelines for Public Procurement.

It is mandatory that the Northern Provincial Council follows these guidelines strictly subject to any limitations and scope imposed by the Governor by circular instructions.

In the case of foreign funded projects the Donor Guidelines are applicable in addition to the Procurement Manual and Procurement Guidelines 2006.

P.F.R.303 Objective

Primary objective of the public procurement is to support the Provincial Council's economic and social development programmes by ensuring that the end-user agencies and the public obtain their procurements that are fit for the purpose at the most advantageous financial terms.

The concept of 'value for money' includes both price and price related factors i.e:

- 1 Fitness for the purpose
- 2 Whole of life costs (owning and operating costs)
- 3 Fair market prices
- 4 Timely delivery

- 5 Post delivery support
- 6 Effective warranties

P.F.R.304 Key Principles of Public Procurement

The four principles that should govern public procurement are:-

1. Obtaining value for money
2. Commitment to open competition in the procurement process
3. Transparency in the procurement process
4. Accountability in public procurement

P.F.R.305 Public Procurement

Public Procurement is the means by which Provincial institutions adhere to procure goods, works and services which:-

- 1 Enable purchasers to provide information to potential suppliers in a fair and equitable way.
- 2 Give all suitably qualified potential suppliers an opportunity to submit bids to the purchasers.
- 3 Enable the purchasers to receive bids from suppliers in a confidential way.
- 4 Enable purchasers to evaluate the bids and select the best 'value for money' option.

P.F.R.306 Methods of Procurement

306.1 The methods of procurement that should be adopted by the Provincial Council in procurements under Provincial funds or under donor funds are as follows:-

1. International Competitive Bidding
2. National Competitive Bidding
3. Limited/restricted International Competitive Bidding and Limited/Restricted National Competitive Bidding

4. Shopping
5. Direct contracting
6. Repeat Orders
7. Force Account
8. Emergency Procurement
9. Community Participation in Procurement

306.2 For small and regular purchases

1. Purchases from Registered suppliers
2. From list of suppliers in Yellow pages
3. By inviting sealed quotations

The Provincial Treasury is required to maintain a record of Registered suppliers for all common use items, updated every year. This list of suppliers should be approved by the Chief Secretary and made available to all Provincial Ministries and Departments for their compliance.

P.F.R.307 **Methods of Selection of Bidders**

307.1 The selection of bidders for high value procurements shall be:

1. Two stage bidding
2. Pre qualification of bidders
3. Two envelope system
 - Technical quality based evaluation
 - Technical quality + cost based evaluation
 - Technical quality + least cost based evaluation
 - Lowest evaluated cost
4. Single envelope bidding procedure
 - Lowest evaluated cost

307.2 Each and every procuring agency must have a sealed tender box prominently displayed to receive sealed bids from prospective bidders.

P.F.R.308 Medical Supplies

The Guidelines for Procurement of Pharmaceuticals and Medical Devices 2007 shall be followed by the Provincial Ministry of Health and their District Provincial Directors of Health Services.

P.F.R.309 Substitution

As per the Government Procurement Manual Supplement II Provincial Councils are considered as equivalent to a Cabinet Ministry.

In following the Government Procurement Guidelines 2006 the relevant agency and the relevant posts parallel to that in the Provincial Council shall be applicable. For example:

Director General Public Finance/ National Procurement Agency	Chief Secretary
Line Ministry	Ministry in charge of the subject of the Provincial Councils.
Government Agents/District Secretaries	Chief Secretary/Government Agents/ District Secretaries
Contracts awarded by the Sri Lanka Government	Contracts awarded by the Provincial Council
GOSL as referred to in Procurement Guidelines 3.8	GOSL and Northern Provincial Council
Secretary Health	Secretary/Provincial Ministry of Health

P.F.R.310 Procurement Committees

The undermentioned Procurement Committees shall be in place in the Provincial Council.

1. Standing Procurement Committee approved by the Board of Ministers
2. Procurement Committees approved by the Board of Ministers(In the absence of the Board of Ministers the Governor appointed Procurement Committees GAPC shall handle procurement above the limits of CSPC).
3. Chief Secretary's Procurement Committee CSPC Minor
4. Chief Secretary's Procurement Committee CSPC Major
5. Provincial Ministry Procurement Committee PMPC Minor
6. Provincial Ministry Procurement Committees PMPC Major
7. Departmental of Procurement Committee DPC Minor
8. Departmental of Procurement Committee DPC Major
9. Project Procurement Committee PPC
10. Regional Procurement Committee RPC
11. Divisional Procurement Committee DPC

The Procurement Committees and Technical Evaluation Committees shall be appointed in terms of Government Procurement Guidelines 2006 and Procurement Manual 2006. subject to constitution of members the financial limits and approving authorities as specifically laid down by the Governor.

However Procurements over values which the Provincial Council cannot decide on shall be referred to the General Treasury.

P.F.R.311 Provincial Price Fixing Committee

311.1 There shall be a Provincial Price Fixing Committee for the Northern Province appointed by the Chief Secretary comprising of the following officers.

- | | |
|---|----------|
| - Chief Secretary/DCS authorized by Chief Secretary | Chairman |
| - DCS/Finance | Member |
| - Secretary in charge of Engineering services | Member |
| - DCS/Planning | Member |
| - Director/Building | Member |

- Director/Irrigation Member
- Director/Road Development Member

The Secretary in charge of Engineering Services shall function as the Secretary.

311.2 *Functions:*

The functions of the Provincial Price Fixing Committee shall be as follows:

- (i) Publish and issue a register of approved rates to all Departments and agencies before 30th November of previous year
- (ii) Periodically up date the rates
- (iii) Consider request for revision of rates and convey the committee's decision thereon.
- (iv) Consider temporary price fluctuations and issue necessary instructions.
- (v) Consider appeals related to rates already fixed.

311.3 *Applicability:* The rates and standards fixed by the Price Fixing Committee shall be applicable in the preparation of works estimates by all construction units, Divisional Secretariats and Local Authorities.

P.F.R.312 Standard Bidding Documents

The Procurement Entities, Procurement Committees and Technical Evaluation Committees shall follow the Standard Bidding Documents (SBD) and specimen formats suitably amended where necessary in their procurement process. These are available at the NPA website: www.npa.gov.lk

(No PFR under 313 to 315)

SECTION 2

ASSETS MANAGEMENT

***P.F.R.316* General**

These rules aim at optimizing the effectiveness of public expenditure on Fixed Assets, and to prescribe the accounting treatment for property, plant, machinery, equipment and vehicles and their presentation in the financial statements.

***P.F.R.317* Objectives**

The objective of these rules is to provide practical guidelines to officers at all levels, who are responsible for planning, organizing, leading and controlling the tasks of acquiring, utilizing and managing of fixed assets to discharge their duties in the best interest of the Provincial Council and the general public.

***P.F.R.318* Definition of Fixed Assets**

318.1 The term ‘Fixed Assets’ referred to in these rules exclude intangible and financial assets of long-term nature coming under the terms ‘Non-current Assets used in International Public Sector Accounting Standards.

In this context:

Fixed Assets are not expected to be realized within one year, not held for sale or consumption in the normal course of the organization’s operating cycle.

318.2 Following inventories held for the purpose of managing and achieving of organizational goals, are not considered Fixed Assets in these rules.

- (i) Articles held to be used for construction work,
- (ii) Articles held to be used for maintenance/rehabilitation of fixed assets
- (iii) Articles held to be used as inputs,
- (iv) Articles held for resale.

The essential characteristics of assets are that they embody future economic benefit or service potential.

318.3 These rules only deal with physical assets whether they are movable or not.

Economic classification of Fixed Assets is two fold.

- Immovable and movable

(i) ***Immovable Assets:***

Immovable assets which can be defined as land and structures erected on the ground for the purpose of sheltering persons or properties, and land attachments of a permanent nature which include roads, bridges, tunnels, walls, dams, reservoirs and tanks etc., will be classified separately as fixed assets.

(ii) ***Movable Assets:***

All assets, which are not permanently fixed on the ground and can be used without fixing them to the ground, are classified as movable assets.

Note: The accounting classification depends on the nature of the business of the organization and the life span of the assets, whether they are physical or not and movable or not.

P.F.R.319 Categories of Fixed Assets

At present categories and items of Fixed Assets classified in economic term are listed in Appendix 9 of these Rules. In respect of assets not covered by the list, the relevant authorities should inform the Provincial Treasury, in order to supplement the list.

The Authorities should maintain or continue to maintain records, registers, and ledgers showing detailed information regarding such assets including values thereof wherever applicable.

P.F.R.320 Classification of Fixed Assets

Fixed Assets shall be classified under the following main groups:

1. Land and Buildings
2. Structures
3. Plant and machinery

4. Equipment

5. Vehicles

P.F.R.321 Recognition of Asset

An item of asset should be recognized when further economic benefits associated with the asset flow to the provincial institutions and the value of the asset is initially measured at its cost.

P.F.R.322 Components of Cost

The cost of an item of asset should comprise its purchase price, import duties and non refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use such as:

- the cost of site preparation;
- initial delivery and handling costs;
- installation costs; and
- professional fees etc;

Any trade discounts and rebates should be deducted in arriving at the purchase price.

P.F.R.323 Procurement Planning

Decision made on each justification for capital assets should be ranked by the Chief Accounting Officer/Accounting Officer, or any other delegated authority concerned on order of priority, depending on the nature of the business of the organization. This should take place at the time of reviewing capital expenditure proposals for inclusion of new proposals in the Annual Financial Statement.

P.F.R.324 Organizational Arrangements

324.1 Fixed Assets Management by the respective organizations shall be undertaken without expanding/enlarging their existing structures and designs but re-arranging the departmental set up in order to get the maximum utilization of physical and human resources available.

324.2 It is therefore, the responsibility of the Chief Accounting officers and Accounting Officers to organize the units to undertake the functions of managing Fixed Assets as per these rules.

324.3 Responsibilities of Organizing Asset Management Units and Asset Centres lie on the Head of the institution at the following organizational levels:

- (i) Provincial Treasury level
- (ii) Ministry level/Cluster level
- (iii) Departmental level
- (iv) Regional/District/Zonal level, and
- (v) Divisional level.

324.4 Any physical location where Fixed Assets are being used for delivery of goods or services indirectly or directly, and there are custodians to use, safeguard, maintain, and up-keep them will be known as an 'Assets Centre'. Under each organizational level mentioned above, there may be many Assets Centers, but only one Asset Management Unit(AMU). Information flow and coordination between Asset Centers and Asset Management Units horizontally and vertically should be suitably organized.

P.F.R.325 Accounting for Fixed Assets

325.1 Provincial institutions are required to keep both general and subsidiary records for fixed assets owned. General records consist primarily of general ledger accounts operated for control, over groups of subsidiary records. Subsidiary records consist of the detailed records kept for individual fixed assets.

325.2 By having adequate Fixed Assets records at each organizational level, the following important purposes are served:

- (i) Fixed Assets Registers record information about the investment made for the benefit of future citizens and other users of Provincial property, in contrast with expenditures for recurrent purposes.
- (ii) Properly kept records, providing information on care and maintenance assisting in the budgeting for such costs and signalling out items on which the recurrent expenditure are abnormally high.

- (iii) Assist in fixing accountability for the custody of individual items and in determining who is responsible for caring and maintaining fixed assets.
- (iv) Since Capital Budgets are developed on a long-term basis, reliable information about Fixed Assets now owned should be of material assistance in estimating future requirements.

325.3 Asset Management Units formed at different levels by respective Heads of departments, should coordinate activities of Asset Centres, collect returns periodically, compile data/information and pass them vertically in order to ensure availability of figures to Accounting Officer/Chief Accounting Officer for Preparation of Annual Statements.

P.F.R.326 Recording and Reporting process

326.1 The following instructions should be followed in maintaining general and subsidiary records pertaining to the Fixed Assets.

- (i) Coding should be in accordance with the standard classification of all Fixed Assets given in Appendix 9.
- (ii) Departmental codes should be assigned to each item of Fixed Assets to facilitate identification, accounting and control of assets.
- (iii) Maintenance of subsidiary records for each item of assets under each category at each Asset Centre.
- (iv) Maintenance of General Records for each category of Fixed Assets under each class at every Assets Management Unit.
- (v) The reconciliation of physical and financial records in subsidiary registers with those records in the fixed assets Control Account annually.
- (vi) The reconciliation of the physical quantities of each category of asset recorded in the subsidiary register of Fixed Assets with the quantities shown in the Fixed Assets General Ledger maintained at Asset Management Unit.

326.2. In maintaining general and subsidiary records as mentioned above, the following registers, ledgers, and formats should be used by officer's in-charge.

Identification No.	Title
Appendix 10 -14	Registers of Fixed Assets
Appendix 15	Fixed Assets Utilization Statement
Appendix 16	Consolidated Fixed Assets Utilization Statement
Appendix 17	Statement of Fixed Assets

(i) ***Fixed Assets General Ledger:***

In addition to the Fixed Assets Registers, a Control Ledger suitably designed by the Asset Management centre in respect of each class of fixed assets, should be maintained at Assets Management Unit in total.

(ii) ***Register of Fixed Assets:***

All Chief Accounting Officers/Accounting Officers should ensure the maintenance of Fixed Assets Registers in detail on specimen forms Appendix 10 -14 at each Asset Centre by the respective officer-in-charge of financial provision and advance account activities separately. These registers shall be permanent records and updated every year for changes such as additions, improvements, disposals etc.

(iii) ***Fixed Assets Utilization Statement:***

All officers-in-charge of Assets Centres should furnish Assets Utilization Statement as per Specimen Form Appendix 15 to their respective Heads of Asset Management Units, soon after the Fixed Assets verification is completed. These statements should include exceptions, which needs to be reported to management.

Heads of Asset Management Units should consolidate such statements including its own information on Appendix 16 and forward same to the Provincial Treasury, Auditor-General and Provincial Audit to be received on or before 30th April following year.

(iv) ***Statement of Fixed Assets:***

This statement should be prepared by the Assets Management Unit, after reconciling figures, quantity and value in the Fixed Assets Control Account with those in Fixed Assets Utilization Statement submitted by Asset Centres. Chief

Accounting Officers/Accounting Officers should forward Fixed Assets Statements in Form Appendix 17, which should be treated as 'an annexure; to the Annual Appropriation Account.

P.F.R.327 Accounting Policies

327.1 All additions including donations and gifts during the year, should be shown at cost of acquisition or declared value and cost of improvement effected to the asset thereafter.

327.2 The policy followed in relation to the accounting for immovable assets such as land, buildings, and structures obtained prior to the specified date is to exclude value of those assets and to provide a schedule of assets indicating location, quantity, date of construction etc., for managerial purposes.

327.3 Fixed Assets should be treated in terms of the following sub paras.

(i) **Fixed Assets used for Non-Commercial Activities:** At the end of the financial year, the depreciation for each asset category should be calculated based on reducing balance method at rates given below and the relevant Asset Account and the corresponding Capital Expenditure met from the provision reduced.

(ii) **Rates of Depreciation:**

	Class of Asset	Percentage
(a)	Plant and Machinery	10
(b)	Equipment	20
(c)	Furniture & Office Equipment	20
(d)	Vehicles	20

327.4 Depreciation:

Depreciable assets are assets which:

(i) are expected to be used during more than one accounting period;

- (ii) have a limited useful life; and
- (iii) are held by a Provincial institution for use in the production or supply of goods and services, for rental to others, or for administrative purposes.

The depreciation should be calculated on reducing balance method taking into account total useful life of the assets.

P.F.R.328 Fixed Assets used for Commercial Advance Accounts

The provision for depreciation of Fixed Assets deployed on Commercial Advance Accounts should be accounted for in accordance with the rates laid down in respect of the type of Advance Account Activity.

P.F.R.329 Maintenance of Records

The authorities should maintain records, registers, and ledgers as per PFR 326 showing detailed information regarding such assets including values thereof wherever applicable as instructed by the Provincial Treasury.

A database should be created and maintained by all Provincial institutions for management of fixed assets.

P.F.R.330 Appointment of Assets Verification and Valuation Committees

330.1 Composition of Committees:

Chief Accounting Officers / Accounting Officers should appoint Assets Verification and Valuation Committees to verify and value all assets belonging to the Provincial institutions for the purpose of recording and accounting of fixed assets from an appointed date.

Composition of the Assets Verification and Valuation Committee should be as follows:

- (i) A Senior Official of the Institution.
- (ii) A Technically Competent Officer.
- (iii) Any Other Officer (preferably an outsider to the institution)

330.2 Responsibilities of the Assets Verification and Valuation Committee:

The Committee should –

- (i) Satisfy itself as to the existence and ownership of each item of assets included in the last verified list (if any) and update the value.
- (ii) Check as to whether any asset in existence has been omitted from the records and include such items with the value of the same in the list of assets and in the Assets Register.
- (iii) Record the value as at date of verification in respect of each item based on the information available.
- (iv) Identify the assets under the categories of surplus underutilized or idle and obsolete items for follow-up action.

330.3 Payment of Allowances:

The Chief Secretary on the authority of the Governor as per PFR 449 will determine payment of an incentive allowance to the Assets Verification and Valuation Committee for carrying out a complete survey for the first time.

P.F.R.331 Valuation of Buildings, Structures and Improvements to land

- 331.1** Building, structures and other improvements should be valued at actual cost incurred including cost of additions and improvements less depreciation at 2.5% for buildings and 5% for structures.
- 331.2** If net value after depreciation is not ascertainable, valuation should be done by assigning a nominal value taking into account the location, age and condition exercising proper reasoning and judgment. However the basis adopted should be clearly stated.
- 331.3** Structures include harbours, bridges, dams, roads, canals, anicuts, water reservoirs, tanks etc,

P.F.R.332 Acquisition of Assets

Whenever land, buildings or other assets are acquired by departments the best possible terms should be obtained while protecting the interest of the Provincial Council.

The Provincial Council may acquire the requirement of assets in the following methods by adopting the rules and guidelines laid down in the Government Procurement Guidelines 2006.

1. Direct Procurement
2. Inter agency transactions
3. Leasing
4. Hiring
5. Renting
6. Acquisition by law
7. Gifts, Donations etc.,

P.F.R.333 Forfeitures by the Courts and other Law Enforcement Agencies

Assets forfeited by the Courts and other Law Enforcement Agencies should be disposed by following competitive bidding procedure and/or transfer to Provincial institutions.

If any Provincial institution wishes to acquire the assets forfeited by Courts or other law enforcement agencies, such institution should make a request to the Chief Secretary.

If approved by the Chief Secretary, the Chief Accounting Officer/Accounting Officer should value the asset by a board of valuation and on receipt of the valued amount the asset should be transferred to the acquiring agency.

P.F.R.334 Acquisition of Assets through the Depreciation Reserve Fund

Depreciation of capital assets of a Commercial Advance Account activity should be based on a fixed percentage on reducing balance method. The amount of depreciation should annually be charged to the relevant Advance Account and credited to the depreciation reserve fund, kept in deposit.

The replacement of the depreciated asset should be met from the above Depreciation Reserve Fund. If the amount lying in such deposit account is insufficient, budgetary provision should be obtained.

P.F.R.335 Acquisition by the Provincial Council

The Provincial Council may acquire the assets belonging to private parties for public purposes. This can be done under a specific statute passed by the Provincial Council for the purpose or under any other existing law applicable. All such assets should be valued by the Chief Valuer or any other authorized officer. If compensation is payable it should be based on the valuation of the Chief Valuer or the duly appointed authority for the purpose.

P.F.R.336 Acquisition of land and buildings

336.1 Acquisition of land and buildings should be provided only for approved Programmes and Projects; Land should be acquired only if suitable state land is not available for the purpose. If state land is available in the vicinity private land should not be acquired unless the available state land has proved to be absolutely unsuitable for the purpose and also the acquisition of developed land should be avoided as far as possible. Buildings should be acquired only where they can be conveniently and economically converted to departmental use or where the acquisition is unavoidable.

336.2 When acquisition is necessary Head of Department should obtain a valuation report from the Chief Valuer for both Land and Buildings.

P.F.R.337 Inter Departmental Transfers

When existing assets of a Provincial Ministry/Department is transferred to any other Provincial Ministry/Department or a Provincial Institution, the prior approval of the Chief Secretary should be obtained adopting the following procedures.

- (i) The Provincial Ministry/Department/Institution which transfers any of its assets should prepare a complete list of the assets to be transferred. A Board approved by Chief Accounting Officer for this purpose should determine the valuation of such assets.
- (ii) Copies of the list should be forwarded to the Provincial Ministry/ Department/ Institution, which takes over the assets, and to the Chief Accounting Officer.
- (iii) The Provincial Ministry/Department/Institution, which transfers the assets should get the necessary authority and adjust their books accordingly.
- (iv) The Chief Accounting Officer will not approve a transfer unless the acquiring agency had made adequate financial provision in the Annual Financial Statement.
- (v) When a provincial public officer is transferred to another Provincial Ministry/Department and wishes to carry any of the assets he used to the new place of work, it will be allowed if such a transfer is considered necessary by both institutions. The transfer should have the approval of the Chief Accounting Officer and the procedures laid down above should be strictly followed.

P.F.R.338 Other Acquisition of Assets arising from Liquidation Activities

The Provincial Ministries and departments could purchase the existing assets of winding up activities and for such transactions the following steps should be taken:

- (i) The officer-in-charge of liquidation should circulate this information to all Ministries and Departments on the availability of assets.
- (ii) If any Department wishes to buy these assets it should make a request to the winding up unit with copy to Chief Accounting Officer.

- (iii) The Liquidator in consultation with the Asset Management Unit should appoint a committee to value the assets available for disposal.
- (iv) If the acquiring agency agrees with the valuation made, it should make a request to the winding up unit who should get the approval from the Chief Accounting Officer for the transfer of assets.
- (v) No asset should be released or transferred to the acquiring agency until the value of the asset is fully paid by cash or accounted by transfer payment through the monthly summary of accounts.

P.F.R.339 Transfer of Assets on Closure of Projects

- (i) Records in relation to fixed assets acquired under donor funded Projects and stationed at Asset Centres of implementing agencies should be maintained separately. Statements and returns should be prepared and rendered to both Asset Management Unit and Project Management Unit.
- (ii) Project Management Unit should function as an Asset Centre and the Asset Management Unit of the project and furnish information to the Chief Secretary.
- (iii) It is the responsibility of the Project Director to ensure that figures appearing i.e Project's Final Accounts tally with total figures confirmed by Asset Centre of respective implementing agency.
- (iv) On completion of the Project a physical verification should be carried out and assets should be duly transferred to the implementing agency. Necessary entries should be made in Registers of the Assets Centre in respect of transfer of assets.

P.F.R.340 Custody

340.1 All fixed assets belonging to each Asset Centre should be properly maintained and kept under the custody of responsible officer/officers who should ensure that the assets are maintained and not exposed to the elements.

340.2 Movable assets being solely handled by a single person should be kept under his personal custody and he should be responsible for safe custody and proper use.

340.3 Adequate training in asset maintenance should be arranged by the Asset Management Unit for those in custody of assets.

P.F.R.341 Causes Leading to Wastage

Heads of Asset Centres, have prime responsibility to ensure that all fixed assets allocated to his Centre are properly utilized. Heads of Asset Centres should identify causes leading to wastages and eliminate them as far as possible. Causes leading to wastages are:

341.1 Organizational Issues:

- (i) Inadequate supervision
- (ii) Lack of Co-ordination
- (iii) Poor information on wastage of assets
- (iv) Non enforcement of surcharges
- (v) Uneconomical use of assets
- (vi) Attitudes of employees

341.2 Wrong Specification:

- (i) Overcapacity or under capacity
- (ii) Outdated technology or more sophisticated than what is required
- (iii) Purchasing of assets which are not suitable for the environment
- (iv) Inferior quality or models which do not satisfy the requirement

341.3 Other Causes:

- (i) Misuse of assets
- (ii) Improper maintenance
- (iii) Ill protection
- (iv) Usage of assets by employees without proper training and guidance
- (v) Lack of accountability and responsibility
- (vi) Delays in disposal of Fixed Assets

(vii) Theft and corruption

(viii) Excessive usage

P.F.R.342 Leasing or Renting of Fixed Assets

Whenever land, building or other assets are leased or rented out the best possible terms should be obtained while protecting the interest of the Provincial Council.

Every Chief Accounting Officer/Accounting Officer should examine all cases of assets leased out already and re-assess the lease before the expiry of the current lease or rent agreement. The approval of the Board of Ministers should be sought in relevant cases. All instruments relating to lease or rent should contain provisions requiring periodical revision of rates every 5/10 years.

P.F.R.343 Hiring of Fixed Assets by Provincial Council

Whenever the Provincial Council hires or rent out assets of any nature the agency concerned should do so on the most advantageous terms to the Provincial Council.

All requests for rent or lease should be forwarded to the Chief Accounting Officers who will refer them to the Asset Management Unit of the respective Ministries for their observations.

P.F.R.344 Assets Maintenance Policy

The Chief Accounting Officer/Accounting Officer should organize and implement an Assets Management policy. They should implement the policy in a way that the following objectives of sound maintenance function are achieved.

1. (i) To enable accomplishment of organizational goals
- (ii) To maximize the useful life of the assets
- (iii) To keep the equipment safe and free from hazard
- (iv) To minimize the total operational costs attributable to repairs and upkeep
2. In order to maximize the useful life of the assets
 - (i) All Fixed Assets should be brought under the charge of a responsible officer.

- (ii) Departments having large volume/value of Fixed Assets should have a cadre for Premises/Maintenance Officers to look after the custody and maintenance of Assets.
- (iii) Proper control systems relating to custody and maintenance of assets should be established.

P.F.R.345 Organizing Maintenance Programme

The Head of Assets Management Unit should ensure that the following activities are incorporated in the duties and responsibilities of officers delegated with authority for maintenance of Assets.

- (i) Identify list of work including annual maintenance items to be done.
- (ii) Drawing up of an annual maintenance plan.
- (iii) Realistic forecasting of maintenance expenditure
- (iv) Ensuring adequate financial provision
- (v) Implementation of maintenance plan on a priority basis.
- (vi) Keeping proper records of maintenance.
- (vii) Prompt action on repairs/renovation/replacements.

SECTION 3

STORES MANAGEMENT

P.F.R.346 Stores

‘Stores’ means any article required in carrying out the services of the Provincial Council. The term includes, plant, machinery, equipment, fittings, animals, transferable plants and unserviceable articles and salvaged materials; but does not include buildings, land and standing trees.

P.F.R.347 Storekeeper

An officer who is charged with the tasks relating to the receipt, custody or issue shall, for the purpose of these Rules, be referred to as a Storekeeper. The term includes any such officers performing similar duties.

Subject to particular instructions issued to Storekeepers, their duties comprise-

- (i) the acceptance of stores into personal custody, acknowledging them and accounting for them at all times;
- (ii) proper custody of stores, keeping them in good condition and methodically arranged, so as to facilitate easy location and verification at any time;
- (iii) issue and disposal of stores under proper authority;
- (iv) recoument of stores in accordance with authorized procedures;
- (v) maintenance of records, registers or accounts, for all receipts, issues and disposals of stores, in the required manner, supported by appropriate documents;
- (vi) maintenance of distribution lists with proper acknowledgements for stores assigned under authority to particular officers, branches or units for their official use or temporary custody;
- (vii) making issues only to persons whose identity has been established;
- (viii) making available for verification at any time the physical balance of stocks in hand;

- (ix) reporting to the appropriate Stores Officer regarding-
 - a. any matters of which there is doubt, and obtaining the latter's instructions.
 - b. Any matters requiring the latter's personal attention.
 - c. Any stores requiring repairs or disposal.

P.F.R.348 Stores Officer

In these Rules, an officer who is empowered by delegation or otherwise to perform anyone or more of the following functions shall be referred to as a Stores Officer-

- (i) Supervision of the functions of Storekeepers;
- (ii) Checking the records, registers and accounts of Storekeepers and verifying their stocks;
- (iii) Verification of the adequacy of quantities of stocks carried by Storekeepers;
- (iv) Maintenance of the stores accounts of the department;
- (v) The authorization of the receipt, repair, issue, sale or disposal of stores held by Storekeepers;

Stores Officers who authorize receipts of stores by particular Storekeepers should also satisfy themselves that there is adequate and satisfactory storage space available in the stores, and that, in the case of transfer from one store to another, such transfer is necessary in the interest of the Provincial Council.

A Stores Officer who authorizes a sale of stores should also satisfy himself that the sale value therefor has been fully realized or duly accounted for.

P.F.R.349 Financial Provision and Authority

349.1 Financial Provision: Stores should not be ordered unless appropriate financial provision therefor exists. Authority granted by or obtained in terms of these Rules to procure supplies in a particular manner must not be deemed to constitute a grant of authority for incurring expenditure where financial provision for the purpose does not exist.

- 349.2 *Economy, Quality etc:*** Stores should be purchased in the manner most advantageous to the Provincial Council due regard being paid to quality, price, reliability of supply and speed of delivery.
- 349.3 *Propriety:*** Officers dealing with purchases and sales of stores on behalf of the Provincial Council should perform their duties with due regard to propriety and are forbidden to receive any advantage, direct or indirect, through such transactions.
- 349.4 *Authorization and Approval:*** Officers concerned should acquaint themselves with the provision of PFR 105 and 106 regarding delegation of authority.

P.F.R.350 Stores Function

350.1 *The Primary Objective:* The primary objective of the stores function is to provide a service to the departmental units. Like cash, stores is also a resource. Such resources should be utilized in the best interest and for the purpose for which it is meant.

350.2 *Service:* The service provided can be analyzed as follows:

- (i) To make available a balanced flow of general stores, components, tools, equipment and any other commodities necessary to meet day to day requirements.
- (ii) To provide maintenance materials, spare parts etc., as required.
- (iii) To accept and store unserviceables, scrap and other discarded materials, as it arises.
- (iv) To account for all receipts, issues and goods in stock.

350.3 *Responsibility:*

The responsibility of the stores function should be to:

- (i) Provide service in the most economical and effective manner.
- (ii) Keep the value of stores in stock at the lowest practicable level involving less working capital and to minimize the cost of storage.

- (iii) Work out economically and coordinate with other functions to ensure cost savings wherever possible.

P.F.R.351 Stores Management

351.1 Concept: Storehouse is an area in which all material requirements are stored, received and issued. Stores management covers a great deal more than these functions and includes holding, controlling and issue of stocks. The right type of materials should be available at the right time, at the right place and with the minimum cost of handling. Stores management also covers Inventory management.

351.2 Need:

- (i) Materials should be stocked only if it pays to stock them. They should be what is needed, not more, not less thereby minimizing working capital requirement/financial provision.
- (ii) It costs money to carry stock. Cost of stores, manpower and machinery required to handle them, the Storehouse required to store them should be taken into consideration.
- (iii) In addition, stock is subject to deterioration, theft, loss, damage or outdated and become surplus to requirement which means loss to the institution.

P.F.R.352 Forecasting of Annual Requirements

All Provincial Ministries and Departments should prepare their requirements of stores and procurement plans along with the Estimates of Expenditure and submit to the Provincial Treasury.

P.F.R.353 Stores Records

353.1 Inventory Register: Every department shall maintain inventory registers for recording receipts and issues of all inventory items on a yearly basis

353.2 Inventory and Stock records: Inventory source documents in support of the entries on the receipt side of the records will be -

- i. The consignment Notes
- ii. The duplicate receipt order (Form General 219)
- iii. Goods Received Notes (GRN)
- iv. Certified copies of invoices, cash vouchers etc.,
- v. Memoranda letters, etc., in the case of articles returned after temporary use.

After the stores have been checked and upon its receipt they should be acknowledged, taken on charge and recorded in the inventory or stock registers maintained for the purpose, and duly certified. These entries should be supported by inventory vouchers or other prescribed documents. The consignment note, together with invoices and other relevant documents, should be filed of record.

353.3 *Inventory of Electrical Fittings:*

Inventories of all electrical fittings, apparatus, etc., in all Provincial buildings and bungalows should be maintained.

353.4 *Issue of Stores:* Issues should be made only with due authority endorsed on the issue vouchers or other appropriate documents. Receipts and issue of stores should be properly accounted for. Stores transferred from one department/division/section to another should also follow the same procedure.

353.5 *Issue Orders:* Issues should be made on Form General 141 by the issuing officer when stores are issued. The original should be forwarded to the officer to whom the issue is made, along with the articles, and the duplicate retained. The issuing officer should quote cross reference, both on the receipt order and the duplicate of the issue order which should be separately filed in consecutive order.

353.6 *Receipt Order book:* When articles are received a Receipt Order (RO) (in original and duplicate) on Form General 219 or Goods Received Notes (GRN), should be made out by the officer receiving the articles. The original of the RO/GRN should be forwarded to the issuer and the duplicate retained.

The recipient should quote cross reference on both the issue order and the duplicate.

P.F.R.354 Transfer of Stores from one Provincial Institution to another

- (i) **Temporary Transfers:** when stores are temporarily transferred they should be treated as unrecorded issues in the Inventory Book.
- (ii) **Permanent Transfers:** When stores are permanently transferred from one place to another they should be duly entered in the inventory books. Charges, if appropriate should be levied in such cases.

P.F.R.355 Security

Adequate arrangements should be made for the safety and security of stores, by providing safeguards against losses by fire, theft, pilferage, deterioration and waste. Fire is a major hazard. Therefore lighting candles, lamps for the purpose of sealing padlocks and envelopes etc., should not be done inside the storehouse.

P.F.R.356 Balancing of Inventory Books

356.1 At the end of each financial year, the inventory records should be balanced in the following manner:-

The receipts and issues relating to each type of article must be totalled. The 'balance in hand' (the difference between the total of the receipts and the total of the issues) should be entered in respect of each type of article, and should be carried forward to the next financial year.

356.2 Any deficit or surplus identified should immediately be informed to the Accounting Officer and appropriate action taken.

P.F.R.357 Acceptance of Stores

In receiving stores the following instructions should be followed:

- (i) Suppliers should be advised of the date and time during which the storehouse will be opened to accept delivery.
- (ii) When goods arrive it should be ensured that the quantity and description corresponds with what has been advised and in terms of the delivery order.
- (iii) Stores should be in accordance with the specifications mentioned in the order.
- (iv) They should be taken over by weighing, counting or measuring to ensure that the correct quantity is received.
- (v) Only stores in good order should be taken over and any damaged items or items that do not conform to specifications should be returned.
- (vi) Stores accepted should be acknowledged

P.F.R.358 Issue and Dispatch

- (i) Stores should not be issued out of the storehouse without a duly authorized issue order.
- (ii) The issue order should bear the description of the stores and the code number to make it easy for the storekeeper to identify exactly what is needed.
- (iii) The storekeeper should organize himself to time the issues to various sections to ensure smooth and even flow of work.
- (iv) Unless otherwise directed by the Stores Officer issues should be on the basis of first in first out method.
- (v) Delivery may be made in the following manner:
 - (a) Collection by user unit
 - (b) Disposal by storehouse staff
 - (c) Delivery through third party (transport contractor)
- (vi) Stores issued out should always be acknowledged and the records posted.
- (vii) A gate pass should be issued where necessary for the goods to be taken out of the gate.

P.F.R.359 Stock Control

359.1 Extent of Stock Holding:

The extent to which stocks should be held will depend on the following factors:

- (i) Operational needs
- (ii) Lead time to obtain the goods
- (iii) Availability of financial provision
- (iv) Cost of storage
- (v) Opportunity cost

359.2 Economic Order Quantity: This is the quantity at which the ordering cost and the storage cost are equal.

359.3 Maximum Level: This is the level above which the quantity of stores should not be allowed to rise.

359.4 Minimum Level: This is the level below which the quantity of stores should not be allowed to fall.

359.5 Re-order Level: This is the stock level at which ordering action should be taken.

359.6 Safety stock: This is the stock held in reserve to protect against uncertainties of supply and demand.

Departments handling large volumes or value of stores should have the above limits fixed for effective stock control.

P.F.R.360 Coding and Classification

A stores organization handling several items of stores should have a system of coding and classification for purpose of easy identification.

360.1 Need for Coding System:

A good Coding system is required to achieve the following:

- (i) Avoid long description
- (ii) Accurate identification
- (iii) Prevent duplication
- (iv) Assist in standardization

360.2 Code Symbols:

Symbols commonly used are:

- (i) Alphabetical Code is symbolical by a letter or combination of letters: /VE
- (ii) Numerical Code is symbolized by a number or several numbers: 1/02/57
- (iii) Alpha – numerical Code is a combination of both letters and numbers: N/D/02/57
- (iv) Code numbers in decimals are also used 5.3.2.

The Stores Officer in consultation with the Accounting Officer should adopt a coding system suitable to the department concerned.

***P.F.R.361* Standardization**

The Stores officer should as far as possible standardize the items of stores to be purchased and stocked for the use of the departmental units under his control. This will minimize the items to be purchased and kept in stock and eliminate wastages.

***P.F.R.362* Sale to or Purchase from Provincial Council Officers**

- (i) The sale of stores, whether unserviceable or not to Provincial Council officers (except on auction or at rates fixed for sale to the public), requires the sanction of the Secretary to the department which sells the stores.
- (ii) The purchase of stores from Provincial Council officers requires the sanction of the Secretary to the department which purchases the stores.

P.F.R.363 Charges for Issue of Stores and for works and services performed by the Provincial Council

363.1 Charges for issues:

Charges for issue of stores and for works and services performed by the Provincial Council shall be as follows:

- (i) Stores transferred from one department to another
- (ii) Stores issued to local authorities
- (iii) Works and services performed for another Provincial Council or private party

Such charges should be credited to the appropriate Revenue code or Advance or other accounts.

363.2 Charges recoverable by a department:

(i) from a department:

Stores – no charges

Labour – actual wages

(ii) from a local authority or another Provincial Council

Stores – actual cost of stores + 15%

Labour – actual wages

Overheads – departmental overheads as computed by the department

(iii) from a private party:

Stores – actual cost of stores + 25% on the total

Labour – actual wages

Overheads - departmental overheads as computed by the department

Additional charges – 10% of total of stores and labour

363.3 Charges recoverable by Advance Account Activities:

Sale of Stores: Cost of stores should include in addition to the cost price, any direct charges such as cost of transport, packing etc. A departmental charge of 2 ½ % on the total should be included to cover the cost of handling. Where, however, the store-keeping overheads have actually been worked out to be a higher percentage, such percentage should be charged with the concurrence of the Chief Secretary. Where cost of transport cannot be accurately assessed, it may be estimated at a reasonable percentage of the cost price of the stores. Any indirect variable charge should be similarly assessed as a percentage of the cost price of stores. The total sale price including overheads should be fixed so that the Advance Account will not incur a loss.

P.F.R.364 Handing Over and Taking Over of Stores on Transfer etc.

364.1 Handing over: Before a storekeeper or an officer who is otherwise entrusted with the custody of stores and other Provincial property relinquishes his duties, or is transferred to another post, or goes on long leave, he should hand over to his successor or to any other officer delegated for the purpose all Provincial Council stores and other property for which he is responsible, and obtain an acknowledgement in duplicate from the officer to whom the stores, etc are handed over. The original of the acknowledgement, duly countersigned by the outgoing officer should be forwarded to the Accounting Officer. In the case of any stores which are in the personal custody of an Accounting officer or responsibility for which has not been delegated to any other officer, the Accounting Officer should hand them over to his successor, or to the officer appointed to act for him or to some officer authorized by the Chief Accounting Officer and original of the acknowledgment referred to above should be forwarded to the Chief Accounting Officer.

364.2 Taking over: The incoming officer, in checking the balances of the articles appearing in the stores ledger, or inventory books with the actual stocks, may, if necessary, work in conjunction with the officer he is relieving. Any discrepancies must be at once reported to the Accounting Officer who should forward copies of the report to the Chief Accounting Officer and the Provincial

Audit with his observations. If the officer concerned is the Accounting Officer the report should be made to the Chief Accounting Officer and copy sent to Provincial Audit. The stores ledger or inventory books as the case may be, must be balanced by the outgoing officer and signed by the incoming officer and the latter will then be held responsible for the articles taken over by him.

364.3 Leave: When an officer in charge of stores goes on leave, the officer appointed to act for him will do so on the responsibility of the substantial holder of the post. This does not, however, relieve the acting officer of his responsibility for any damage or loss which may occur during such period.

364.4 Leave without Prior Arrangement: If an officer in charge of stores is on leave, without making prior arrangements the Accounting Officer will appoint an officer who will perform the duties allotted to him on the responsibility of the substantive holder of the post. This does not however, relieve the acting officer of the responsibility for his own act.

364.5 Acknowledgement: Any officer who has signed an acknowledgement for stores etc., will be held personally responsible for them until he has obtained similar acknowledgement from another incoming officer or other duly authorized officer, and forward it to the Accounting Officer or Chief Accounting Officer. A record must be attached to the stores ledger or inventory books to indicate the names of the officers in charge of stores and the period during which they have been in charge. This record must be so maintained that the Chief Accounting Officer or the Accounting Officer should, without difficulty, be able to fix responsibility for a loss when it is discovered.

SECTION 4

BOARD OF SURVEY

P.F.R.365 Annual Verification of Fixed Assets

All Asset Management centers should carry out annual verifications to satisfy as to their physical existence, ownership and valuation.

365.1 Appointment of Annual Board of Survey:

Chief Accounting Officer/Accounting Officer shall appoint one or more Verification Boards to carry out an annual verification based on the volume of fixed assets in the custody of Asset Centers under their charge. This should be done about the 15th of December each year. In the case of Advance Accounts the Board shall be appointed by the Chief Accounting Officer.

365.2 Composition of the Board of Survey:

The Board of Survey shall consist of not less than 2 members of staff grade.

- (i) Other than, and not immediately subordinate to the officer or officers directly in charge of fixed assets management
- (ii) A technically competent officer as applicable
- (iii) Where necessary a third member could be appointed depending on the nature of fixed assets.

Senior most officer will act as Chairman of the Board.

365.3 Allowance: A payment of an allowance to Board of Survey members will be determined by the Chief Secretary depending on the nature and volume of work as per PFR 449.

P.F.R.366 Updating of records

Fixed Asset records in prescribed forms should be updated in the following manner before the close of the financial year.

1. The receipts and issues relating to each asset items under each category must be totalled. The balance on hand must be carried forward to the next financial year.

2. The total receipts should be reconciled with the total expenditure on Fixed Assets acquisition and expenditure on rehabilitation and improvement of Capital Assets. The total issues should be reconciled with duly authorized disposals, transfers and write-offs.
3. The total value of each asset category should be reconciled with the Provincial Treasury Main Ledger accounts.
4. All Fixed Assets forms, ledger accounts and all other relevant documents, adjustments including depreciation should be duly completed and authenticated.
5. A list of Asset items under each asset category should be handed over to the Verification Board along with their identification numbers and location.
6. All documents relating to the ownership of assets should be made available to the Board for verification.

***P.F.R.367* Functions of Annual Verification Board**

1. Check opening balance of assets, acquisition, disposal and accounting for depreciation.
2. Satisfy as to the existence and ownership of each item of assets included in the list.
3. Check on the results of the previous verification and follow up action.
4. Test check receipts and issues with source documents and see that they have been duly authorized.
5. Ensure that the books and records have been balanced at the end of the accounting period.
6. Take up any discrepancies with the officer in charge of the Asset Centre.
7. Report on unserviceable and redundant assets,
8. Submit verification reports duly signed by the Members of the Board and Officers in charge of assets to the appointing authority.

P.F.R.368 Action on Board of Survey Reports

1. As soon as the Board of Survey report is received by the Accounting Officer, he should proceed with the necessary action on discrepancies. At the same time a copy of the report should be sent to the Auditor-General.
2. Explanations for any discrepancies should be promptly called for from the officers responsible and dealt with by the Accounting Officer. He should grant authority for any adjustments within the limits he is empowered to handle.
3. In the case of discrepancies which cannot be satisfactorily explained, disciplinary action should be taken in addition to recovery of losses, if any.
4. In case where an Accounting Officer is not empowered to handle he should send 2 copies of the reports along with his recommendations to the Chief Accounting Officer/Chief Secretary who will decide the nature of action to be taken.
5. If required the Director of the Provincial Audit shall be opted to co-ordinate all activities connected with the action on Board of Survey reports.
6. All action on report of the Board of Survey should be finalized by 31st March of the following year and the records updated.
7. The decisions made on the discrepancies shall be forwarded to the Auditor General and the Provincial Treasury.

P.F.R.369 Board of Survey to verify Unserviceable Assets

Unserviceable assets are generally identified at the annual verification. In such cases a special Board of Survey should be appointed to report on such items. However if the unserviceable assets have been identified and submitted to the Annual Board of Survey specifically on Form Gen 47 then action could be taken on the report of the Annual Board of Survey.

P.F.R.370 Board of Survey of Inventory Items

1. A Board of Survey is a physical verification of the existence and ownership of Inventory items. This is generally conducted at the end of an accounting period.
2. In the Provincial Council it is conducted at the end of the financial year (December 31st).

3. Special Boards of Survey are also conducted in special circumstances on the directions of the Chief Accounting Officer.

P.F.R.371 Appointing Authority

1. The appointing authority is the Head of Department/Accounting Officer. In the case of Special Boards of Survey and Inventory items under Advance Accounts the Chief Accounting Officer is the appointing authority.
2. In the case of Annual Board of Survey appointments are done on or about 15th of December so that the annual survey is completed early next year. The appointments should be in writing.

P.F.R.372 Constitution of the Board of Survey

1. A Board of Survey consists of at least two officers who are independent of the institution concerned. In the case of highly technical and costly items one of the members should be technically qualified to survey the items.
2. The officer responsible for the Inventory (Stores Officer) should invariably keep the Inventory Books posted and balanced at the end of the year.
3. The Stores Officer should prepare a list of inventory items on Form T&A 66 and produce to the Board.

PFR 373 Survey of Inventory Items

1. The Board will commence the Survey on the lists submitted to them.
2. The Board can check the list with the Inventory Books in the possession of the officer concerned.
3. They can also test check the postings in the Inventory Books – receipts as well as issues with the relevant records.
4. Thereafter the Board will commence the Survey by physically verifying the items by count or otherwise item by item and record the result on the Form T&A 66. Any discrepancies should be recorded in the same form.
5. When there is a wide discrepancy the Storekeeper should be given sufficient time to check whether any of the items are located anywhere else.

6. Once the list is completed every sheet should be signed by the Storekeeper as well as the members of the Board.
7. On completion of the survey the Board will present their reports preferably in four copies to the Head of Department (appointing authority)

P.F.R.374 Action on Board of Survey Reports (Inventory)

1. The Head of the Department will cause one copy of the Board of Survey report to be sent to the Auditor-General.
2. The officer responsible for inventory shall be given one copy of the report to enable him to furnish his explanation for variations.
3. The Ministry/Departmental Internal Audit unit shall coordinate with the Head of Department and the Stores section.
4. The stores officer shall furnish his explanations for excesses/shortages to the Head of Department.
5. The Internal Audit or any other officer assigned with the subject shall study the explanations and submit to the Head of Department along with their recommendations.
6. The Head of Department will make his decision on the explanations furnished and action will be taken accordingly.
7. If the Head of Department is in doubt he shall submit to the Chief Accounting Officer for his direction.
8. Action on Board of Survey should be finalized by 31st March of the following year.

SECTION - 5

DISPOSAL OF ASSETS

P.F.R.375 General

Assets can be categorized into two groups for purpose of these rules.

1. Fixed assets consisting of land, buildings, plant and machinery, equipment and vehicles
2. Other Inventory items

P.F.R.376 Disposal of Fixed Assets

Disposal of fixed assets refers to all fixed assets identified by Special/Annual Verification Boards as;

- (i) excess (surplus) assets (excluding unserviceable assets)
- (ii) other assets unserviceable, condemned etc.

Upon receipt of the Fixed Asset Utilization Statement from respective Asset Management Centre and reports from the Verification Boards, Accounting Officer should arrange for disposal in the following manner.

P.F.R.377 Disposal of excess (surplus) Fixed Assets

These assets are serviceable but in excess to the particular departments in terms of the 'Fixed Assets Level' approved by the Asset Management Centre of the Ministry or the Provincial Treasury whichever is applicable.

1. Accounting Officers should prepare a list of excess assets in respect of all Asset Centres of the Department, where items involved are substantial, indicating the book value of each asset items under each assets category and circulate such lists among the departments not later than 30th April each year.
2. Ministries, Departments should give priority to purchase items which have been found in excess and are disposed of by other departments when they make their purchases.

3. Excess assets should be transferred to another Department on payment at book value on a written request. Excess provision, if any, available for the purchase of these items should be frozen. The book value is ascertained by reducing the total depreciation from the purchase cost/assessed value.
4. If any asset is not required by any Provincial Department then it should be disposed of following the competitive bidding procedure.

P.F.R.378 Disposal of Other Assets

Other assets include;

- (i) all unserviceable fixed assets; and
- (ii) all condemned assets identified by a verification board

All unserviceable assets identified by a Verification Board should be included in a disposal list. Form General 47 could be used for the purpose. The Accounting officer or other officer delegated for the purpose should satisfy himself that all the assets identified are unserviceable and are of no use to any Provincial institution.

The following action should be taken with regard to the disposal of fixed assets;

1. Chief Accounting Officer/Accounting Officer shall appoint Board/Boards to recommend action on the unserviceable fixed assets in respect of all Asset Centres of the department.
2. The Board should examine the unserviceable assets referred to them and forward its recommendation on Form General 47 to the Accounting Officer or Chief Accounting Officer as the case may be.

Recommendation on unserviceable assets will be as follows:

- R - to be repaired and made use of
 - T - Transfer to other institutions
 - S - to be sold by public auction
 - D - to be destroyed
3. No asset shall be condemned or written off as unserviceable, unless it has been reported on as unserviceable by a duly appointed Board of Survey.

4. The Accounting Officer should give an order to dispose of such fixed assets after due consideration of the report of the Verification Board. Special inquiries could be made whenever necessary.
5. If the Accounting Officer disagrees with the opinion of the Verification Board, the matter should be referred back to the Board for reconsideration. If the Accounting Officer cannot make a decision he may consult the Chief Accounting Officer or the Chief Secretary.
6. After all of these steps are followed a final list of Unserviceable Fixed Assets for disposal should be prepared by the AMU and submit to the Accounting Officer/Chief Accounting Officer, as the case may be, for disposal.
7. Disposal should be by public auction or by following the tender procedure.
8. Authorities should ensure that the disposal of unserviceable assets are completed as quickly as possible but not take more than one year from the date of identification.

P.F.R.379 Disposal Procedure

Disposal of Provincial Council assets whether surplus or unserviceable should be done following competitive bidding procedure.

P.F.R.380 Destruction of Condemned Fixed Assets

An asset can be considered as condemned and recommended for destruction by the Board if;

- i. the asset has no economical value
 - ii. not desirable for sale to private parties
 - iii. disposal is not economical (cost of disposal is higher than the expected sale of proceeds)
1. In cases where the Board has recommended the destruction of any fixed asset, the purchase price of which is not less than Rs. 250,000/- , the Chief Accounting Officer or Accounting Officer or the officer delegated for the purpose should not authorize destruction unless such recommendation has been endorsed by an

independent technically qualified official, competent to express an opinion on the matter.

2. A copy of the order of the Chief Accounting Officer/Accounting Officer to destroy the assets, the statement of the manner in which they were disposed of should be sent to the Auditor-General.

P.F.R.381 Procedure in Disposal of Unserviceable Stores

The following rules must be observed in the sale and destruction of unserviceable stores;

1. Reasonable publicity must be given to the notice of sale
2. A member of the Verification Board must be present at the sale or at the authorized destruction of assets.
3. A member of the Verification Board together with another two responsible officers of the department should ensure that, before the sale or destruction, other assets are not substituted for the unserviceable articles that are to be sold and that they are not fitted with unused or better parts than those which belong to the unserviceable assets.
4. When items are put on sale they should be made into suitable lots in order to get maximum value at the sale.
5. A valuation committee should be appointed to fix the upset prices for items put up for sale. In the case of items where the purchase price is more than Rs. 250,000/- a technically competent officer should serve in the Valuation Committee.
6. Sale of items to Provincial Council employees except on auction or at rates fixed for disposal require the Chief Accounting Officer's approval.

P.F.R.382 Disposal of Stores without a Board of Survey

There is provision to dispose of perishable, volatile and unserviceable stores without a Board of Survey in the following circumstances;

- (i) less than Rs. 5,000/- in value with Accounting Officer's authority
- (ii) over Rs. 5,000/- in value with Chief Accounting Officer's authority
- (iii) with specific authority of the Chief Secretary under special circumstances.

SECTION 6

LOSSES AND WRITE OFFS

P.F.R.383 Losses

Losses or shortages revealed at the Annual Board of Survey or at special verifications ordered by the Chief Accounting Officer shall be listed as losses for the purpose of PFR 68 and action will be taken accordingly.

P.F.R.384 Responsibility

Any shortages or losses for which any officer is found responsible will be recovered from the responsible officer as soon as the decision is made by the Accounting Officer. The decision of the Accounting Officer will be forwarded to the Auditor-General.

P.F.R.385 Recovery of Loss

The amount decided to be recovered from the officer/officers responsible shall be recovered from their salaries in instalments as approved by the respective authorities.

PFR 386 Action to Write Off

If any part of the loss is irrecoverable action should be taken to waive that amount in terms of PFR 75.2

PFR 387 Order for Write Off

After all action on losses is finalised the Chief Accounting Officer/Accounting Officer shall give the order for write off. Action will be taken to write off the loss and the Fixed Assets Register or the Inventory Book posted accordingly. There will be no financial write off except in the case of an Advance Account activity.

(No PFR under 388-390)

CHAPTER 9

PRINTING AND PUBLICATION

Section 1▶ General

Section 2▶ Order for Printed Forms and Binding

Section 3▶ Administration (Performance) Reports

Section 4▶ Press Notification and Advertisements

CHAPTER 9
PRINTING AND PUBLICATION

Section 1- General

Section 2- Order of Printed Matters and Binding

Section 3- Administration (e.g. Journals) Journals

Section 4- Press Workmanship and Press Journals

Section 5- Printing and Publishing Journals

SECTION -1

GENERAL

***P.F.R.391* Provincial Printing and Advertisement Committee**

There shall be a Committee consisting of the Deputy Chief Secretary, Finance (Chairman); Deputy Chief Secretary, Administration and a representative from the Ministry concerned. This committee will be referred to as 'Printing and Advertisement Committee'.

The functions of the Committee will be as follows:-

1. The general control over printing and binding executed by the Provincial Council Ministries and Departments and advertising by institutions of the Provincial Departments;
2. To approve the printing of all Provincial Council publications and forms, new or amended;
3. To determine the extent of free issues of publication;
4. To approve the general conditions and 'formats' of all advertisements;
5. To approve newspaper for purposes of advertisements; and
6. To advise departments in matters of printing, binding and advertisement.

***P.F.R. 392* Publications and Advertisements in Government Gazette**

392.1 Advertisements in Government Gazette: All Provincial Council notifications, advertisements etc., will be published in Part IV of the Government Gazette, such notifications and advertisements should be sent to the Government Printer through the Chief Secretary before the closing time for acceptance of material for publication.

392.2 Urgent Notifications: With the authority of the Chief Secretary a Gazette Extraordinary may be issued in case of an urgent need for the publication of a Provincial Council notification.

392.3 Economy: Before publication, the Head of the Printing Committee will examine the 'Format' sent for publication and take steps to ensure that economy is observed.

392.4 Extracts: Number of copies of extracts required by the Provincial Council departments should also be applied for at the time the documents are forwarded for publication.

P.F.R.393 Printing, Binding Works and Publications in the Government Gazette

393.1 Free execution: All printing and publication of notifications and advertisements in the Government Gazette are undertaken by the Government Printer free of charge for the Provincial Council.

393.2 Printing and Binding: Other printing and binding works of the Provincial Council are also entrusted to the Government Printing department as directed by the Printing Committee.

393.3 Rate of charges: When payment is to be made by the Provincial department for the insertion of notices, advertisements etc. in the Government Gazette charges will be levied at the current rates fixed by the Government Printer.

P.F.R.394 Printing and Binding at Private Press

394.1 Private Press: If it is considered necessary to entrust any printing or binding work to private printing establishments, the authority of the Chief Secretary should be sought through the Printing Committee. When authority is granted respective department will call for quotations and arrange for the early execution of the work.

394.2 Emergency and Casual Printing works: Any emergency, casual printing or binding, which has to be executed at very short notice, may be authorized by the Secretary to the Ministry concerned to be done locally after calling for quotations, provided the cost does not exceed Rs. 50,000/- at one instance.

SECTION 2

ORDERS FOR PRINTED FORMS AND BINDING

***P.F.R. 395* Ordering of Printed Forms**

395.1 *General, Treasury and Audit Forms:* Annual orders should be placed with the Government Printer for General, Treasury and Audit forms stocked by the Government Printer. These orders shall be for the actual requirement for the year and shall be placed well in time on the prescribed form. For the requirement of departmental forms which are approved for printing at the Government Press similar order should be placed with the Government Printer.

395.2 *Departmental and other Forms:* Printing of departmental and other forms used by various Ministries and Departments may be assigned to the approved Multi-Purpose Co-operative Society (MPCS) with the approval of the Printing Committee at negotiated rates. Otherwise these forms could be given out to private parties by calling for competitive bids.

***P.F.R.396* Custody and Issue of Printed Forms**

An officer should be placed in charge of and be made responsible for the placing of order in due time and for the receipt and issue of Printed Forms. He should maintain a stock register, with maximum and minimum stock levels.

***P.F.R.397* New and Amended Forms**

Applications for new 'Departmental' printed forms or for the amendments of such forms, should be made on form (NPC 3) to the Printing and Advertisement Committee through the Secretary to the Ministry. If it is decided to get the forms printed by the Government Printer application for such requirements should be made on form General 3 in triplicate to the Government Printer. If it is decided to print the forms departmentally the work may be entrusted to the approved MPCS or to do it departmentally.

P.F.R.398 **Obsolete Forms**

398.1 *Obsolete forms:* When Counterfoil Books issued by the Provincial Treasury or the Departmental Counterfoil Books or 'NPC' forms becomes obsolete, the Provincial Treasury should be consulted before any action is taken for revision or for destruction.

398.2 *Obsolete Departmental forms or Books:* Stocks of obsolete 'Departmental' forms or books should be destroyed under the supervision of a responsible officer.

P.F.R.399 **Binding**

Orders for binding may be placed at any time and should contain all details regarding the binding to be done.

SECTION 3

ADMINISTRATION (PERFORMANCE) REPORTS

***P.F.R.400* Scope of Reports**

400.1 The objective of an Annual Administration (Performance) Report is to present a succinct account of the activities of a Department during the financial year under review. The officers furnishing the report will record all salient facts deserving special mention and, where necessary, provide a comparison between the year under review and the previous year. But all superfluous and trivial details should be avoided and every effort made to make the report concise, accurate and readable.

400.2 The following points should also receive particular attention:-

- (i) Detailed accounts of changes in personal report by subordinate officers, or local authorities, and information published elsewhere should be excluded, unless there is very good reason for their inclusion.
- (ii) The use of photographs, graphs, large folding tables, diagrams and maps should be avoided as far as possible. The specific authority of the Secretary should be obtained for their inclusion for the first time.
- (iii) Illustrations must be entirely excluded. 'Copy' for graphs, when authorized by the Secretary must take the form of tracings and not blue-prints.

400.3 Suggestions relating to questions of general administration, amendment of the law or reconsideration of the decisions previously arrived at, should not be made in administration reports.

400.4 No deviation from these instructions should be made without the express authority of the Secretary to the Ministry.

400.5 Authority for printing of the Administration Report should be obtained from the Chief Secretary.

P.F.R.401 Procedure

- 401.1** Copy of the Administration Report (which should be type-written on one side of the paper with pages and paragraphs serially numbered) should be sent to the Secretary to the Department concerned not later than four months after the close of the financial year. The Secretary will satisfy himself that the requirements of these Provincial Financial Rules have been strictly observed and will, if necessary, refer the draft back to the writer, with any observations in regard to scope, form, contents or arranging the layout.
- 401.2** When the report has reached its final form and has received the approval of the Minister, the Secretary must get the administration report printed and ensure that it is published before June 30th of the following year.

SECTION 4

PRESS NOTIFICATIONS AND ADVERTISEMENTS

***P.F.R.402* Classification of Advertisements and Notices**

The Provincial Council's advertisements and notices published in newspapers, periodicals etc., are of two kinds:-

- (i) General and casual advertisements and notices;
- (ii) Commercial advertisements, i.e. those in the nature of trade advertisements

***P.F.R.403* General and Casual Advertisements and Notices**

403.1 *Approved Newspapers for General Advertisements and Notices:*

General or casual advertisements of Provincial Council should be published only in newspapers approved for the purpose by the Chief Secretary on the recommendation of the Printing and Advertisement Committee. The Provincial Treasury will intimate the departments from time to time the list of such newspapers.

403.2 *Number of Insertions:* Every general or casual advertisement or notice must invariably be published in English/Tamil/Sinhala subject to their requirements; number of insertions of each advertisement may be limited to one in Tamil, one in Sinhala and one in English. Heads of Departments should seek prior authority of the Printing and Advertisement Committee for an increase in the number of insertions.

403.3 *Sunday Edition:* In view of the higher expenses involved advertisements in Sunday editions of newspapers should be resorted to only in exceptional circumstances.

403.4 *Publicity over Electronic Media:* If it is considered necessary to give due publicity to Provincial Council advertisements over electronic media prior approval of the Chief Secretary should be obtained.

(No PFR under 404 to 406)

SECTION 4

PRESS NOTIFICATIONS AND ADVERTISEMENTS

4.1.1 Classification of Advertisements and Notices

The Director General, subject to the approval of the Press Council, shall classify advertisements and notices published in newspapers, magazines, journals, books, pamphlets, etc. as of two kinds:—
(a) General and casual advertisements and notices;
(b) Important advertisements, as those in the nature of legal advertisements.

4.1.2 General and Casual Advertisements and Notices

4.1.2.1 Approved Newspapers for General Advertisements and Notices:—
General or casual advertisements of financial interest should be published only in newspapers approved for the purpose by the Press Council on the recommendation of the Printing and Advertising Committee. The Press Council may, however, exempt any newspaper from this restriction.

4.1.2.2 A notice of a financial interest or a legal advertisement or notice may be published in any newspaper or journal, subject to the approval of the Press Council. The notice should be in English, Hindi or any other language in which the newspaper or journal is published and should be in the form of a notice as required in the Press Council Rules.

4.1.2.3 Family Notices:—Notices of the highest character, such as marriages, births, deaths, etc., should be treated as notices of financial interest.

4.1.2.4 Liability for Financial Interest:—Where a notice is published in any newspaper or journal, the advertiser or publisher of the notice shall be deemed to be liable for financial interest.

(See Press Council Rules, 1977)

CHAPTER 10

MISCELLANEOUS

Section 1▶ Security of Public Officers

Section 2▶ Official Telephones

Section 3▶ Hire of Buildings

Section 4▶ Use of Motor Vehicles

Section 5▶ Acquisition

Section 6▶ Gifts

Section 7▶ Foreign Travel

Section 8▶ Stamps

Section 9▶ Newspapers and Periodicals

Section 10▶ Allowances

CHAPTER 10
MISCELLANEOUS

Section 11- Security of Public Officers

Section 21- Official Telephones

Section 31- Hire of Buildings

Section 41- Use of Motor Vehicles

Section 51- Acquisition

Section 61- Gifts

Section 71- Foreign Travel

Section 81- Stamps

Section 91- Newspapers and Periodicals

Section 101- Allowances

SECTION 1

SECURITY OF PUBLIC OFFICERS

***P.F.R.407* Officers required to Furnish Security**

407.1 Officers who are administratively responsible for or under delegation are entrusted with the receipt or custody of public money, revenue stamps or stores or those who certify vouchers or sign cheques on Provincial Council account will be required to furnish security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties.

Provided that any officer may be exempted by the Chief Accounting Officer concerned from furnishing security, if he is satisfied that, inter alia, the amount of money or value of revenue stamps, stores in the personal custody of the officer on any particular day does not exceed three months salary of the officer.

407.2 *Security to be Furnished within Two Months:* An officer appointed to a post carrying security should furnish security within two months from the date of appointment or transfer to such post. In case of neglect to furnish security within two months, the salary of the officer will be withheld and action taken in terms of section 8(2) of the Ordinance which provides that his office shall be deemed vacated and a fresh appointment made there to

It is the duty of every Accounting Officer to ensure that their subordinates who are required to furnish security do so within the prescribed time.

407.3 *Acting Officers:* An officer appointed to act in a post requiring security shall be called upon to furnish security in the same manner as though he was permanently appointed to the post.

***P.F.R.408* Procedure to be followed in Providing Security**

408.1 *Mode of security:* Security is generally provided in one or more of the following ways:

- (i) by personal bond and deposit of monies with the National Savings Bank or other prescribed securities;
- (ii) by personal bond and guarantee of Public Service Mutual Guarantee Association ; (applicable only to central Government employees released to Provincial Council)
- (iii) by personal bond and guarantee by an Insurer
- (iv) hypothecation of immovable property in the case of Grama Niladaris, or any other officers or class of officers approved by the Chief Secretary.

In the case of (i) above, the interest earned on the deposits can be paid to the officer once a year after ensuring that the full deposit has been made and there are no dues from the officer

408.2 *Determination of Security:* When an officer is appointed to a post requiring security, the Head of Provincial Department will submit recommendation on Form NPC 235 to the Secretary of the Provincial Ministry concerned for the purpose of an assessment of the financial responsibilities of the post. The Secretary to the Provincial Ministry will thereafter issue to the Provincial Head of Department, the determination of the amount and the mode of furnishing security together with the appropriate prescribed personal bond form.

408.3 *Documents required:* The personal bond form duly completed by the officer together with other relevant documents viz. Guarantee Bond and determination, should be returned by the Provincial Head of Department to the Secretary to the Provincial Ministry within one month of receipt.

On receipt of the duly completed personal bond form and other relevant documents, the Secretary to the Provincial Ministry will scrutinize them and if necessary, obtain the endorsement by the authorized official of the Attorney General's Department as being in due form. Thereafter, the security documents shall be registered and the registration number and the date of registration shall be endorsed on the bond. The Secretary to the Provincial Ministry will issue to the department concerned a certificate of registration on form Provincial Treasury and Audit 42 and keep the document in safe custody.

408.4 Revisions of Security: Any revision in the amount of security required to be furnished, which would result in a reduced premium or discontinuance of security, in respect of a post, must receive the sanction of the Secretary to the Provincial Ministry.

P.F.R.409 Completion of Security Bonds

409.1 Preparation of documents: Care should be taken to observe the following in the completion of security bonds:

- (i) The name of the officer should be given in full and spelt uniformly in all documents.
- (ii) The amount of security should be expressed both in figures and words
- (iii) In all bonds the designation of the officer should be shown as "An Officer in the service of the Northern Provincial Council".
- (iv) In the case of female officers the following clause should be inserted at the end of the bond form.

"It is hereby agreed that the words 'he', 'him' and 'his' shall wherever they appear in this bond be read as 'she' 'her' and her"

- (v) Every bond must be attested by an Attorney at Law, Notary Public or a staff officer drawing a monthly salary specified by the Provincial Treasury and witnessed by two subscribing witnesses.
- (vi) Every alteration in a bond should be authenticated by the officer concerned and subscribed by the witnesses. Any alteration made subsequent to the execution of the bond need not be subscribed by the original witnesses.
- (vii) The personal bond and the determination of the amount of security as well as the collateral security documents should be securely attached together and retained by the Secretary to the Provincial Ministry concerned.

409.2 Place of execution: All security bonds should be executed in Sri Lanka

409.3 Collateral Security: Collateral security of the nature described in section 2 of the Public Officers (Security) Ordinance, and equal in amount to that given in the personal bond, should be furnished in all cases.

409.4 Guarantee Bonds- Where the bond of any association is hypothecated as collateral security by an officer, the Head of Department is responsible for ensuring that premia are regularly paid and that premium receipts are furnished in due time. Where necessary, the Provincial Department may pay the premia from the salary of the officer concerned in order to obviate lapse of the fidelity bond. An oversight on the part of the Department does not absolve an officer from his personal responsibility in the payment of the premia as and when due. Serious notice will be taken of such lapses by officers.

P.F.R.410 Hypothecation of Immovable Property

Where immovable property is offered as security under the instrument of mortgage, the Head of Department will cause a biennial reappraisal thereof to be made. When title deeds are hypothecated as security, the amount at which properties named in the deeds have been appraised should be set forth and the appraisal report attached to the title deeds.

PFR 411 Security Register

411.1 A Security Register containing the names of all officers required to furnish security shall be maintained preferably in alphabetical order in the Head Office of each Provincial Department. The Register should provide for the following columns.

- (i) Name of Officer and designation
- (ii) Nature of Security and amount
- (iii) Registration No. of bond and date
- (iv) Bank Pass Book No.
- (v) Renewal of premium, date and by whom
- (vi) Date of application for Certificate of "No-Claim"
- (vii) No. and date of Certificate of "No - Claim" issued

(viii) Particulars of credit to revenue or refund of premium

The Head of Provincial Department should detail a responsible officer to check this Register periodically and initial it in proof thereof.

The Registration Number and the date of registration of the Security documents shall be communicated by the Provincial Head of Department to the officer, for reference at the time of application for refund of security or cancellation of the bond.

411.2 When an officer who has furnished security is transferred to another Provincial Department, full particulars of the security along with the documents should be forwarded to that Department.

P.F.R.412 Revision of List of Officers required to furnish Security

A revised statement of all officers required to furnish security should be prepared on Form NPC 183 as at the end of every third year up to the end of the third calendar year on which the last statement was due. This statement together with a separate statement showing the names of officers who are no longer required to furnish security, the registration number and date of security documents and the reasons for discontinuance of security, should be sent to the Secretary to the Provincial Ministry concerned and to the Auditor General by the Provincial Head of Department before the 15th of February following the end of the third calendar year referred to above. The names of the officers should be arranged in alphabetical order.

P.F.R.413 Certificate of No-Claim

413.1 Permanent Officers: When an officer ceases to hold a post in respect of which he has furnished security, action should be promptly taken by the Provincial Department to release the security early. Application on Form NPC 156 in duplicate for certificate of "No - Claim" in terms of section 11(1) of the Public Officers (Security) Ordinance, in respect of security bonds furnished by permanent officers should be prepared and forwarded to the Secretary to the Provincial Ministry in the following manner.

- (i) In the case of officers authorized to handle cash, where a daily check is in operation, the applications for certificate of "No Claim" can be

recommended on the officers' satisfactory handing over of cash and other items in their custody.

- (ii) In the case of store keepers or other officers of similar category where a special verification is conducted at the time of handing over, the application can be recommended on satisfactory finalization of the reports on the verification conducted, provided there are "No Claims" against the officers concerned.
- (iii) In other cases, applications for "No Claim" should normally wait for the completion of the audit of the accounts for the period the officer was in service. Thereafter application can be recommended after satisfying that there are no claims against the officer concerned.
- (iv) In the case of Heads of Provincial Departments and Senior Officers of Director level and above, however, the Auditor General will report to the Secretary to the Provincial Ministry concerned whether the certificate may be issued and the latter will act accordingly and take action at the same time for the refund of any security monies due to the officer.
- (v) The security document, duly cancelled, shall be returned to the officer through the Head of the Provincial Department.

413.2 Temporary Officers - Applications on Form NPC 157 for certificate of "No-Claim" in respect of security furnished by temporary officers should be sent direct to the Secretary to the Provincial Ministry concerned. The Chief Accounting Officer will then issue the necessary certificate.

413.3 Claims against officers - In cases where the Provincial Council has a claim against the officer for breach of his security bond, which can be satisfied by a portion only of the security deposit, the Secretary to the Provincial Ministry will issue a certificate in terms of section 11(3) of the Public Officers (Security) Ordinance to the effect that the officer will be entitled to a final discharge only after satisfying that portion.

SECTION 2

OFFICIAL TELEPHONES

***P.F.R.414* Authority for Telephones**

Considering the duties, responsibilities and specially the eligibility of the officer, the following authority should be applicable for the provision of telephones.

- (i) Official Telephones – Secretary to the Ministry
- (ii) Residential Telephones - Chief Secretary
- (iii) Official Mobile Phones – Chief Secretary

In addition to above authority, the relevant provisions in the Establishment Code and the circulars issued by the Provincial Treasury should be made applicable:

***P.F.R.415* Official Telephones**

415.1 *Records:* Heads of Departments should arrange to maintain records of official telephones both office and residence assigned to their Departments. They should also ensure that:

- (i) official telephones are assigned based on strict necessity and requirements in the performance of official duties by Provincial Officers.
- (ii) proper documentation is maintained for the receipt and settlement of monthly dues.
- (iii) facility is used with proper controls keeping within the financial provision available.
- (iv) recoveries are made for private calls on official telephones.

415.2 *Expenditure Limits on calls:* Monthly financial limits for call charges should be fixed to each officer provided with official telephone. Cost on call charges above the approved limit should be recovered from the officer.

415.3 *Guidelines:* In the field of allocation and use of official telephones, land or mobile, guidelines should be issued by the Chief Secretary to officials of Provincial Council for compliance.

P.F.R.416 Transfer of Residential Telephones

The transfer of an official residential telephone of an officer in his name can be made on the request of the officer concerned on his retirement. If the transfer is requested before retiring from the post, the cost of providing the telephones should be recovered from the officer concerned.

P.F.R.417 Mobile Phones

All mobile phones should be returned when the officers go on transfer out of the department, resignation, interdiction, vacation of post, dismissal or retiring from the post. If it is not returned, the depreciated value of the mobile phone should be recovered.

P.F.R.418 Settlement of Telephone Bills

418.1 Expenditure on official, residential telephones and mobile phones are settled by the respective Ministry or Department as per the instructions issued and monthly expenditure ceiling fixed by the Provincial Treasury.

418.2 Foreign private telephone calls are not permitted and the total cost of such calls including taxes should be recovered from the officer concerned.

418.3 All official international calls should be made from the official telephone, except in cases where prior approval of the Provincial Treasury is obtained.

P.F.R.419 Prevention of Abuse of Official Telephones

Every telephone should be placed in charge of a particular officer, and departments should take adequate steps, including the installation of locking devices, to ensure that the telephones are not put to improper use. In the case of telephones connected to a sub-exchange adequate instructions should be given to the operators so as to avoid the improper use of telephones.

419.1 Official calls on private telephones: Calls on Provincial Council's Account will not be allowed on private telephones. However, where a Provincial Public officer uses private telephones for an official call he should pay for it and claim reimbursement.

SECTION 3

HIRE OF BUILDINGS

P.F.R.420 Hire of Buildings

420.1 Procedure: When specific financial provision is available for the purpose, the Secretary to Provincial Ministry can hire land or buildings, or renew an existing hiring of land or buildings acting on his own authority subject to the following conditions and limitations.

- (i) he should satisfy himself that the building or land is required for a purpose within the scope of the provision and that no Provincial Council building or land suitable for that purpose is available.
- (ii) negotiation for the hiring or renewal of an existing hiring should be conducted under his direction and his personal approval should be given before the arrangements are completed.
- (iii) the Divisional Secretary of the division where the building is situated should be consulted in the case of hiring or renewal of hire of existing buildings below Rs. 20,000/- a month.
- (iv) the District Secretary/Government Agent of the district where the building is situated should be consulted in the case of hiring or renewal of hire of existing buildings below Rs. 50,000/- a month.
- (v) the Chief Valuer should be consulted for hiring of buildings over Rs. 50,000/- and above per month. If the finding of the Chief Valuer is not acceptable the Chief Secretary should be consulted.
- (vi) the hiring terms must be of an ordinary character
- (vii) the period of the agreement of lease should not exceed three years at a time.
- (viii) a negotiating team in terms of the Government Procurement Guidelines should select the land or building and fix the rent.
- (ix) hiring or the renewal of the same should not involve an excess on the financial provision available.

- (x) any advances of rent which should be limited to a period of six months, should be with prior specific approval of the Chief Accounting Officer.
- (xi) Hiring of buildings should be done in most economical manner and no excessive premises or buildings should be hired.
- (xii) The Head of the Department should ensure that all minimum requirements such as sewerage and drainage, parking facilities etc. are available.
- (xiii) As far as possible, the Heads of Departments should refrain from hiring buildings from highly commercial areas to minimize rental as well as congestion.

420.2 Agreement Format: The rent or lease agreement should be in a format approved by the Attorney General

Note 1. The above authority is only for hire of land or buildings required for a public purpose and do not include renting buildings for the use of public officers.

In exceptional circumstances due to exigencies of service quarters may be rented out for the use of senior staff grade posts.

Note 2. When the lease of a rented building where the electrical installation has been put up at Provincial Council expense is due to expire, the department concerned should take necessary action to take over the installation.

420.3 Buildings of Provincial Council Officers: Provincial Council officers should not lease, or rent out to Provincial Council, buildings and land belonging to themselves or their families, without prior approval of the Secretary to the Ministry in charge of the department requiring the building or land.

SECTION 4

USE OF MOTOR VEHICLES

***PFR 421* Provincial Council Motor Vehicles**

421.1 *Type of Vehicle:* Provincial Council motor vehicles referred to as official vehicles in these rules include lorries, vans, station wagons, jeeps, motor cycles, cars, hired vehicles, and other similar vehicles assigned/allocated to Provincial Council officers personally or kept in pool along with other vehicles for official use.

421.2 *Exclusive use of Provincial Council Officers:* All official vehicles are intended primarily for use exclusively by Provincial Council Officers for travelling on official duty. The monthly limits on fuel allocation for various categories of officers who are entitled for assigned vehicles shall be decided by the Chief Secretary from time to time and conveyed through circular instructions.

421.3 *Officers entitled to assigned vehicles:* Following officers of the Northern Provincial Council are entitled to assigned vehicles.

1. Chief Secretary
2. Secretary of a Provincial Ministry
3. Secretary to the Provincial Governor
4. Secretary of the Provincial Council
5. Secretary of the Provincial Public Service Commission
6. Deputy Chief Secretary of a Provincial Secretariat
7. Heads of Provincial Departments under Provincial Ministries entitled to a salary scale of SL – 1 - 2006 (steps 20 and above)

Approval of Chief Secretary shall be obtained in respect of Heads of departments whose grades and salary scales are below the officers referred to in 7 above for providing assigned vehicles to them.

421.4 An officer who has been permitted to use an official vehicle for private travelling and who possess a license to drive vehicles of that class can also be permitted to drive such vehicles for such private travelling and such permission can be extended at the option of the officer for official travelling as well.

PFR 422 Pool Vehicles

422.1 A pool of vehicles other than for assigned vehicles is to be operated under the strict supervision of a staff officer nominated by the Head of the Institution.

422.2 An up-to-date statement of;

total allocation for the month,

total cost of fuel used during the month, and

total number of kilometers operated during the month should be maintained in respect of each pool vehicle.

PFR 423 Transferability of Allocation between months

423.1 In the case of assigned vehicles, the fuel bill over and above the set limit during a month should be met by the relevant officer to whom the vehicle is assigned.

423.2 In the case of pool vehicles, any amount saved out of fuel allocation during a month may be utilized during the next and subsequent months. The fuel bill over and above the set limits of a month is transferable to another vehicle in the same pool. However, the total limit for all pool vehicles cannot be exceeded, except to the extent of savings available from previous months.

PFR 424 Travel outstation and Special Events

424.1 The Secretary/Head of Institution should exercise strict control over travel by officers to outstation and for special events.

424.2 In cases where exigencies of service require extra travel, the respective Secretaries may grant special allocations treating each case on its own merits, subject to covering approval by Chief Secretary.

424.3 In the case of special events (e.g. Mobile service/Secretariat, etc) the guidelines communicated in respect of such events should be strictly complied with in regard to travelling. As far as possible these requirements should also be met within the limits set in these rules.

PFR 425 Private use of official vehicles

425.1 The Chief Secretary is permitted to use Provincial Council vehicles for private purposes on payment of a charge per month as per governing circulars.

425.2 Secretaries to Ministries, Secretaries to the Governor, Provincial Assembly, Provincial Public Service Commission, Deputy Chief Secretaries, Heads of Departments and Chief Accountants of Ministries are permitted to use Provincial Council vehicles for travel between residence and place of work and for private purposes on a monthly payment decided by the Chief Secretary from time to time.

425.3 An officer who is assigned a vehicle for private and official use will not be permitted to use a pool vehicle, except when the assigned vehicle is under repair or when such travel economizes fuel use e.g. accompanying another officer who is entitled to use a pool vehicle and has to travel to the same destination

425.4 When it is decided to pay a monthly transport allowance instead of providing official vehicles to those who are entitled to assigned official vehicles for their private travelling they may be paid an allowance determined by Chief Secretary subject to the following conditions:

- (i) A driver or a driver's allowance will not be provided
- (ii) Officers who obtain the allowance will not be entitled to use a Provincial Council vehicle.

Such officers should submit their option either to receive the allowance or use the official vehicle already assigned to them.

PFR 426 Other requirements to be adhered to:

- 426.1** An officer is not permitted to have more than one assigned official vehicle even if he holds more than one post. The monthly fuel allowance is determined on the basis of the highest position held.
- 426.2** The provisions concerning exigencies will be applicable only in exceptional circumstances. Long distance travel should be undertaken as far as possible in group where every individual's need to travel very carefully scrutinized by the Chief Secretary. Fuel for such approved long distance travel will be allocated outside the assigned limits.
- 426.3** Reduction from monthly fuel allocation for absence from work should be operational only if there is continued absence for more than a month.
- 426.4** Any other officer using a Provincial Council vehicle without proper approval for private purposes or to travel from home to office should be regarded as misappropriating Provincial Council resources and the cost of such travel should be surcharged from the officer.
- 426.5** All complaints regarding misuse of official vehicles should be promptly investigated. Failure to comply with the rules set out hereunder would result in disciplinary action being taken against those concerned. Strict vigilance shall be exercised on the proper use of Provincial Council vehicles.
- 426.6** Besides those Provincial Council Officers, referred to above, who are entitled to travel between home and office in official vehicles on a regular basis, in very exceptional circumstances, any other Senior Provincial Council Officer, who has to work late in office or on non working days could use an official vehicle for travelling from home to office and back on such days with prior approval of the Secretary to his Ministry.
- 426.7** When an official vehicle is used on a long circuit outside an officer's home station he could be granted permission to take his wife or other members of his family with him in the vehicle.
- 426.8** Users of official vehicle other than the assigned vehicle must state in the daily running chart of that vehicle whether the use of the vehicle is made on 'Provincial Council Service' or on 'private account'.

426.9 A Provincial Council Officer who has been allowed an official motor vehicle for use on a private journey (provided that necessary authority exists) only when it can be spared from the Provincial Council's Service for which it was provided and on payment of charges determined by the Secretary to the Ministry.

PFR 427 Use for other purposes

Official Motor Vehicles may also be used for the following purposes in remote areas not served by public transport.

427.1 For the transport of a sick or injured person attached to the department from a work place to the nearest hospital/dispensary.

427.2 For the transport of the body of a deceased employee or a dependent relation of an employee for burial from the workplace to the residence of the deceased.

427.3 For the transport of furniture, personal effects etc., of officers proceeding on transfer between workplaces or between the workplace and the nearest railway station.

PFR 428 Officers responsible for care

428.1 Officers to whom official vehicles have been assigned, who are in custody of official motor vehicles are responsible for seeing that the vehicles are properly cared for, and will be called upon to reimburse to Provincial Council the value for any damage or depreciation of the vehicles due to their negligence or misuse. Particular care should be taken against the damage in the use of the vehicle.

428.2 All Provincial Council vehicles should be insured with the National Insurance Trust Fund approved by the Government. In case of official vehicles permitted to be used for private travelling such vehicles should be insured under a comprehensive insurance policy the premium for which is payable by the respective institution.

PFR 429 Accidents

- 429.1** Officers using official vehicles, or in their absence, the drivers of the vehicles are responsible for seeing that all accidents are reported immediately at the nearest Police Station. Serious notice will be taken of any attempt to conceal facts or failure to report an accident, however trivial it may appear to be.
- 429.2** On the return of the vehicle to station the officer responsible for the vehicle should obtain an approximate assessment of the damage and submit a report to the Provincial Head of the Department on the nature of accident, place and on the complaint lodged at the Police Station

PFR 430 Fuel and Stores

Except where otherwise provided, petrol, oil, lubricants, etc., should be obtained on orders.

PFR 431 Petrol Order Books

- 431.1** The stocks of Petrol Order Books should be under the custody of an officer personally authorized by the Head of Department or his Deputy. The books should be kept under lock and key. This officer should not issue Petrol Order Books to any officer other than the officer who is authorized to sign petrol orders.
- 431.2** Separate Petrol Order Books should not be carried in vehicle except in cases where the refueling of the vehicle will not otherwise be possible. In such cases the Petrol Order Book should be in the custody of a responsible officer other than the driver and such officer should be authorized in this regard by the Head or Deputy Head of department. Where, however, an exception to this rule becomes necessary specific authority of the Head of the Department or his Deputy should be obtained.
- 431.3** As far as possible only one Petrol Order book should be used at a time in any office or branch office. The concurrent use of more than one book should be allowed only in exceptional and unavoidable cases and under the personal authorization of the Head of department or his Deputy. The used Petrol Order Books should be surrendered before a new book is obtained.

- 431.4** The Officer who is authorized by the Head of Department or his Deputy to sign Petrol Orders should as far as possible be an officer other than the one who is in charge of the stock of Petrol Order Books.
- 431.5** Used Petrol Order books should be serially arranged and preserved intact for five years or until they are examined by the Audit whichever is earlier.

PFR 432 Vehicle Log Books and Daily Running Charts

Official vehicles should be placed in charge of a staff officer or some other responsible officer. The officer-in-charge of the vehicles must ensure that:

- 432.1** A vehicle log book in Form NPC 267 is maintained in his office in respect of each vehicle in his charge and that all entries are regularly made.
- 432.2** A daily running chart in Form NPC 268 is maintained by the driver of each vehicle and that it is regularly checked by supervising officers.
- 432.3** The driver of a vehicle is instructed to make all entries required in the daily running chart immediately after each trip and also to observe the instructions contained therein.

An officer-in-charge of a vehicle may delegate to an assistant who is in direct custody of the vehicle the task of supervising the drivers.

PFR 433 Monthly Performance Summary

Officers-in-charge of vehicles should send to the Auditor General through the respective Head of department the original of the daily running charts for the month together with the monthly performance summary in Form NPC 268A not later than the 15th day of the following month.

PFR 434 Stocks of fuel and Inventory

- 434.1** *Record of changes in custody of vehicles:* An acknowledgement should be obtained in the appropriate places in the log book, whenever changes in the custody of the vehicles, tools and accessories occur.

- 434.2 *Survey of vehicles and Equipment:*** A complete survey of vehicles and equipment should be made in accordance with PFR 365. A similar survey should be conducted whenever the immediate custody of the vehicle passes over from one officer to another and also when there is a change of drivers, an acknowledgement as required in Para 1 above should be obtained
- 434.3 *Inventory of consumable Stores:*** A register of purchases and issues of all stores, which are not of permanent nature and are not entered in the log books, should be maintained whenever three or more vehicles are stationed at one point.
- 434.4 *Stock Books of Petrol, Oils etc.:*** Department which maintains central stock of petrol, diesel, oils, lubricants etc. should maintain a stock book
- 434.5 *Register of Motor Vehicles:*** A register of motor vehicles showing particulars such as make and type, registration number, date of assignment, date and details of transfer and other relevant particulars should be maintained by officer-in-charge of vehicles.
- 434.6 *Emblem:*** The Government emblem and the logo of the Northern Provincial Council should be painted on all official motor vehicles, other than where exemptions are granted by the Chief Secretary.

***PFR 435* Inter Departmental Payment for Transport Services**

- 435.1** When one department uses a vehicle attached to another department on duties with which the latter is concerned, no charges are payable. The maintenance cost will be met from the programme/project of the department to which the vehicle belongs.
- 435.2** A department requiring the use of a vehicle belonging to another department should meet running expenses of the vehicle such as fuel, extra remuneration to driver, etc

PFR 436 Detailed Scheme and Monitoring

Each and every Chief Accounting Officer should have a detailed scheme of maintenance of vehicles and monitoring of the use of vehicles within the financial provision available.

PFR 437 Hiring of Vehicles

Hiring of vehicles for the use of Provincial agencies should be done only if the Chief Secretary is satisfied that there are no adequate and suitable vehicles for official use

Conditions

1. Monthly rentals should not exceed the ceilings approved by the Provincial Treasury from time to time.
2. Procedure laid down in the Government Procurement Guidelines should be followed on the hiring of vehicles.
3. Vehicles so hired should be economically viable and mechanically suitable for the official use.
4. Hiring period should not exceed more than the required period. However, the maximum period of agreement should not be more than six months.
5. Age limit of the vehicle to be hired should not exceed five years from the date of registration.
6. Hiring of vehicles belonging to the Provincial officials themselves from whom such vehicles are hired for such manner that is likely to give monetary benefit to the later is strictly prohibited.

In addition to the above conditions, the detail instructions on hiring of vehicles for official use will be issued by the Provincial Treasury from time to time.

SECTION 5

ACQUISITION

P.F.R.438 Acquisition of private land and buildings

438.1 Introduction - The acquisition of private land and buildings for use by the Provincial Council should always be made in accordance with the provisions in the Chapter 295 of Land Acquisition Act No.9 of 1950 and subsequent amendments.

Acquisition of land and buildings should be considered only for approved Programmes and Projects and only if no suitable state land is available for the purpose or the available state land is absolutely unsuitable for the purpose. Buildings should be acquired only if they can be conveniently and economically converted to departmental use or their acquisition is unavoidable.

438.2 Stages: As the acquisition of land has to follow several stages of procedure resulting in long delays in project implementation, the Secretary to Provincial Ministry and the Provincial Head of Department are responsible for getting the following steps completed well in advance to expedite the acquisition process in consultation with the Secretary to the Ministry in charge of subject of land through the Chief Secretary.

- (i) Investigations for selecting land
- (ii) Compensation for damages done during investigations.
- (iii) Notices and objections to intended acquisition
- (iv) Declaration for acquisition
- (v) Survey of land and plan of the land
- (vi) Inquiry into claims for compensation

438.3 Procedure: When the Secretary to Provincial Ministry/Head of Provincial Department has decided to acquire a land for a public purpose, he should refer the matter to the Secretary, Ministry in charge of the subject of land through Chief Secretary. Secretary, Ministry of land will direct the acquisition officer

of the respective district where the land is proposed to be acquired is located to initiate the acquisition process in terms of the provisions in the Land Acquisition Act.

438.4 Valuations: Provincial Secretary/Head of Provincial Department when deciding on the acquisition of a land for Provincial Council purpose should obtain a Preliminary Valuation Report from the respective District Secretary/Divisional Secretary for the purpose of including budgetary provision in the estimates. However this valuation should not be considered in the payment of compensation. Then, he should forward the detailed report of the land together with the estimated cost determined as above to the Provincial Treasury to obtain necessary provision.

438.5 Settlement of claims: The settlement of compensation is the last stage of acquisition of land/buildings. Therefore, the Secretary to Provincial Ministry/Head of Provincial Department should ensure that all requirements envisaged in the provisions in the Land Acquisition Act have been followed. The payment of compensation for acquisition of land/buildings should be based on the value as determined by the Chief Government Valuer.

SECTION 6

GIFTS OF THE NORTHERN PROVINCIAL COUNCIL

P.F.R.439 State Gifts

Gifts received by a Minister, a Member of Provincial Council or a Provincial Public Officer, from a Head or Representative of a Foreign State or by a foreign delegation should be regarded as received by him solely in his capacity as a representative of the Provincial Council. Such gifts should be disposed of in the following manner:

- (i) Any gift received should, in the first instance, be reported to the Governor through the Chief Secretary.
- (ii) If, in the opinion of the recipient, the gift has been received by him in a personal capacity, and not solely as a representative of the Northern Provincial Council the case should be explained to the Governor for the retention of the gift by the recipient.
- (iii) All gifts should be valued by the Director General of Customs.
- (iv) Gifts to the value of Rs. 25,000/- or less should be returned to the recipient for retention by him.
- (v) Gifts valued at over Rs. 25,000/- may be purchased by the recipient at his option at the assessed price. If he does not exercise that option, the gifts should be transferred for retention by the Governor's Secretariat.

SECTION 7

FOREIGN TRAVEL

P.F.R.440 Foreign Travel

- 440.1** Provincial Public officers including those on contracts, whether on temporary or permanent basis including advisors and consultants should obtain prior approval from the appropriate authority before undertaking foreign travel. No travel should be undertaken pending covering authority. When travelling is at public expense partly or wholly, the following requirements should be conformed to:
- (i) Any extension of the stay beyond official business should be with proper approval.
 - (ii) Accommodation and internal travel should be with utmost economy and
 - (iii) Advances obtained should be settled promptly upon return to the island.
- 440.2** In the case of Board of Ministers, and Members of the Provincial Council, Hon. Governor may issue directions and instructions relaxing/enhancing the above rules from time to time.
- 440.3** Detailed guidelines and instructions on official foreign travel funded by Foreign Donor/Agency or from funds of the Government are issued by the Secretary to the Treasury from time to time.
- 440.4** Guidelines and instructions on official foreign travel from funds of the Provincial Council are issued by the Chief Secretary with the concurrence of Governor.
- 440.5** Regarding release of foreign exchange for allowances payable, the circular instructions issued by the Ministry of Finance shall be applicable.

SECTION – 8**STAMPS****P.F.R.441 Provincial Council Stamps**

The stocks of revenue stamps required for the Northern Provincial Council shall cause to be printed by the Council itself or obtain from the stocks of the Inland Revenue Department of the Government. A separate identification mark to identify the Provincial Council should be placed on stamps printed or obtained.

PFR 442 Stock of Revenue Stamps

The main stock of revenue stamps shall be kept by the Provincial Treasury/Provincial Inland Revenue Department in its vault. A stock book of stamps shall be maintained for the revenue stamps by the Provincial Treasury or the Provincial Inland Revenue Department. The purpose is to enter number of stamps received and issued under each denomination either at the time of receipt or issue of stamps. All the Provincial Ministries, Departments and other agencies shall either purchase or obtain their requirements on an imprest basis from the Provincial Treasury/Inland Revenue Department. Ministries, Departments and other agencies too shall maintain a similar stock book for revenue stamps to record all receipts and issues of stamps by them.

All stock books of revenue stamps should be maintained by the officers authorized and initial all the entries of receipts and issues and balanced periodically.

P.F.R.443 Sale of Stamps

If any office is authorized to sell revenue stamps an officer may be appointed for the purpose. Stamps should be issued to him on an imprest basis who should keep them in safe custody. The officer responsible should examine daily the stamp imprest register to ensure that all stamps sold are accounted for and the proceeds of sales are credited to revenue. The amount of the stamp imprest to each department should be determined by the Provincial Treasury/Inland Revenue Department.

P.F.R.444 Renewal of Stamp Imprest

All the monies collected by sale of revenue stamps should be credited to the appropriate revenue code and an official receipt obtained. Imprest of revenue stamp should be renewed as and when necessary and the renewal application should accompany the receipt obtained by the responsible officer for the monies credited on sale of stamps.

P.F.R.445 Sale of Stamps by authorized Agents

Sale of revenue stamps by authorized agents i.e. banks, notaries etc., require the approval of the Governor. This arrangement should ensure the safety of revenue stamps. All monies collected by way of sale of stamps should be credited to Provincial revenue. Procedure adopted for periodical check of stamps should have the approval of the Chief Secretary.

An agreement should be signed with the banks or other agents who are authorized to sell stamps on behalf of the Provincial Council which should include the procedure adopted in receiving, issuing and selling of stamps, disposal of monies collected, periodical and annual verification of stocks of stamps. Action should be taken on spoilt stamps and stamps lost under rules relating to losses.

P.F.R.446 Cancellation of Stamps

Until the Statute is passed by Provincial Council, provisions of section 8 (3) of the Stamps Ordinance (Chap 358) shall be strictly applied in the cancellation of stamps affixed to documents. Stamps on documents received in or issued from any Provincial Council office should be so marked that such stamps cannot be used again. This marking may be done by hand stamp/special obliterating ink. Provincial offices which occasionally deal with such documents should mark stamps by cutting or punching a piece out of each stamp taking care to avoid as far as practicable, the excision of dates and initials which appear on them.

In using hand stamps, care should be taken that the cancellation mark is well struck with sufficient ink and that it extends slightly beyond the sides of the stamp so that part of it appears on the document itself.

The cancellation mark should bear the correct date of stamping.

P.F.R.447 Fees other than Court fees paid in stamps

447.1 Verification and cancellation: In all cases where fees other than Court Fees, duties or charges, are collected by adhesive stamps, the stamps should be cancelled in accordance with provision of PFR 446 by staff officer signing the license permit or document; or authorizing the services for which the payment in stamps is collected. He shall also take steps to see that unused stamps to the actual values have been affixed to the appropriate documents.

447.2 License fees etc., paid in stamps: In cases where duties, fees and similar receipts on account of licenses are collected by adhesive stamps the stamps will be affixed on the counterfoils of the licenses (or on the application therefore where there are no counterfoils) by the officer-in-charge and cancelled in terms of 1 above.

447.3 Other fees and duties paid in Stamps: These should be similarly recorded in a register by the Department responsible for their collection using separate folios of the register for different classes of fees.

SECTION 9

NEWSPAPER AND PERIODICALS

P.F.R.448 Purchase of newspapers and periodicals

- 448.1** Purchase of news papers in the respective departments should have the approval of the Chief Accounting Officer
- 448.2** Purchase of periodicals which should be relevant to the functions of the Department should have the approval of the Secretary to the Ministry concerned.
- 448.3** Strict economy should be maintained in fixing the number of copies of a news paper to be purchased.
- 448.4** Detailed guidelines relating to purchase and disposal of newspapers and periodicals may be issued by the Chief Accounting Officer.

SECTION 10

ALLOWANCES

PFR 449 Special Authorities

The following payments may be made on the authority of the Governor on the recommendations of the Chief Secretary.

1. Incentive allowance for task works to members and officials of Provincial Commissions.
2. Allowances for sitting at meetings for members of special committees duly appointed.
3. Per diem payment to resource persons engaged for training and special assignments.
4. Allowances for setting Question papers and correction of answer scripts for Examinations.
5. Fixing limits of commuted travelling allowances for field officers
6. An allowance to members of the Boards of Survey appointed to carry out an annual verification of stores.
7. Any other allowances which are not covered by these Provincial Financial Rules.

APPENDIX

APPENDIX

LIST OF APPENDICES

Appendix 1	Standardized Object Codes	PFR 11
Appendix 2	New Staff Proposals	PFR 48
Appendix 3	Comparative Statement to be furnished along with Application for Revision of TECC	PFR 49
Appendix 4	Specimen Form of Motion and Supplementary Grant	PFR 51
Appendix 5	Refunds from Revenue	PFR 79
Appendix 6	Quarterly statement relating to Advance Accounts	PFR 278
Appendix 6A	- do -	PFR 278
Appendix 6B	Statement relating to limits of Advance Accounts	PFR 278
Appendix 7	Hypothetical charges	PFR 281
Appendix 8	Winding up of Advance Accounts	PFR 286
Appendix 8A	Statement of Settlement of Liabilities	PFR 286
Appendix 8B	Income Adjustment Statement	PFR 286
Appendix 8C	Income Disposal Account	PFR 286
Appendix 8D	Receipts and Payments Account	PFR 286
Appendix 9	Fixed Assets Coding	PFR 326
Appendix 10	Fixed Assets Register for Land	PFR 326
Appendix 11	Fixed Assets Register for Buildings	PFR 326
Appendix 12	Fixed Assets Register for Structures	PFR 326
Appendix 13	Fixed Assets Register for Plant, Machinery and Equipment	PFR 326
Appendix 14	Fixed Assets Register for Vehicles	PFR 326
Appendix 15	Fixed Assets Utilization Statement	PFR 326
Appendix 16	Consolidated Fixed Assets Utilization Statement	PFR 326
Appendix 17	Fixed Assets Statement	PFR 326
Appendix 18	List of Fixed Assets Verified as at....	PFR 326
Appendix 19	General Forms in use	-
Appendix 20	Reference to NEPC PFRR and corresponding Rules in new PFRR	

LIST OF APPENDICES

APP 1	Standardized Test Code	Appendix 1
APP 2	New Staff Programs	Appendix 2
APP 3	Comparative Statement to be furnished along with application for revision of TBT	Appendix 3
APP 4	Specimen Form of Motion and Laboratory Grant	Appendix 4
APP 5	Statute Book Contents	Appendix 5
APP 6	University statement relating to Advance Accounts - the	Appendix 6
APP 7	Statement relating to funds of Advance Accounts	Appendix 7
APP 8	Administrative forms	Appendix 8
APP 9	Setting up of Advance Accounts	Appendix 9
APP 10	Statement of Students of Examinations	Appendix 10
APP 11	Advance Statement Form	Appendix 11
APP 12	Form of Disposal Form	Appendix 12
APP 13	Advance Form - Advance Accounts	Appendix 13
APP 14	Form of Receipting	Appendix 14
APP 15	Form of Advance Register for Land	Appendix 15
APP 16	Form of Advance Register for Building	Appendix 16
APP 17	Form of Advance Register for Furniture	Appendix 17
APP 18	Form of Advance Register for Plant and Machinery	Appendix 18
APP 19	Form of Advance Register	Appendix 19
APP 20	Form of Advance Register for Vehicles	Appendix 20
APP 21	Form of Advance Register for Motor Vehicles	Appendix 21
APP 22	Form of Advance Register for Motor Vehicles	Appendix 22
APP 23	Form of Advance Register for Motor Vehicles	Appendix 23
APP 24	Form of Advance Register for Motor Vehicles	Appendix 24
APP 25	Form of Advance Register for Motor Vehicles	Appendix 25
APP 26	Form of Advance Register for Motor Vehicles	Appendix 26
APP 27	Form of Advance Register for Motor Vehicles	Appendix 27
APP 28	Form of Advance Register for Motor Vehicles	Appendix 28
APP 29	Form of Advance Register for Motor Vehicles	Appendix 29
APP 30	Form of Advance Register for Motor Vehicles	Appendix 30
APP 31	Form of Advance Register for Motor Vehicles	Appendix 31
APP 32	Form of Advance Register for Motor Vehicles	Appendix 32
APP 33	Form of Advance Register for Motor Vehicles	Appendix 33
APP 34	Form of Advance Register for Motor Vehicles	Appendix 34
APP 35	Form of Advance Register for Motor Vehicles	Appendix 35
APP 36	Form of Advance Register for Motor Vehicles	Appendix 36
APP 37	Form of Advance Register for Motor Vehicles	Appendix 37
APP 38	Form of Advance Register for Motor Vehicles	Appendix 38
APP 39	Form of Advance Register for Motor Vehicles	Appendix 39
APP 40	Form of Advance Register for Motor Vehicles	Appendix 40
APP 41	Form of Advance Register for Motor Vehicles	Appendix 41
APP 42	Form of Advance Register for Motor Vehicles	Appendix 42
APP 43	Form of Advance Register for Motor Vehicles	Appendix 43
APP 44	Form of Advance Register for Motor Vehicles	Appendix 44
APP 45	Form of Advance Register for Motor Vehicles	Appendix 45
APP 46	Form of Advance Register for Motor Vehicles	Appendix 46
APP 47	Form of Advance Register for Motor Vehicles	Appendix 47
APP 48	Form of Advance Register for Motor Vehicles	Appendix 48
APP 49	Form of Advance Register for Motor Vehicles	Appendix 49
APP 50	Form of Advance Register for Motor Vehicles	Appendix 50
APP 51	Form of Advance Register for Motor Vehicles	Appendix 51
APP 52	Form of Advance Register for Motor Vehicles	Appendix 52
APP 53	Form of Advance Register for Motor Vehicles	Appendix 53
APP 54	Form of Advance Register for Motor Vehicles	Appendix 54
APP 55	Form of Advance Register for Motor Vehicles	Appendix 55
APP 56	Form of Advance Register for Motor Vehicles	Appendix 56
APP 57	Form of Advance Register for Motor Vehicles	Appendix 57
APP 58	Form of Advance Register for Motor Vehicles	Appendix 58
APP 59	Form of Advance Register for Motor Vehicles	Appendix 59
APP 60	Form of Advance Register for Motor Vehicles	Appendix 60
APP 61	Form of Advance Register for Motor Vehicles	Appendix 61
APP 62	Form of Advance Register for Motor Vehicles	Appendix 62
APP 63	Form of Advance Register for Motor Vehicles	Appendix 63
APP 64	Form of Advance Register for Motor Vehicles	Appendix 64
APP 65	Form of Advance Register for Motor Vehicles	Appendix 65
APP 66	Form of Advance Register for Motor Vehicles	Appendix 66
APP 67	Form of Advance Register for Motor Vehicles	Appendix 67
APP 68	Form of Advance Register for Motor Vehicles	Appendix 68
APP 69	Form of Advance Register for Motor Vehicles	Appendix 69
APP 70	Form of Advance Register for Motor Vehicles	Appendix 70
APP 71	Form of Advance Register for Motor Vehicles	Appendix 71
APP 72	Form of Advance Register for Motor Vehicles	Appendix 72
APP 73	Form of Advance Register for Motor Vehicles	Appendix 73
APP 74	Form of Advance Register for Motor Vehicles	Appendix 74
APP 75	Form of Advance Register for Motor Vehicles	Appendix 75
APP 76	Form of Advance Register for Motor Vehicles	Appendix 76
APP 77	Form of Advance Register for Motor Vehicles	Appendix 77
APP 78	Form of Advance Register for Motor Vehicles	Appendix 78
APP 79	Form of Advance Register for Motor Vehicles	Appendix 79
APP 80	Form of Advance Register for Motor Vehicles	Appendix 80
APP 81	Form of Advance Register for Motor Vehicles	Appendix 81
APP 82	Form of Advance Register for Motor Vehicles	Appendix 82
APP 83	Form of Advance Register for Motor Vehicles	Appendix 83
APP 84	Form of Advance Register for Motor Vehicles	Appendix 84
APP 85	Form of Advance Register for Motor Vehicles	Appendix 85
APP 86	Form of Advance Register for Motor Vehicles	Appendix 86
APP 87	Form of Advance Register for Motor Vehicles	Appendix 87
APP 88	Form of Advance Register for Motor Vehicles	Appendix 88
APP 89	Form of Advance Register for Motor Vehicles	Appendix 89
APP 90	Form of Advance Register for Motor Vehicles	Appendix 90
APP 91	Form of Advance Register for Motor Vehicles	Appendix 91
APP 92	Form of Advance Register for Motor Vehicles	Appendix 92
APP 93	Form of Advance Register for Motor Vehicles	Appendix 93
APP 94	Form of Advance Register for Motor Vehicles	Appendix 94
APP 95	Form of Advance Register for Motor Vehicles	Appendix 95
APP 96	Form of Advance Register for Motor Vehicles	Appendix 96
APP 97	Form of Advance Register for Motor Vehicles	Appendix 97
APP 98	Form of Advance Register for Motor Vehicles	Appendix 98
APP 99	Form of Advance Register for Motor Vehicles	Appendix 99
APP 100	Form of Advance Register for Motor Vehicles	Appendix 100

APPENDIX 1**PFR 11**

STANDARDIZED OBJECT CODES	
OBJECT CODE	CATEGORY/OBJECT TITLE
	RECURRENT EXPENDITURE
	<i>Personal Emoluments</i>
1001	Salaries and Wages
1002	Overtime and Holiday Pay
1003	Other Allowances
1005	Public Service Provident Fund/EPF
1006	Property Loan Interest
	<i>Travelling Expenses</i>
1101	Domestic
1102	Foreign
	<i>Supplies</i>
1201	Stationery and Office requisites
1202	Fuel and Lubricants
1203	Uniforms
1204	Diets
1205	Medical Supplies
1206	Mechanical and Electrical Goods
1207	Others
1208	Quality Inputs
	<i>Maintenance Expenditure</i>
1301	Vehicles
1302	Plant, Machinery and Equipment
1303	Buildings and Structures, Tanks and Roads
1304	Others
1305	Structures
1308	Quality Inputs
1309	Teacher, Managerial, Based & Students Based
	<i>Contractual Services</i>
1401	Transport
1402	Telecommunication
1403	Postal charges
1404	Electricity and Water
1405	Rents and Hire Charges
1406	Rates and Taxes to Local Authorities
1407	Others

1408	Quality Inputs
	Transfers
1501	Transfers to Household through Welfare Programme
1502	Pensions, Retirement and Gratuities
1503	Transfers to Public Institutions
1504	Transfers to Public Enterprises
1505	Transfers to Financial Institutions
1506	Subscriptions, Contributions & Membership Fees-Domestic
1507	Subscriptions, Contributions & Membership Fees-Foreign
	Grants
1601	Grants to Public Institutions
1602	Grants to Provincial Councils
1603	Grants to Non Public Institution & Private Individuals
	Subsidies
1701	Operational Losses of Public Enterprises
1702	Interest Subsidies
1703	Price Subsidies
1704	Development Subsidies
	Interest Payments
1801	Domestic Debt
1802	Foreign Debt
	Other Recurrent Expenses
1901	Awards and Indemnities
1902	Losses and Write-Offs
1903	Holiday Warrants
1904	Implementation of the Official Language Policy
1905	Others
1906	Refunds
1907	Training Services Local
	CAPITAL EXPENDITURE
	Rehabilitation and Improvement of Capital Assets
2001	Buildings and Structures, Tanks and Roads
2002	Plant, Machinery and Equipment
2003	Vehicles
2004	Other Capital Assets
2005	Lands and Land Improvements
2006	Others
	Acquisition of Capital Assets
2101	Vehicles
2102	Furniture and Office Equipment
2103	Machinery

2104	Buildings and Structures
2105	Land and Land Improvements
2105	Others
Rehabilitation and Improvement of Capital Assets	
2201	Buildings and Structures, Tanks and Roads
2202	Plant, Machinery and Equipment
2203	Vehicles
2204	Other Capital Assets
2205	Land and Land Improvements
2206	Others
Acquisition of Capital Assets	
2301	Vehicles
2302	Furniture and Office Equipment
2303	Machinery
2304	Buildings and Structures
2305	Land and Land Improvements
2306	Others

APPENDIX 2**PFR 48**

**STAFF PROPOSALS – MINISTRIES AND DEPARTMENTS FOR
INCLUSION IN ESTIMATES AND CREATION UNDER FR 71
GENERAL TREASURY**

1.	Ministry	
2.	Department/Division	
3.	<p>Programme/Project</p> <p>(Indicate the order of priority of the programme and project under reference)</p> <p>Is the project a multi-year one?</p> <p>If so, what is the time span?</p> <p>What are the peak periods of activity?</p> <p>Can creation of new posts be deferred without the time span?</p>	
4.	Title of the Post?	
5.	No. of posts required?	
6.	Salary scale?	
7.	<p>Whether posts are required on</p> <p>(a) Casual basis:-</p> <p>(State period)</p> <p>(b) Temporary basis</p>	

	<p>(State period)</p> <p>(c) Permanent basis</p> <p>give justification for permanency in a separate sheet</p>	
8	<p>Give the present No. of posts in this or similar category:</p> <p>(a) In the Department/ Division:- Indicate distribution programme and Project wise:</p> <p>(b) In any other Department/ Division Under the Ministry:- Indicate Distribution programme and project wise</p>	
9	<p>Give the No. of such posts at present unfilled in the Department:- Indicate the vacancies programme and Project-wise</p>	
10	<p>Are the posts required for</p> <p>(a) Expansion of existing activity? Indicate the order of priority of the existing activities?</p> <p>(b) Is there a back-log? Give details is there an alternative way of clearing the back-log without creating new posts?</p> <p>Can scaling-up of operations be</p>	

	<p>deferred?</p> <p>(c) New activity: Indicate the relative priority of this activity;</p> <p>(d) Promotional prospects</p>	
PART II – WORK LOAD AND PERFORMANCE DATA		
11	<p>If for expansion of existing activity furnish details of increase of work- loads and staff employed over the last 5 years. (Use separate sheet)</p> <p>Can the rate of production and unit cost be improved?</p> <p>Explain</p> <p>If not will they be kept at the same level?</p> <p>Have norms been determined?</p> <p>If so, details</p>	
12	<p>If for a planned new activity:- Details of activity and forecast of Workload (Use separate sheets)</p> <p>Indicate meaningful measure of performance, norms, rates of production and unit costs</p>	

13	<p>If for promotional prospects-</p> <p>(a) No. in grade for which promotional prospects are sought: (other details such as stagnation, etc, to be included in a separate sheet)</p> <p>(b) No. in grade to which promotions are sought?</p> <p>(c) Indicate additional areas, if any of increased responsibility in physical terms (work-load) and or monetary terms:</p>	
14	<p>Can't the additional new work be done-</p> <p>(a) By existing personnel in the organizational unit where staff is to be posted?</p> <p>(b) By redeployment of personnel having examined the workload and rates of production in other activities</p> <p>(c) Was this aspect examined? (Use separate sheet to describe investigation done)</p>	

15	<p>How is this additional work done at present?</p> <p>If casual staff is employed or overtime is paid to existing staff, Indicate-</p> <p>(a) Treasury authority:</p> <p>(b) No. involved:</p> <p>(c) Monthly paid:</p> <p>(d) Total payment in current year and in the previous year</p>	
16	<p>Was a similar request for these posts made earlier? What was the result?</p> <p>Quote Treasury reference and date:</p>	
17	<p>Applicable only for creation of posts under FR 71</p> <p>Why was the provision not included in the current year's estimates?</p> <p>Why can't this request await inclusion in the next year's estimates?</p>	
PART III – FINANCIAL DATA		
18	<p>Has there been any quantitative assessment of benefits to be derived in terms of additional services performed or increased revenues?</p> <p>(use separate sheet to describe assessment done)</p>	

	Were alternatives with less commitments considered and evaluated? If so, details:	
19	<p>How is the expenditure proposed to be met?</p> <p>Is it-</p> <p>(a) By incorporation in the annual financial statement?</p> <p>(b) By transfer procedure (if so, state source of savings)?</p> <p>(c) By asking for a supplementary provision?</p> <p>(d) By savings created against the suppression of other posts?</p>	
PART IV – OBSERVATIONS OF THE BUDGET OFFICER		
20	<p>Request has been examined in the light of existing strength, vacancies relative priority of the programme/ project and activities for which posts have been requested, possibility of redeployment of existing staff, possible benefits and alternative costs and find that the request is justified/could be reduced / could be deferred:</p>	<p style="text-align: right;">Signature of the Budget Officer</p>

21	Recommendations of the Head of the Department	Signature of the Head of the Department
PART V – VIEWS OF SECRETARY/CHIEF SECRETARY		
22	Is the proposal in terms of any directives from the Ministry/ National Planning Council/Board of Ministers	
23	Do the priorities as assigned to the programme/project/activities under reference keep in line with the Ministerial scheme of priorities to achieve the main goals of the Ministry and agency?	
24	Was redeployment of the category of staff under reference within (a) Ministry (b) Department examined if so, findings?	
25	Recommendations of the Secretary	Signature of the Secretary to the Ministry
26	Recommendations of the Chief Secretary.	Signature of the Chief Secretary

APPENDIX - 3

PFR 49

COMPARATIVE STATEMENT TO BE FURNISHED ALONG WITH APPLICATIONS FOR REVISION OF TOTAL COST ESTIMATES

The Comparative Statement should include the following particulars.

1. Detailed break-up of estimates to be suitably drawn up to facilitate comparison.

The following form is recommended:

Item	Original Estimate			Revised Estimate		
	Quantity	Rate	Amount	Quantity	Rate	Amount

2. Variation in Cost

In the case of each item where there is a major variation in cost the reasons for such variation should be separately identified and explained -e.g

Quantity Variation - whether due to inadequate preliminary investigations major alteration in scope of project, etc. Why additional expenditures cannot be accommodated under contingencies.

Rates increases - The rates increase to be justified and compared with prevalent rates in other Provincial departments. Wherever possible the rate increase should be suitably broken up into increase in materials, cost and wages. This is particularly necessary when work is executed with departmental labour.

Overheads increase - Details to be given including increase in costs due to lengthening of period of construction.

3. Evaluation of Project at new Post

Benefits and cost in the original Estimate and in the revised estimate should be indicated. In the case of major escalations in cost or radical alterations in the scope of the project an evaluation report should be made available

Request under Object Codes: _____

Programme Number and Name: _____

Project Number and Name: _____

Object Code Number and Name	Provision Provided for	Revised Provision	Supplementary Provision Required
Project total for each programme supplementary requests should be shown separately			
Programme total for each Project also supplementary requests should be shown separately			
Total of the Expenditure Head			

Explanation for the proposal of supplementary grant

Programme

Project

Reasons for request of Supplementary Provision (reason to be given separately for each programme and Project)

APPENDIX - 5**PFR 79*****Refunds from Revenue – Notes***

Note 1: Applications for authority to refund should be made on Form General 29. They should contain sufficient information to enable a final decision to be reached. The following instructions should be observed in the preparation of a refund application:

- (a) Full particulars should be given in cage 1:
- (b) Where the amount to be refunded formed part of a larger sum credited to Revenue, the credit particulars given in cage 3 should always indicate the amount to be refunded, as well as such larger sum of which it formed a part;
- (c) The Revenue Code as appearing in the financial statement of the year of refund should be given at the top of the application. Revenue Code in cage to which the amount was actually credited at the time of receipt. Revenue Code to be quoted in the cage 3 of the application should however be actual code to which the amount was actually credited at the time of receipt.
- (d) Credit particulars should be verified and certificates of credit should be obtained from the appropriate Accepting Officers.

Note 2: *Refund of Value of Stamps*

An appropriate endorsement should be made on the documents bearing the stamps and should be authenticated by the officer certifying the refund voucher. The following words should be written or stamped across the documents and over the stamps, the value of which is to be refunded. 'Value of stamps refunded on20..... 'Unless they are required for any other purpose, the document bearing the stamps should be attached to the relevant payment vouchers. Refunds of the value of stamps should be debited to relevant refund account.

(contd...)

Note 3: Statutory Refunds

In the case of statutory refunds the Provincial departments responsible for making such refunds should refer to the relevant sections of the Ordinances before any refund is authorized or payment made.

Note 4: The Provincial Treasury, or the Commissioner of Provincial Inland Revenue, as the case may be should be consulted in case of any doubt.

APPENDIX 6

PFR 278

Forms for quarterly statements relating to advance accounts

Statement of Debtors as at quarter ending.....

Item No. and Description of Activity	20.....	
(a) Balance brought forward from previous financial year		-----
(b) Credit allowed during the period from 1 st January to end of the quarter		-----
		=====
Debtors Total		=====
Less		
(c) Settlement of arrears brought forward from last year		-----
(d) Settlement of credit allowed during this year to end of this quarter		-----
		=====
Balance carried forward to end of this quarter		=====

Details of balance carried forward	No. of Debtors	Amount
Debtors over six months	-----	-----
Debtors over three months and under six months	-----	-----
Debtors under three months	-----	-----
	=====	=====
Total	=====	=====

APPENDIX 6A

PFR 278

Statement of Creditors as at quarter ending.....

Item No. and Description of Activity20.....

(a) Balance brought forward from previous financial year -----

(b) Credit received during the period from 1st Jan to end of the quarter -----

Total creditors =====
=====

Less

(c) Settlement of arrears brought forward from last year -----

(d) Settlement of credit received during the year up to the
end of this quarter -----

=====

Balance carried forward to the end of this quarter
=====

Details of Balance carried forward	No. of Creditors	Amount
Creditors over six months	-----	-----
Creditors over three months and under six months	-----	-----
Creditors under three months	-----	-----
	=====	=====
	=====	=====

APPENDIX 6B

PFR 278

Statement relating to the prescribed limits of Advance Accounts

Item No. and Description of Activity 20.....

have verified the position relating to the limits prescribed for the above Advance Account Activity and have found that they have not, as at the date mentioned above, been exceeded.

- I do not expect an excess on expenditure, balance outstanding and liabilities limits or shortfall in receipt level during the subsequent period of the Financial Year
- I expect an excess/es or shortfall as follows on the limits prescribed for this Activity during the Financial Year:-

Type of Limits	Limit Prescribed in Financial Statement	Present Limit if already varied	Expected Excess (Expenditure, Balance outstanding and Liabilities)	Expected Shortfall (Receipts)	Reasons	When Action under PFR will be taken

Date: _____ Accounting Officer: _____

APPENDIX 7**PFR 281*****Items of Hypothetical Charges***

The following schedule indicates the items of Hypothetical charges which should be dealt with in Memorandum Hypothetical Charges Account.

SCHEDULE OF ITEMS OF HYPOTHETICAL CHARGES

- (a) Expenses incurred by the Provincial Council from financial provision and funds other than the funds of the Advance Account Activity (e.g. Contributions in respect of pensions, retiring allowances, etc).
- (b) Cost of free services rendered by other Departments and Agencies such as financial Audit fees.
- (c) Estimated cost of administration, accounting and clerical work met from provisions and other funds.
- (d) All other expenses which a private enterprise will normally have to incur (e.g. rent for occupation of Provincial Council buildings).

APPENDIX 8**PFR 286****Winding-up of Advance Accounts****A) SPECIMEN FORM OF STATEMENT OF REALIZATION OF ASSETS**

1 Item No.	2 Description	3 Amount As per Balance Sheet as at 31.12.20...	4 Adjustmen ts & New Item during 20... (+ or -)	5 Revised Amount	6 Amount realized during 20...	7 Amount as at 31.12...	8 Gain or loss on realization during 20...	9 Remarks
Total								

Note: The Adjustment of an existing item or introduction of a new item, which will appear in Column No. 4 must be effected by a 'Journal Transfer'.

- (i) either debiting the Asset Account (in the case a new item or an increase of the amount of an existing item) and crediting an 'Income (adjustment) Statement' or
- (ii) crediting the Asset Account (in the case of a reduction of the amount of an existing item) and debiting the 'Income (Adjustment) Statement'.

APPENDIX 8A

PFR 286

Specimen form of Statement of Settlement of Liabilities

1 Item No.	2 Description	3 Amount As per Balance Sheet as at 31.12.20...	4 Adjustments & New items during 20... (+ or -)	5 Revised Amount	6 Amount Settled During 20...	7 Balance Outstanding as at 31.12.	8 Remarks
Total							

Note: Items appearing in Column 4 must always be introduced by a 'Journal Transfer' -

- (i) Crediting the Liability Account and debiting the 'Income (adjustment) Statement' – in the case of an increase in the amount of an existing liability or of the admission of a new liability.
- (ii) Debiting the Liability Account and crediting the 'Income' (Adjustment) Statement' – in the case of a reduction in the amount of an existing liability.

APPENDIX 8B**PFR 286****Specimen Form of Income (Adjustment) Statement**

Dr.	Cr.
1. To Balance brought forward from previous year	1. By Balance brought forward from previous year
2. To Net Adjustment during the year as per Statement of Realization of Assets	2. By Net Adjustment as per Statement of Realization of Assets
3. To Net adjustment as per statement of settlement of Liabilities	3. By Net Adjustment as per statement of settlement of Liabilities
4. To Winding –up expenses as per Receipts and Payments Account	4. By Balance carried over to Income (Disposals) Account
5. To Balance carried down to Income (Disposals) Statement	
Total	Total

APPENDIX 8C

PFR 286

(C) Specimen form of Income (Disposal)

Dr	-----	Cr	
	Rs	Rs	
To Balance brought down from Income (Adjustment) Statement	-----	By Balance brought down from Income (Adjustment) Statement	-----
To Transfer of Profit to Revenue	-----	By Transfer of Loss to financial provision	-----
To Balance carried forward to next year	-----	To Balance carried forward to next year	-----
	=====		=====
Total	=====	Total	=====

APPENDIX 8D**PFR 286****(b) Specimen Form of Receipts and Payments Account**

Dr.	Rs.	Cr.	Rs.
To total amount realised during year as per statement of Realisation of Assets	-----A	By Settlement of liabilities during year as per statement of settlement of liabilities	-----B
To Excess of payments over receipts met from advance account	----- ----- (B+C-A)	By Winding up expenses	-----
		Salaries	-----
		Rent	-----
		Stationery	-----
		Travelling	-----
		Others	-----
	=====		-----C
	B+C		=====
	=====		B+C
			=====

APPENDIX 9**PFR 326****Fixed Assets Coding****1. Land and Buildings**

Asset Item No.	Category
1001	Barelands/Grasslands
1002	Coconut land
1003	Farm (animal husbandry)
1004	Forests, Sanctuaries
1005	Land for other crops
1006	Paddy land
1007	Parks
1008	Playgrounds
1009	Sacred areas
1010	Other land
1011	Circuit bungalows
1012	Crematoriums
1013	Cemeteries
1014	Factories (Production Unit)
1015	Farm Buildings, Flats, Housing Estates
1016	Hospitals, Dispensaries, Clinics
1017	Hotels and Rest houses
1018	Housing schemes/Housing Estates and Flats
1019	Incinerators

(contd...)

1020	Laboratories/Research Stations
1021	Markets
1022	Office Buildings
1040	Other Buildings

2. Structures

Asset Item No.	Category
2001	Boundary Walls
2002	Car tracks
2003	Channels, Canals
2004	Dams, Anicuts, Sluices etc.
2005	Dry Dock
2006	Gates
2007	Gravel Roads
2008	Pedestrian Bridges
2009	Ponds/Lakes
2010	Power Pylon
2011	Pumping Stations
2012	Reservoirs/Tanks
2013	Road Bridges
2014	Sewerage Treatment Complex
2015	Tarred Road
2016	Wells
2031	Other structures

(contd...)

3. Plant, Machinery and Equipment

Assets Item No.	Category
3001	Diesel Power Generation Units (Stations)
3002	Engines (Petrol, Diesel, Kerosene)
3003	Asphalt Mixing and laying Blasting, Drilling
3004	Compacting
3005	Concrete Mixing, Placing and Compacting
3006	Conveyors, Feeders
3007	Cranes
3008	Crushers
3009	Dredgers
3010	Drilling and Blasting
3011	Dumper Trucks
3012	Earth Moving Machinery and Equipment
3013	Hoists and Lifting Equipment
3014	Hopper Barges
3015	Lift Trucks, Staking Machinery
3016	Load Rollers Pulling Equipment and Winches
3017	Trestles, Metal Forms
3018	Trolleys
3019	Winches and Pulling Equipment
3040	Others

(contd...)

4. Equipment

Assets Item No.	Category
4001	Equipment including medical equipments
4002
4003
4004
4005
4006
4007
4008
4009
4010
4011
4040

5. Vehicles

Assets Item No.	Category
5001	Ambulances
5002	Boats
5003	Browsers
5004	Break-down Vans
5005	Bullock Carts
5006	Buses
5007	Cargo Vessels

(contd...)

5008	Cars
5009	Coaches
5010	Cruisers
5011	Ferry Boats
5012	Hand carts
5013	Hearses
5014	Jeeps/Land Rovers
5015	Launches
5016	Lighters
5017	Loaders
5018	Lorries/Trucks
5019	Motor Bicycles
5020	Passenger Vessels
5021	Passenger Coaches
5022	Scooters, Tipper, Dumper
5023	Three Wheelers
5024	Tractors
5025	Trailers
5026	Trawlers
5027	Trucks/Lorries
5028	Tugs
5029	U-Boats
5050	Other Vehicles

APPENDIX 10**PFR 326****Fixed Assets Register for Land****Name of Ministry:****Name of Department:****Asset Centre No. and Name:****Asset Management Unit:**

Asset Item No.	
Title Deed No.	
Registered Name of the Owner:	
Nature of the Ownership (freeholds/encroached)	
Land Registration No. and Date	
Plan No.	
Name of the Land:	
Location:	
Name of the Street:	
Assessment No.	
Extent of Land	
Value:	
Nature of the Land:	

APPENDIX 11**PFR 326****Fixed Assets Register for Buildings****Name of Ministry:****Name of Department:****Asset Centre No. and Name:****Asset Management Unit:**

Asset Item No.	
Asset Identification No/Code:	
Name of the Land:	
Asset Identification No. of the Land in which the building is located:	
Floor Area of Building: Sq. Ft.	
Construction Cost:	
Assessed Value Rs:	
Assessment No.	

APPENDIX 12**PFR 326****Fixed Assets Register for Structures****Name of Ministry:****Name of Department:****Asset Centre No. and Name:****Asset Management Unit:**

Asset Item No.	
Asset Identification Number/Code:	
Date of Construction	
Asset Identification No. of the land on which the structure is erected:	
Name of Owner: (Dept/Ministry etc)	
Cost of Construction:	
Name of the Maintenance Agency:	

Any subsequent changes should be shown as footnote:

Additions:

Alterations:

Demolition:

APPENDIX 13**PFR 326****Fixed Assets Register for Plant, Machinery & Equipment****Name of Ministry:****Name of Department:****Asset Centre No. and Name:****Asset Management Unit:****Manufacturer:**

Asset Item No.	
Asset Identification Number/Code:	
Serial No:	
Asset Identification No. of the Building where the plant is installed:	
Year purchased/acquired:	
Rehabilitation:	
Improvements:	
Total Cost including installation:	
Capacity:	

Any subsequent changes should be shown as footnote:

APPENDIX 14**PFR 326****Fixed Assets Register for Vehicles****Name of Ministry:****Name of Department:****Asset Centre No. and Unit:****Asset Management Unit:****Manufacturer:**

Asset Item No.	
Asset Identification Number/Code	
Registered No. and year of manufacture	
Engine No:	
Chassis No:	
Horse Power and Tare.	
Make/Model/Type:	
Diesel/Petrol/Gas:	
Date of purchase/Transfer:	
Assigned or Non Assigned, indicate authority if assigned:	
Cost:	
Normal Parking Place:	
Transfer & Disposal:	

Any subsequent changes should be shown as footnote.

APPENDIX 15**PFR 326****Head of Fixed Asset Management Unit****Fixed Assets Utilization Statement as at DD/MM/YY**

Asset Category Code	Asset Item No:	Book Balance as at dd/mm/yy		Actual Balance		Current Requirement	Quantity Difference		Degree of Utilization (as a %)
		Qty	Value	Qty	Balance		Excess	shortfall	

I certify that all the Fixed Assets allocated to the Asset Centre, coming under my supervision have been physically certified by the BOS appointed and included in the above categories and that no assets so verified is omitted in this statement.

Head of Asset Centre
Officer-in-Charge

Date:.....

Note: Please indicate the value to the nearest Rs. 1,000/-

APPENDIX 16**PFR 326****Consolidated Fixed Assets Utilization Statement as at DD/MM/YY**

Asset Category Code	Asset Item No:	Book Balance as at		Actual Balance		Current Requirement	Quantity Difference		Degree of Utilization %
		Qty	Value	Qty	Value		Qty	Excess	

I certify that all the Fixed Assets Utilization Statements in respect of all Asset centres coming under the purview of this Asset Management Unit has been consolidated into this statement and no item in Fixed Assets Utilization Statement so consolidated is omitted in this Statement.

Head of Asset Management Unit of
Region/Division/Range

Please indicate the value to the nearest Rs. 1,000/-

APPENDIX 17

PFR 326

Fixed Assets Statement as at DD/MM/YY

Asset Category Code	Asset Item Code No:	Asset Category	Item	Opening Balance		Addition *		Disposal **		Closing Balance	
				Qty	Value	Qty	Value	Qty	Value	Qty	Value

* Include Procurements and Transfers

** Include Transfers, write offs and Disposals

We hereby certify that the values and quantities shown in the statement attached to the Annual Appropriation Account in respect of the Head No... ..of the Ministry/Dept. of..... have been reconciled with Fixed Assets Register and Fixed Assets Ledger at each Asset Centre and Asset Management Units respectively.

Chief Accountant

Chief Accounting Officer/Accounting Officer

Date:

Note: Please indicate the value to the nearest Rs. 1,000/-

Chairman

Fixed Assets Verification Board

APPENDIX 18

PFR 326

List of Fixed Assets to be verified as at...

Name of Assets Centre:

Assets Category Name and No:

Serial number (1)	Asset Item No. (2)	Description of item (3)	Page No. & the Serial No. of the Register (4)	Unit of Measurement (5)	Qty as per Register (6)	Quantity Verified (7)	Difference (if any) (surplus or Deficiency) (8)	Remarks made (9) *

I certify that all the Fixed Assets listed in the register have been listed above for the use of the Verification Board as at.....

Officer in Charge of Asset Centre

(contd...)

Certify that items appearing against serial No. 1 to were physically verified and the following remarks were made thereon and column (7) (8) and (9) were duly filled by the board.

N*=Needed E*= Excess ** R*= To be repaired

C*= Condemned W*= Write off US*= Unserviceable

** Excess Asset excluding unserviceable assets.

Date:

Signature of Members of the Board of Survey

APPENDIX 19

GENERAL FORMS

Form No:	DESCRIPTION	Source
1	Schedule of Applications	PA
3	Application for a new or amended Printed Forms	Tr
5	Application for Accident Leave	PA
6	Documents Inwards Register	PA
7	Documents outwards Register	PA
8	Letter Delivery Book	PA
18	Attendance Register	PA
21	Application for Free Railway Warrant	PA
29	Application for Refund from Revenue	Tr
33	Pay Abstracts – Large	Tr
	Pay Abstracts - Small	Tr
34	Schedule of Vouchers	Tr
35	Voucher	Tr
35A	Overtime Voucher	Tr
38	Receipt slip	Tr
44	Inventory Register	Tr
47	Unserviceable Articles	PA
48	Statement of Fines	PA
53A	History Sheet	Tr
58	Cash Books	Tr

59	Ledger	Tr
69	Deposit Ledger	Tr
70	Deposit Withdrawal Requisition	Tr
86	Declaration W&OP Fund	Pension
87	Notification of births etc.	Pension
88	Resister of Receipts and Issues of Printed Forms	PA
92	Application of Advances	Tr
118	Paying in Voucher	Tr
122	Transfer Payments	Tr
125A	Application for Leave	PA
126	Application for Leave out of Sri Lanka	PA
134	Application to Acquire Land	Tr
138	Appropriation Ledger	Tr
141	Issue Order Book	Tr
156	Application for Certificate of No Claim Permanent Officer	Tr
157	Application for Certificate of No Claim Temporary Officer	Tr
158	Bond for Advances	PA
160	Agreement for Public Officers	PA
161	Commuted Travelling Allowance Voucher	PA
162	Free Railways Passenger Warrant	PA
164	Register of Holiday Warrants	PA
172	Receipt Books	Tr

176	Declaration of Civil Status and living conditions	PA
177	Travelling Claims	PA
178	Travelling Claims Change of Station	PA
180	Service Certificate	PA
183	Return of officers who have given security	PA
185	Increment Certificate	PA
190	Leave Register	PA
192	Agreement form governing grant of advances	PA
219	Receipt order	Tr
224	Declaration of Marriage of Contributor	Pension
228	Monthly return of changes	PA
230A	Personal Record file	PA
230B	Commendations and Censures	PA
231	Petrol order book	PA
232	Increment Form	PA
233	Authority for Transfer	Tr
235	Security of Public Officers	Tr
250	Temporary Voucher	Tr
267	Vehicle Log Book	Tr
268	Daily running Chart	Tr
268a	Monthly Performance Summary	Tr
271	Application for Transfer of Savings	Tr
273	Railways Season Tickets Application	PA
274	Application for Free Holiday Warrants Pensioners	PA

275	Register of Holiday Warrants – Pensions	Pension
276	Railway Warrant to Pensioners	Pension
279	Commitment Statement	Tr
282	Register of License Fees, Rents	Tr
283	Preliminary Report of Losses	Tr
284	Final Report of Losses	Tr
291	Declaration of Assets and Liabilities	PA
TREASURY FORMS		
82	Certificate under Public Officer's Security Ordinance	Tr
88	Security Register	Tr
170	Monthly Statement of Committed Expenditure	Tr
TREASURY AND AUDIT FORMS		
42	Certificate of Registration of Security Bond	Tr
66	Stores verification	Tr
133	Instructions to Board of Survey on Stamps	Tr
138	Audit Query	Audit
OTHER FORMS		
GA-N 20	Register of Counterfoil Books	
GA-M 83	Cheques and Money Order Register	

APPENDIX – 20**Reference to PFR of NEPC made on 12/1/93 and the corresponding Rules in the New PFR**

Subject	NEPC PFR No	New NPC PFR No.
01. Monies in the Provincial Fund	2	3
02. Expenditure from Provincial Fund	2	4
03. Planning of Expenditure	3	6
04. Preparation of Total Cost Estimate	22	9
05. Programming of Expenditure	4	10
06. Provision for Vacant or New Posts	12	13
07. Advance Accounts	500	273
08. Advance Account Limits	503	18
09. Special Law Services	21	20
10. Total Cost Estimate	22	21
11. Block Provision	23	22
12. New Work Proposals	34	24
13. New Advance Accounts	37	26
14. Responsibility for Preparing Annual Financial Statement	50	29
15. Provision for Land and Buildings	53	33
16. Preparation of Estimates	54	34
17. Preparation of Annual Financial Statement	50 and 55	35
18. Submission of Annual Financial Statement	56	36

19. Appropriation Statute	59	39
20. Vote on Account	60	43
21. Variations	65	44
22. Transferring of Provision	66	45
23. Creation of New Project/Object Code	68	47
24. Changes in Posts, Cadre, Scales etc.	71	48
25. Revision of Total Cost Estimates	72	49
26. Submission and Passing of Supplementary Annual Financial Statement	76	52
27. Additional Provisions under Special Law Services	78	54
28. Emergency Fund	79	55
29. Revenue Estimates	84	57
30. Warrants	90	61
31. Imprest Authority	91	62
32. Losses	102	66
33. Action on Losses	103	69
34. Delegation of Authority to deal with Losses	108	74
35. Order of Write Offs	109	75
36. Order of Waivers	109	75
37. Waivers	113	77
38. General responsibilities of Chief Accounting officers	127	93
39. General responsibilities of Accounting Officers	128	94

40. Duties and responsibilities of Revenue Accounting Officers	128	95
41. Internal Audit	133	98
42. Delegation of Functions for Financial Control	135	104
43. Certification of Vouchers	138	107
44. Payment of Vouchers	139	108
45. Bank Accounts	380	223
46. Collection of Revenue	170 and 175	111
47. Provincial Public Accounts Committee	152	117
48. Rendition of Documents to Audit	492	122
49. Lapsed Payments	115	166
50. Cheques and Money Orders Register	165	130
51. Accepting Office	182	132
52. Gifts of Money	170	139
53. Closing of Accounts	429	164
54. Withdrawals from Deposit	206	168
55. Keys of Safes, Strong boxes, strong rooms	318	195
56. Counterfoil books	340	206
57. Board of Survey	756	211
58. Imprest	365	214
59. Annual Performance Report	665	257
60. Annual Appropriation Account	150	258
61. Cash Book and Petty Cash Book	446	260
62. Appropriation (Votes) Ledger	447	261

63. Audit Query Register	452	265
64. Personal Emoluments Register	453	266
65. Emergency Fund Advance Method of Accounting	487	290
66. Rendition of Monthly Summaries	416	297
67. Stores	715	346
68. Inventory of Register	454	353
69. Hire of Buildings	920	420
70. Motor Vehicles	1001	421
71. Security of Public officers	985	407
72. Official Telephones	929	414
73. Purchase of Newspapers	945	448

CONTENTS

171	172	1. The History of the Noolaham Foundation
172	173	2. The Noolaham Foundation's Mission
173	174	3. The Noolaham Foundation's Vision
174	175	4. The Noolaham Foundation's Values
175	176	5. The Noolaham Foundation's Structure
176	177	6. The Noolaham Foundation's Governance
177	178	7. The Noolaham Foundation's Financials
178	179	8. The Noolaham Foundation's Impact
179	180	9. The Noolaham Foundation's Future
180	181	10. The Noolaham Foundation's Contact Information
181	182	11. The Noolaham Foundation's Acknowledgements
182	183	12. The Noolaham Foundation's Disclaimer
183	184	13. The Noolaham Foundation's Glossary
184	185	14. The Noolaham Foundation's Index

INDEX

INDEX

INDEX**(According to PFR Numbers)****PFR No**

- 1 Provision in the Provincial Councils Act
- 2 Financial year
- 3 Monies in the Provincial Fund
- 4 Expenditure from Provincial Fund
- 5 Custody of Provincial Fund
- 6 Planning of Expenditure
- 7 Capital Projects
- 8 Project Approval Procedure
- 9 Preparation of Total Cost estimates
- 10 Programming of Expenditure
- 11 Financial Statement of Expenditure
- 12 Performance Indicators
- 13 Personal Emoluments
- 14 Other Recurrent Expenditure
- 15 Rehabilitation and Improvements to Capital Assets
- 16 Acquisition of Land and Buildings
- 17 Miscellaneous Expenditure
- 18 Advance Accounts
- 19 Grants
- 20 Special Law Services
- 21 Total Cost Estimates
- 22 Block Provision
- 23 Revote and Deferred Liabilities
- 24 New Proposals- Capital works
- 25 Specific Authority of the Provincial Treasury - Estimates of Expenditure

- 26 New Advance Accounts in draft estimates
- 27 Request for Finances – Cadre, Recurrent, Capital
- 28 Order of Presentation – Estimates of Expenditure
- 29 Responsibility for Preparing Annual Financial Statement
- 30 Critical Review of Recurrent Expenditure
- 31 Replacement of Capital Assets
- 32 Provision for Continuation Works
- 33 Provision for Land and Buildings
- 34 Preparation of Estimates
- 35 Preparation of Annual Financial Statement
- 36 Submission of Annual Financial Statement
- 37 Provincial Treasury Observations – Annual Fin. Statement.
- 38 Compilations of Consolidated Draft Annual Financial Statement
- 39 Submission of Annual Financial Statement
- 40 Committee Stage Amendments
- 41 Appropriation out of the Provincial Fund – Appropriation Statute
- 42 Key process of presentation - Annual Fin. Statement
- 43 Vote on Account
- 44 Variations - Authority
- 45 Transfer of Provisions - Where Transfers are allowed
- 46 Transfer of Provisions between Programmes/Projects
- 47 Creation of New Project/Object Code
- 48 Changes in Posts, Cadre, Scales of Salary etc
- 49 Revision of Total Cost Estimates
- 50 Revision of Limits of Advance Accounts
- 51 Application for Supplementary Grant on supply services
- 52 Submission and Passing of Supplementary Financial Statement
- 53 Subsequent action on savings reported
- 54 Special Law Services

-
- 55 Emergency Fund
- 56 Department of Provincial Revenue
- 57 Revenue Estimating
- 58 Revenue classification
- 59 Revenue Devolved for Provincial Councils
- 60 Preparation of Estimates of Revenue
- 61 Warrants
- 62 Imprest Authority
- 63 Treasury Cash flow operations
- 64 Powers of Accounting Officers to incur Expenditure
- 65 Incurring of Commitments - Authority
- 66 Losses Basic Rule
- 67 Responsibility for Loss
- 68 Losses
- 69 Action to be taken when Losses occur
- 70 Inquiry and Fixing of Responsibility
- 71 Determination of Loss
- 72 Accounting Procedure for Loss of cash, tickets, stamps Etc
- 73 Accounting in cases other than loss of cash etc
- 74 Delegation of Authority to deal with losses
- 75 Order of Write offs
- 76 Record of Losses
- 77 Waivers
- 78 Right of appeal in cases of accounts not passed in Audit
- 79 Refund of Revenue credited to Provincial Fund
- 80 Surcharges
- 90 Supervision of Financial Matters
- 91 Accounting Officers and Revenue Accounting Officers
- 92 Provincial Treasury Supervision and Control

-
- 93 General Responsibility of Chief Accounting Officers
- 94 General Responsibility of Accounting Officers
- 95 Duties and Responsibilities of Revenue Accounting Officers
- 96 Internal Control
- 97 Department of Provincial Audit
- 98 Internal Audit Units
- 99 Functions and scope of work of Internal Audit Units
- 100 Independence of Provincial Audit and Internal Audit Units
- 101 Internal Audit Programme
- 102 Internal Audit Report
- 103 Audit and Management Committees
- 104 Delegation of Functions for Financial Control
- 105 Authorization
- 106 Approval
- 107 Certification of Vouchers
- 108 Payment of Vouchers
- 109 Passing of Vouchers for Payment
- 110 Bank Accounts
- 111 Collection of Revenue
- 112 Delegation for Revenue Collection
- 113 Supervision of Financial Operations
- 114 Financial Transactions between Accounting Officers
- 115 Responsibility of Accounting Officer (Principal)
- 116 District Secretaries and Divisional Secretaries
- 117 Provincial Public Accounts Committee
- 118 Committee on Public Accounts
- 119 Provincial Treasury Minutes
- 120 Treasury Minutes
- 121 Duties and Functions of the Auditor-General

- 122 Rendering of Documents to Audit
- 123 Audit Queries
- 126 Receipts – over view
- 127 Types of Receipts to Provincial Fund
- 128 Collection Procedure
- 129 Collection of Receipts
- 130 Cheques and Money Orders Register
- 131 Parties and Documents involved in Collection
- 132 Accepting Office
- 133 Payments into Accepting Offices by Public
- 134 Receipts for Amounts Accepted
- 135 Recording in Books
- 136 Record of Receipts in Cash Book
- 137 Disposal of Money
- 138 The Reporting Procedure - Receipts
- 139 Gifts
- 140 Proceeds not realized - Cheques Returned
- 141 Monthly reports to Treasury - on Revenue Collection
- 142 Half years returns of Arrears of Revenue
- 143 Control measures - Collection
- 144 Collection by way of stamps
- 145 Recovery of Arrears of Revenue
- 150 Authority of Accounting Officers to incur expenditure
- 151 Methods of Payment
- 152 Local payments
- 153 Foreign payments
- 154 Organisation structure for payments
- 155 Grant of allocations – to other Accounting Officers
- 156 Payments through another Accounting Officer

- 157 Source of Funds
- 158 Expenditure from Provisions in the Estimates
- 159 Promptness in payment
- 160 Recording of Liabilities
- 161 Payment dates for salaries
- 162 Provision not to be transferred and held in any account
- 163 Payments not to be deferred
- 164 Completion of payments within a financial year
- 165 Advances to Public officers for travelling on duty
- 166 Payments in a subsequent Financial Year
- 167 Ex-gratia payment by way of compensation
- 168 Withdrawals from Deposit
- 169 Vouchers – Forms prescribed
- 170 Preparation of Vouchers
- 171 Entries of recoveries in Payment vouchers
- 172 Special certificates – to support payment
- 173 Pay sheets
- 174 Certification of Vouchers
- 175 Scheduling of vouchers
- 176 Specimen signatures to be sent to Paying Officers
- 177 Payments to be made only on certified vouchers
- 178 Payments to correct party
- 179 Recording – Payment Vouchers
- 180 Cheque payments
- 181 Receipts required for payments
- 182 Payments to several employees on one pay sheet
- 183 Receipts for salaries, wages etc
- 184 Officers absent – Payment of salary etc.
- 185 Life certificate/Performance report

- 186 Cash drawn out separately for payment on pay sheets
- 187 Paid vouchers
- 188 Unpaid wages
- 189 Transfer payments
- 190 Supplies services rendered by one department to another
- 193 Responsibility of Accounting officers for security
- 194 Articles which must be kept in safes, strong boxes
- 195 Keys of safes, strong boxes, strong rooms
- 196 Non compliance and Losses or damage
- 197 Duplicate keys
- 198 Loss of keys
- 199 Annual Verification of sealed packets of duplicate keys
- 200 Articles held in safe custody
- 201 Borrowing, Advancing or Lending Public money is prohibited
- 202 Control by issuing officer on money issued to Departments
- 203 Periodical checks – Money Stamp etc.
- 204 Remittance of money – one place to another
- 205 Counterfeit notes and coins
- 206 Counterfoil books
- 207 Sources of Counterfoil Books
- 208 Register of Counterfoil Book
- 209 Custody of Counterfoil Books
- 210 Loss of used or unused counterfoil books or forms
- 211 Boards of Survey – Cash, Stamps, Securities etc.
- 212 Duties of Board of Survey
- 213 Report to the Auditor- General
- 214 Imprests
- 215 Settlement of Imprests
- 216 Limits of Imprest

- 217 Fixing of the limits of Imprests
- 218 Supplementary Imprest authority
- 219 Sub Imprests
- 220 Surrender of Imprests
- 221 Treasury's right of withdrawal – from Imprest
- 222 Reconciliation of imprest accounts
- 223 Chief Secretary's authority to utilize Bankers Services
- 224 Opening of Bank Accounts
- 225 Deposit of Monies in Bank
- 226 Monies Paid Direct to Banks
- 227 Receipts and custody of cheque books
- 228 Payments by cheque
- 229 Issue of cheques
- 230 Overdrafts prohibited – on Bank Accounts
- 231 Posting and handing over of cheques
- 232 Extension of validity of a cheque
- 233 Cheque in Lieu
- 234 Stoppage of payment on a cheque
- 235 Cheques cancelled with no cheque issued in Lieu
- 236 Preparation of Bank Reconciliation statement
- 237 Action to be taken on outstanding cheques
- 238 Management of Bank Accounts
- 239 Monitoring of Bank Accounts by the Provincial Treasury
- 240 Closure of Bank Accounts
- 244 Provincial Treasury Accounting
- 245 Deposits – Accounting and Authority to open
- 246 Rendering of Accounts by Provincial Departments
- 247 Arrangement in the submission of Accounts – to Prov. Treasury
- 248 Provincial Treasury Books

- 249 Provincial Treasury Main Ledger
- 250 Provincial Treasury Journal
- 251 Abstracts for posting Subsidiary Books
- 252 Closing of Provincial Treasury Books monthly
- 253 Reconciliation of Departmental Books with Treasury Books
- 254 Closing of Provincial Treasury Books annually
- 255 Adjustment of errors in the same year in which they occur
- 256 Errors detected in subsequent financial year
- 257 Annual Performance Report of Ministries and Departments
- 258 Accounts and Statements to be rendered by the Provincial Treasury
- 259 Books for General use in Ministries and Departments
- 260 Cash Book and Petty Cash Book
- 261 Departmental Appropriation (Votes) Ledger
- 262 Allocations to other Accounting Officers
- 263 Accounting for Allocations
- 264 Statement of Committed Expenditure
- 265 Audit Query Register
- 266 Personal Emoluments Register
- 267 Other Books – to be maintained
- 268 Security Deposits
- 269 Interest when Payable – on security deposit
- 270 Security deposits tendered other than in money
- 271 Seizure of Deposits
- 272 Forfeiture of security deposits
- 273 Advance Accounts – Authority and Scope
- 274 Books Records etc for control - Advance Accounts
- 275 Excesses/shortfalls of limits prescribed for Advance Accounts
- 276 Variation of Limits Advance Accounts
- 277 Unauthorized excess/shortfalls on limits of Advance Accounts

- 278 Quarterly statements and Provisional Accounts - Advance Accounts
- 279 Preparation of Annual Accounts - Advance Accounts
- 280 Stores and Fixed Assets Management - Advance Accounts
- 281 Income statement and Hypothetical charges - Advance Accounts
- 282 Provision to cover working losses in Advance Accounts
- 283 Working losses in Advance Accounts
- 284 Unauthorized working losses - Advance Accounts
- 285 Adjustment relating to accounts of a previous year - Advance Accounts
- 286 Winding up of an Advance Account activity
- 287 Fund Accounts - Management
- 288 Foreign Aid to Provincial Council
- 289 Project Accounts – Foreign Aid
- 290 Emergency Fund Advances Method of Accounting
- 291 Computerization of Government accounts
- 292 Computerized Integrated Government Accounting System CIGAS
- 293 Operation of CIGAS
- 294 Manual Records – Computerized Accounting
- 295 Statements to be generated - CIGAS
- 296 Discontinuance of Manual Records - CIGAS
- 297 Rendition of Monthly Summaries - CIGAS
- 298 Government Payroll System
- 301 Public Procurement
- 302 Government Procurement Manual 2006
- 303 Objective – Public Procurement
- 304 Key Principles of Public Procurement
- 305 Public Procurement
- 306 Methods of Procurement
- 307 Methods of selection of Bidders
- 308 Medical Supplies - Procurement

- 309 Substitution – Procurement Guidelines and Provincial Council
- 310 Procurement Committees
- 311 Provincial Price Fixing Committee
- 312 Standard Bidding Documents
- 316 Fixed Assets - General
- 317 Fixed Assets - Objectives
- 318 Fixed Assets - Definition
- 319 Fixed Assets - Categories of Fixed Assets
- 320 Fixed Assets - Classification
- 321 Recognition of Asset - Fixed Assets
- 322 Components of Cost – Fixed Assets
- 323 Procurement Planning
- 324 Organizational arrangements – Assets Management
- 325 Accounting for Fixed Assets
- 326 Recording and Reporting Process – Fixed Assets
- 327 Accounting Policies - Fixed Assets
- 328 Fixed Assets used for Commercial Advance Accounts
- 329 Maintenance of Records - Fixed Assets
- 330 Appointment of Asset Verification and Valuation Committees
- 331 Valuation of Buildings, structures and improvements to land
- 332 Acquisition of Assets – by Provincial Council
- 333 Forfeitures by the Courts and other law on enforcement Authorities
- 334 Acquisition of Assets through the Depreciation Reserve Fund
- 335 Acquisition by the Provincial Council
- 336 Acquisition of Land and Buildings
- 337 Inter Departmental transfers - Assets
- 338 Other acquisition of Assets arising from liquidation activities
- 339 Transferring of Assets on closure of Projects
- 340 Custody (Fixed Assets)

- 341 Causes leading to wastage - Fixed Assets
- 342 Leasing or renting of Fixed Assets
- 343 Hiring of Fixed Assets by Provincial Council
- 344 Assets Maintenance Policy
- 345 Organizing maintenance Programme
- 346 Stores
- 347 Storekeeper
- 348 Stores Officer
- 349 Financial Provision and Authority - Stores
- 350 Stores Functions
- 351 Stores Management
- 352 Forecasting of Annual Requirements - Stores
- 353 Stores Records
- 354 Transfer of Stores from one Institution to another
- 355 Security of Stores
- 356 Balancing of Inventory Books
- 357 Acceptance of Stores
- 358 Issue and Despatch - Stores
- 359 Stock Control
- 360 Coding and Classification
- 361 Standardization – Stock Items
- 362 Sale to or Purchase from Provincial Council offices
- 363 Charges for Issue of Stores and Works and Services
- 364 Handing over and taking over of stores on transfer etc
- 365 Annual Verification of Fixed Assets
- 366 Updating of Records – Fixed Assets
- 367 Functions of Annual Verification Board
- 368 Action on Board of Survey Reports
- 369 Board of Survey to verify unserviceable assets

- 370 Board of Survey of Inventory items
- 371 Appointing Authority - Boards of Survey
- 372 Constitution of Board of Survey
- 373 Survey of Inventory items
- 374 Action on Board of Survey reports
- 375 General – Disposal of Assets
- 376 Disposal of Fixed Assets
- 377 Disposal of excess (surplus) Fixed Assets
- 378 Disposal of other Assets – Unserviceable and condemned
- 379 Disposal Procedure – Provincial Council Assets
- 380 Destruction of condemned fixed Assets
- 381 Procedure in disposal of unserviceable stores
- 382 Disposal of unserviceables without a Board of Survey
- 383 Losses
- 384 Responsibility
- 385 Recovery of Loss
- 386 Action to write off
- 387 Order to write off
- 391 Provincial Printing and Advertisement Committee
- 392 Publications and Advertisements in Government Gazette
- 393 Printing, Binding Works and Publications in the Government Gazette
- 394 Printing and Binding at Private Press
- 395 Ordering of Printed Forms
- 396 Custody and Issue of Printed Forms
- 397 New and Amended Forms
- 398 Obsolete Forms
- 399 Binding
- 400 Scope of Administration Reports
- 401 Procedure – Administration/Performance Report

- 402 Classification of Advertisements and notices
- 403 General and casual advertisements and notices
- 407 Officers required to furnish security
- 408 Procedure to be followed in providing security
- 409 Completion of security Bonds – Security of Public Officers
- 410 Hypothecation of Immovable Property - Security
- 411 Security register
- 412 Revision of list of officers required to furnish security
- 413 Certificate of no claim
- 414 Authority for Telephones
- 415 Official Telephones
- 416 Transfer of Residential Telephones
- 417 Mobile Phones
- 418 Settlement of Telephone bills
- 419 Prevention of abuse of official telephones
- 420 Hire of buildings
- 421 Provincial Council Motor Vehicles
- 422 Pool vehicle
- 423 Transferability of allocation between months
- 424 Travel outstation and special events – by Officials
- 425 Private use of official vehicles
- 426 Other requirements to be adhered to – Use of Vehicles
- 427 Use for other purposes – Official Vehicles
- 428 Officers responsible for care - Official Vehicles
- 429 Accident - Official Vehicles
- 430 Petrol and Stores
- 431 Petrol order Books
- 432 Vehicle log book and daily running chart
- 433 Monthly performance summary

- 434 Stock of fuel and inventory
- 435 Inter Departmental payments for transport services
- 436 Detailed scheme and monitoring – Use of Vehicles
- 437 Hiring of vehicles
- 438 Acquisition of private land and buildings
- 439 State Gifts
- 440 Foreign travel
- 441 Provincial Council Stamps
- 442 Stock of Revenue Stamps
- 443 Sale of stamps
- 444 Renewal of stamp Imprest
- 445 Sale of stamps by authorized agents
- 446 Cancellation of stamps
- 447 Fees other than Court fees paid in stamps
- 448 Purchase of newspapers and periodicals
- 449 Allowances – Incentive, allowance for special work

434	Stock of fuel and inventory
435	Joint Departmental program for transport services
436	Domestic scheme and monitoring - Use of Yatra for
437	History of stamps
438	Acquisition of private land and buildings
439	Year ends
440	Foreign travel
441	Provisional Council stamps
442	Stock of Reserve stamps
443	Sale of stamps
444	Removal of stamp figures
445	Sale of stamps by commercial agents
446	Classification of stamps
447	Post office from Court fees paid in stamps
448	Purchase of newspapers and periodicals
449	Allowance - foreign allowances for postal work

INDEX**(According to Alphabetical Order)**

	PFR No.
<u>A</u>	
Abstracts for posting Subsidiary Books	251
Acceptance of Stores	357
Accepting Office	132
Accident – Vehicles	429
Accounting for Allocations	263
Department granting the allocation	263-1
Sub office/other departments receiving allocation	263-2
Accounting in cases other than loss of cash etc.	73
Accounting for Fixed Assets	325
Recording and Reporting process	326
Accounting Officers and Revenue Accounting Officers	91
Accounting officers	91-1
Divisional Secretaries	91-3
Other Arrangements	91-4
Revenue Accounting Officers	91-2
Accounting Policies	327
Accounting Procedure for Loss of cash, tickets, stamps Etc	72
Accounts and Statements to be rendered by the Prov. Treasury	258
Acquisition by the Provincial Council	335
Acquisition of Assets	332
Acquisition of Assets through the Depreciation Reserve Fund	334
Acquisition of Land and Buildings	16 & 336
Acquisition of private land and buildings	438
Acquisition of Assets- Liquidation Activities	338

Action on Board of Survey Reports	368 & 374
Action to be taken on outstanding cheques	237
Action to be taken when Losses occur	69
Action to write off	386
Adjustment of errors in the same year in which they occur	255
Adjustment relating to accounts of a previous year	285
Advance Accounts	18 & 273
Advance Account Activities	18-1
Advance Account Limits	18-2
Advance Warrants	273-3
Authority and Scope	273-1
Capital Expenditure of Advance Accounts	273-5
Losses in Previous financial year	18-4
New Advance Account	26
Provision for Expected Losses	18-3
Provision to cover working losses	282
Receipts and Payments of Advance Accounts	273-2
Types of Advance Accounts	273-4
Unauthorized working losses	284
Working losses in commercial advance accounts	283
Advances to Public officers for travelling on duty	165
Record and recovery	165-2
Settlement of Advances	165-3
Allocation to other Accounting Officers	262
Allowances – special authorities for payment	449
Annual Financial Statement	39-1
Budget discussion	37-2
Preparation	35
Responsibility for preparation	29

Submission	36
Annual Performance Report of Ministries and Dept.	257
Annual Verification of Fixed Assets	365
Appointment of Annual Board of Survey	365-1
Composition of the Board of Survey	365-2
Annual Verification of sealed packets of duplicate keys	199
Application for Supplementary Grant on supply services	51
Appointing Authority- Board of Survey	371
Appointment of Asset Verification and Valuation Committees	330
Composition of Committee	330-1
Payment of Allowances	330-3
Responsibility of the Committee	330-2
Appropriation out of the Provincial Fund	41
Appropriation Statute	39-2
Approval - Function	106
Arrangement in the submission of Accounts	247
Articles held in safe custody	200
Council safe	200-2
Departmental societies	200-3
In safes, strong boxes	194
Subject to verification at any time	200-1
Assets Maintenance Policy	344
Audit and Management Committees	103
Audit Queries	123
Audit Query Register	265
Examination of A.Q. Register	265-2
Maintenance of A.Q. Register	265-1
Authority for expenditure from Provision	158-1
Purpose	158-3

Scope and Extent	158-2
Authority for Telephones	414
Authority for Transfer	46
Between Object Categories	46-3
Transfer between Objects within a project	46-4
Transfer between Programmes	46-1
Transfer between Projects Sub Projects	46-2
Authority of Accounting officers to incur expenditure	150
Authorization	105

B

Balancing of Inventory Books	356
Bank Accounts	110
Binding & Order for Printed Forms	395 & 399
Block Provision	22
Board of Survey	370
Inventory items	370
On cash, stamps, securities	211
To verify unserviceable assets	369
Boards for the destruction of soiled stamps etc	211-3
Books for General use in Ministries and Departments	259
Books and Records – advance accounts	274-1
Fixed Assets Register	274-2
Borrowing, Advancing or Lending Public money is Prohibited	201

C

Cancellation of cheques	237-3
Capital Expenditure Projects	35-3
Capital Projects	7
Cash Book and Petty Cash Book	260
Cash Book	260-1

Petty Cash Book	260-2
Cash drawn out separately for payment on pay sheets	186
Cash received over the counter	129-1
Cash, stamps, securities etc	211-1
Causes leading to wastage	341
Certificate of no claim	413
Claims against officers	413-3
Permanent Officers	413-1
Temporary Officers	413-2
Certification of Vouchers	107 & 174
Certification	174-1
Duplicate voucher	174-2
Extension of validity	174-5
Period of validity	174-4
Recording in Books	174-3
Changes in Posts, Cadre, Scales of Salary etc	48
Charges for Issue of Stores and Works and Services	363
Charges for Issues	363-1
Charges recoverable by a department	363-2
Charges recoverable by Advance Account activities	363-3
Cheque and certified vouchers	156
Cheque in Lieu	233
Cancellation of cheque	233-1
Cheque Lost	233-2
Particulars to be noted	233-3
Cheque payments	180
Cheques and Money Orders Register	130
Cheques cancelled with no cheque issued in lieu	235
Classification of Advertisements and notices	402

Classification of receipts	138-1
Closing of Provincial Treasury Books	254
Annually	254
Monthly	252
Closure of Bank Accounts	240
Coding and Classification	360
Code systems	360-2
Collecting Agents	129-4
Collection	128
By post and other receipts	129-2
By way of stamps	144
Procedure	128
Receipts	129
Collection of Revenue	111
Acceptance	111-4
Assessment	111-1
Collection	111-2
Control Accounts for Collection	111-3
Committee on Public Accounts	118
Committee Stage Amendments	40
Completion of payments within a financial year	164
Claims of employees	164-2
Closing of accounts	164-1
Completion of security Bonds	409
Collateral security	409-3
Guarantee Bonds	409-4
Place of execution	409-2
Preparation of Documents	409-1
Computerization of Government accounts	291

Computerized Integrated Government Accounting System CIGAS	292
Consolidation Draft Annual Financial Statement	38
Constitution of Board of Survey	372
Control by issuing officer on money issued to Departments	202
Control measures - Reporting	143
Counterfeit notes and coins	205
Counterfoil books	206
Creation of New Project/Object Code	47
Applications	47-4
Creation of a New Object Code	47-2
Creation of a New Project	47-1
Custody of Stores	67-2
Custody and Issue of Printed Forms	396
Custody of Counterfoil Books	209
Books to be kept intact	209-2
Partly used counterfoil book	209-5
Spoilt forms	209-3
Custody of Provincial Fund	5
Custody of Public Money	193-1
Custody of Fixed Assets	340
<u>D</u>	
Delay in payment	159-3
Delegation for Revenue Collection	112
Accepting Officer	112-3
Assessing Officer	112-1
Collecting Officer	112-2
Delegation of Authority to deal with losses	74
Delegation of Functions for Financial Control	104
Department of Provincial Audit	97

Duties of Director Provincial Audit	97-1
Department of Provincial Revenue	56
Departmental and other Forms	395-2
Departmental Appropriation (Votes) Ledger	261
Additional Provision	261-3
Balance Provision	261-7
Commitments (liabilities)	261-4
Closing of Account	261-8
Outstanding Commitments	261-9
Payments and Charges	261-6
Provisions under Object Codes	261-2
Purpose	261-1
Deferred Commitments	261-5
Deposit of Monies in Bank	225
Deposits	245
Authority for opening new Deposit Accounts	245-2
Accounting for deposits	245-1
Destruction of condemned fixed Assets	380
Detailed scheme and monitoring - Vehicles	436
Determination of Loss	71
Amount to be recovered	71-2
Amounts to be written off	71-5
Disciplinary Action	71-3
Losses recovered otherwise	71-4
Maximum Recoverable value	71-1
Discontinuance of Manual Records - CIGAS	296
Disposal of excess (surplus) Fixed Assets	377
Disposal of Fixed Assets	376 & 378
Disposal of Money	137

Disposal of unserviceables without a Board of Survey	382
Disposal Procedure – Provincial Council Assets	379
District Secretaries and Divisional Secretaries	116
Due date of payment	159-1
Duplicate keys	197
Duration of the verification- Board of Survey of cash	212-3
Duties and Functions of the Auditor-General	121
Duties and Responsibilities of Revenue Accounting Officers	95
Forecasting and Estimating	95-2
Maintenance of Records	95-3
Periodical Review of Revenue	95-4
Preparation of Revenue Account	95-6
Revenue Administration	95-1
Reporting of Arrears of Revenue	95-5
Duties of Board of Survey	212
<u>E</u>	
Economy – Losses, Write Offs, etc.,	67-8
Electronic Fund Transfer- Collection of Receipts	129-5
Emergency and casual Printing Works	394-2
Emergency Fund – Provisions in the Act	55
Emergency Fund Advances Method of Accounting	290
Entries of recoveries in Payment vouchers	171
Errors detected in subsequent financial year	256
Advance Accounts	256-4
Adjustment of credits	256-3
Adjustment of debits	256-2
General Estimates – adjustment of errors	256-1
Responsibility for non-adjustment of errors	256-5
Excesses/shortfalls of limits prescribed for Advance Accounts	275

Exchange Receipts- Overview	126-1
Ex-gratia payment by way of compensation	167
Act of Grace	167-1
Private parties	167-2
Public officers	167-3
Expenditure from Provincial Fund	4
Expenditure Limits on calls- Telephones	415-2
Expenditure of past Financial Year-Annual Financial Statement	35-1
Extension of validity of a cheque	232
<u>F</u>	
Final Income Statement & Appropriation of Provision	283-2
Financial Provision and Authority	349
Authorization and approval	349-4
Economy, quality etc	349-2
Financial Provisions	349-1
Propriety- Stores	349-3
Financial Statement of Expenditure	11
Budget call- Financial Statement of Expenditure	11-2
Composition – Estimates of Expenditure	11-1
Format of Budget estimate	11-3
Order of Presentation of estimates	28
Specific authority for incorporation	25
Financial Transactions between Accounting Officers	114
Financial year – Provincial Fund	2
Fixed Assets	318
Categories	319
Classification	320
Commercial Advance Accounts	328
Component of cost	322

Definition	318
General	316
Objectives	317
Recognition	321
Fixing of the limits of Imprests	217
Forecasting of Annual Requirements - Stores	352
Foreign Aid to Provincial Council	288
Co-financing	288-3
Project Account	289
Signing of Agreement	288-4
Foreign payments	153
Foreign Travel	440
Forfeiture of security deposits	272
Forfeitures by the Courts and other law on enforcement	271
Functions and scope of work of Internal Audit Units	99
Functions of Annual Verification Board	367
Fund Account	287

G

General and casual advertisements and notices	403
Approved newspapers for advertisement and notices	403-1
Number of insertions	403-2
Publicity on electronic media	403-4
General Responsibility of Chief Accounting Officers	93
General Responsibility of Accounting Officers	94
General Rules – incurring of commitments	65-1
General – Disposal of Assets	375
General, Treasury and Audit Forms	395-1
Gifts of money	139
Government Gazette	392

Advertisement in Government Gazette	392-1
Economy - Advertisements	392-3
Extracts - Gazettes	392-4
Publications	393
Urgent notifications	392-2
Government Payroll System	298
Government Procurement Manual 2006	302
Grants	19
Grant of allocations	155
Guidelines – Official Telephones	415-3
<u>H</u>	
Half years returns of Arrears of Revenue	142
Handing over and Taking over Stores on Transfer etc	364-1
Handing over Stores – Leave without approval	364-4
Hire of buildings	420
Agreement Format	420-2
Buildings of Provincial Council Officers	420-3
Procedures	420-1
Hiring of Fixed Assets by Provincial Council	343
Hiring of vehicles	437
Hypothecation of Immovable Property	410
<u>I</u>	
Imprest Authority	62
Imprests	214
Definition	214-1
Fresh imprest for each financial year	214-3
To whom granted - Imprest	214-2
Income statement and Hypothetical charges – Advance Accounts	281
Incurring of Commitments (Liabilities)	65

Independence of Provincial Audit and Internal Audit Units	100
Inquiry and Fixing of Responsibility - Losses	70
Inter Departmental payments for transport services	435
Inter Departmental transfers - Assets	337
Interest when Payable- Security deposits	269
Internal Audit Programme	101
Internal Audit Report	102
Internal Audit Units	98
Internal Control	96
Inventory and Stores Records	353-2
Inventory Register	353-1
Inventory of electrical fittings	353-3
Issue and Despatch - Stores	358
Issue of cheques	229
Cheques to be correctly drawn	229-1
Open cheques	229-6
Payments to Accounts of several Payees	229-2
Signing of cheques	229-5
Spoilt and cancelled cheques	229-7
The period of validity	229-4
Voucher No. to be quoted- Issue of Cheques	229-3
Issue of Stores	353-4
Issue orders	353-5
<u>K</u>	
Key process of presentation - Annual Financial Statement	42
Keys of safes, strong boxes, strong rooms	195
<u>L</u>	
Leasing or renting of Fixed Assets	342
Life certificate/Performance report Absent Officers	185

Limits of Imprest	216
Local payments	152
Losses and Write Offs	383 & 386
Loss of key	198
Loss of used or unused counterfoil books or forms	210
Loss sustained by Provincial Council	193-3
Losses	68
Losses Basic Rule	66
<u>M</u>	
Maintenance and Proper use- Security and Custody	193-2
Maintenance of Records	329
Management of Bank Accounts	238
Manual Records – under CIGAS	294
Medical supplies	308
Methods of Payment	151
Methods of Procurement	306
Methods of selection of Bidders	307
Miscellaneous Expenditure- Annual Estimates	17
Mobile Phones – under Official Telephones	417
Monies in the Provincial Fund	3
Monies Paid Direct to Banks	226
Monitoring of Bank Accounts by the Provincial Treasury	239
Monthly performance summary- Vehicles	433
Monthly reports to Treasury	141
Motor Vehicles	421
Accidents	429
Assigned Vehicles	421-3
Emblem	434
Hiring of vehicles	437

Insurance	428-2
Log Book, running chart	432
Monthly limits	421-2
Petrol Order Books	431
Pool Vehicles	422
Private use	425
Provincial Council	421
Survey of Vehicle and equipment	424-2
Transfer of allocation between months	423
Travel for special events	424
Vehicle register	435-5

N

Need for Coding system-Stores	360-1
Need - Stores Management	351-2
New and Amended Forms - Printed	397
New Posts	35-2
New Proposals	24
Non compliance and Losses or damage- Security of Money	196
Non Exchange Receipts	126-1
Note in Appropriation Ledger	47-3

O

Objectives of the Internal Audit Unit	98-3
Obsolete Departmental Forms	398-2
Treasury Forms	398-1
Officers absent- payment of salaries	184
Officers required to furnish security	407
Officers responsible for care- Vehicles	428
Official Telephones	415
Opening of Bank Accounts	224

Application to be made to Chief Secretary	224-1
Chief Secretary's authority	223
Security	224-3
Specimen signatures	224-2
Other modes of Payment	224-4
Operation of CIGAS	293
CIGAS Passwords	293-4
Data Protection	293-2
Password Protection	293-3
Security of Data and computer equipment	293-1
Oral authority - Losses, Write Offs	67-4
Order of Waiver	75-2
Order of Write offs	75 & 387
Ordering of Printed Forms	395
Organizing maintenance Programme- Fixed Assets	345
Other acquisition of Assets arising from liquidation	338
Other Books - Records, Registers etc.	267
Other Recurrent Expenditure	14
Other requirements to be adhered to in the use of vehicle	426
Overdrafts prohibited- Bank Accounts	230

P

Paid vouchers	187
Paid vouchers that cannot be sent to Audit in time	187-4
Paid vouchers to be sent to Audit	187-3
Custody of Vouchers	187-1
Missing vouchers	187-2
Parties and Documents involved in Collection	131
Issue of Receipts	131-3
Official Receipts	131-3

Payer	131-2
Paying in Voucher	131-1
Preparation of Receipts	131-3
Passing of Vouchers for Payment	109
Pay sheets	173
Authorized deductions from salaries	173-3
Limit of deduction from salaries	173-4
Payment to a Bank Account	173-5
Sanctioned rates of salaries	173-1
Wages	173-2
Payment date for salaries	161
Salary advance	161-2
Salary payment	161-1
Payment of Vouchers	108
Payments to be made only on certified vouchers	177
Payments to correct party	178
Identity of Party	178-1
Loss to Provincial Council	178-3
Payment to legal representatives	178-2
Payments by Cheque	228
Payments to Payees A/C	228-3
Payments in a subsequent Financial Year	166
Authority for lapsed payment	166-3
Claim of any previous financial year	166-4
Claims falling due before November 30	166-2
Claims falling due in December	166-1
Exceptions-Claims of previous Financial years	166-7
Non-availability of Provision	166-6
Salaries	166-5

Payments not to be deferred to avoid excess	163
Payment of Advance to Corporations	163-2
Payment of Advance to Government departments	163-1
Payment of advances to Provincial Councils & Local authorities	163-2
Payments through another Accounting Officer	156
Payments into Accepting Offices by Public	133
Receipts for Amounts Accepted	134
Payments to several employees on one pay sheet	182
Performance Indicators - Budget	12
Periodical checks	203
Checks on other articles in safe custody	203-2
Complete verification of money	203-1
Results to be reported	203-3
Personal Emoluments Register	266
Accounts for unpaid salaries and wages	266-4
Alternate systems	266-5
Maintenance	266-3
Need	266-1
Purpose	266-2
Personal Emoluments	13
Cadre and salary scales	13-2
Grading of employees	13-1
Posts under Advance Accounts Works Estimates	13-3
Provision for vacant or new posts	13-4
Petrol order Books	431
Petty Cash Book	260-2
Planning of Expenditure	6
Pool vehicle	422
Posting and handing over of cheques	231

Powers of Accounting Officer to incur Expenditure	64
Preparation of Annual Accounts	279
Preparation of Annual Financial Statement	35
Preparation of Bank Reconciliation statement	236
Bank Statement and Certificate of Balance	236-1
Delays in Reconciliation	236-5
List of uncashed cheques	236-7
List of unrealized remittances	236-4
Monthly Bank Reconciliation Statement	236-3
Necessity for a Reconciliation Statement	236-2
Updating List of uncashed cheques	236-6
Preparation of Estimates of Revenue	60
Forwarding to Provincial Treasury	60-2
Preparation of Estimates	34
Forms and Extracts	34-1
Preparation of Total Cost estimates	9
Preparation of Vouchers	170
Amounts to be expressed in words	170-9
Classification	170-3
Computerized accounts	170-11
Gross amount	170-8
Originating a voucher	170-1
Particulars of services rendered	170-5
Petty payments	170-7
Presentation and checking	170-2
Recoveries	170-10
Reference to Annexures	170-6
Refund from Revenue	170-4
Prevention of abuse of official telephones	419

Printing and Binding	393-2
Printing, Binding Works and Publications at private press	394
Private use of official vehicles	425
Procedure in disposal of unserviceable stores	381
Procedure to be followed in providing security	408
Determination of security	408-2
Documents required	408-3
Mode of security	408-1
Revision of security	408-4
Proceeds not Realized- cheque returned	140-1
Accounting for dishonoured cheque	140-3
Action on dishonoured cheque	140-2
Procurement	301
Bidding documents	312
Committee	310
Method	306
Objective	303
Principles	304
Selection of Bidders	307
Procurement Planning	323
Programming of Expenditure	10
Project Accounts	289
Assets imported by the contractors	289-5
Assets of projects to be wound up	289-4
Closure of Projects	289-3
Implementation	289-1
Preparation of Accounts	289-2
Project Approval Procedure	8
Two stages approval procedure	7-3

Promptness in payment	159
Delay in payment	159-3
Due date	159-1
Payment calendar	159-2
Provincial Administration	30-1
Provincial Council employee	80-2
Provincial Council Motor Vehicles	421
Provincial Council Stamps	441
Provincial Department level	98-2
Provincial Ministry level	98-1
Provincial Planning Committee	8-4
Provincial Planning Council	8-3
Provincial Planning Functions	8-7
Provincial Planning Secretariat	8-2
Provincial Annual Plan	8-8
Provincial Secretaries Committee	8-5
Provincial Price Fixing Committee	311
Applicability	311-3
Functions	311-2
Provincial Printing and Advertisement Committee	391
Provincial Public Accounts Committee	117
Provincial Treasury Accounting	244
Advance Accounts	244-5
Advances to Public Officers Provincial Treasury A/C	244-4
Authorized Imprests to Provincial Treasury A/C	244-3
Departmental Accounts to correspond to Treasury Books	244-2
Incorporation of all Accounts in Treasury Books	244-1
Provincial Treasury Books	248
Main Books	248-1

Subsidiary Books	248-2
Provincial Treasury Journal	250
Provincial Treasury Main Ledger	249
Provincial Treasury Minutes	119
Provincial Treasury Observations	37
Provincial Treasury Supervision and Control	92
Provincial Treasury – Accounts and Statements	258
Provision for Continuation Works	32
Provision for Land and Buildings	33
Provision in the Provincial Councils Act	1
Provision not to be transferred and held in any account	162
Provision to cover working losses in Advance Accounts	282
Public Procurement	301 & 305
Purchase of newspapers and periodicals	448
<u>Q</u>	
Quarterly statements and Provisional Accounts	278
<u>R</u>	
Rate of Charges – Publications, Notices etc.,	393-3
Receipt Order Book	353-6
Receipts and custody of Cheque book	227
Receipts direct to the Bank Account	129-3
Receipts for salaries, wages etc	183
Receipts required for payment	181
Acknowledgement - receipts	181-1
Alteration in receipts	181-2
Stamp duty- receipts	181-3
Receipts - overview	126
Reconciliation of Departmental Books with Treasury Books	253
Reconciliation of imprest accounts	222

Imprest Advances Register	222-3
Incorrect entries	222-2
Maintenance of an Imprest Account	222-4
Need for reconciliation	222-1
Record of cheques and money order	180-2
Record of Losses	76
Record of Receipts in Cash Book	136
Recording - payments	179
Adequacy of funds for payment	179-3
Computerized accounting	179-5
Date of payment recorded in Cash Book	179-6
Initialling of paid vouchers	179-8
Monthly reconciliation	179-4
Number of cheque to be quoted on voucher	179-2
Paid stamps	179-7
Vouchers to be numbered	179-1
Recording in Books	135
Recording of Liabilities	160
Records of Articles kept in safe	194-2
Records – official telephones	415-1
Recovery in full or part	171-1
Recovery of Arrears of Revenue	145
Recovery of Loss	385
Recurrent Supplies and Services	65-2
Recurrent expenditure critical review	30
Register of Counterfoil Book	208
Rehabilitation and Improvements of Capital Assets	15
Remittance of money	204
Remittances by cheque or money order	180-1

Remittances collection from public	137-3
Rendering of Accounts by Provincial Departments	246
Presentation	246-2
Summary of Accounts	246-1
Rendering of Documents to Audit	122
Rendition of Monthly Summaries	297
Renewal of Stamp Imprest	444
Replacement of Capital Assets	31
Report to the Auditor-General	213
Request for Finance	27
Responsibility for Loss	67
Responsibility of Accounting Officer (Principal)	115
Responsibility of Accounting officers for security	193
Revenue classification	58
Revenue Devolved for Provincial Councils	59
Revenue Estimating	57
Revenue Stamps	442
Revision of Limits of Advance Accounts	50
Revision of list of officers required to furnish security	412
Revision of Total Cost Estimates	49
Revotes and Deferred Liabilities	35-5 & 23
Right of appeal in cases of accounts not passed in Audit	78
Refund of Revenue credited to Provincial Fund	79

S

Sale to or Purchase from Provincial Council officers	362
Sale of Stamps	443
Sale of Stamps by Agents	445
Scheduling of vouchers	175
Scope of Administration Reports	400

Sectoral Monitoring Committee	8-5
Sectoral Plans	7-1
Stages in Project Planning	7-2
Security deposits tendered other than in money	270
Security Deposits	268
Security of Stores	355
Security register	411
Seizure of Deposits	271
Settlement of Imprests	215
Signature and Initials on Accounting Documents	67-5
Small safes to be built into wall	194-4
Source of Funds for expenditure	157
Sources of Counterfoil Books	207
Application for counterfoil book	207-2
Counterfoil books supplied by Provincial Treasury	207-1
Supplementary application	207-3
Special certificates - payments	172
Special Law Services	20 & 54 & 4-3
Special Law Services - Additional Provision	54-2
Specific approval for incurring commitments	65-4
Signature to be verified before payment	176-3
Specimen signature – sent to Paying Officer	176
Subsequent changes - in signature	176-2
Stamped signature	67-6
Stamp - Provincial Council	441
Renewal	444
Sale	443
Stamp cancellation	446
Standard Bidding Documents	312

Standardization of the items of stores	361
State Gifts	439
Statement of Committed Expenditure	264
Statements to be generated in CIGAS	295
Stock Control	359
Extent of Stock Holding	359-1
Economic order quantity	359-2
Minimum level	359-4
Maximum level	359-3
Re-order level	359-5
Safety stock	359-6
Stock of fuel and inventory	434
Inventory of consumable stores	434-3
Record of changes in custody of vehicles	434-1
Register of Motor vehicles	434-5
Stock books of petrol, oil, etc.	434-4
Survey of vehicles and equipments	434-2
Stoppage of payment on a cheque	234
Storekeeper	347
Stores and Fixed Assets Management	280
Stores	346
Stores Functions	350
Primary Objective	350-1
Responsibility	350-3
Service	350-2
Stores Management	351
Stores Officer	348
Stores Records	353
Sub Imprests	219

Submission and Passing of Supplementary Financial Statement	52
Submission of Annual Financial Statement	39 & 36
Subsequent action on savings reported	53
Substitution - Parallel agency as per procurement guidelines	309
Supervision of Financial Matters	90
Supervision of Financial Operations	113
Accountant	113-1
Heads of Distinct Units	113-2
Supplementary Imprest authority	218
Supplies services rendered by one department to another	190
Supply Services	4-2
Surcharges	80
Surprise verification	211-2
Surrender of Imprests	220
Balance Imprest to be surrendered on 31 st December	220-1
Special authority for late surrender	220-2
Survey of Inventory items	373
Supervision of financial matters	90
Chief Minister	90-2
Chief Secretary	90-3
Governor	90-1
<u>T</u>	
Telephone bills - settlement	418
Total Cost Estimates	21
Transfer of Provisions	45
Between Programmes/Projects	46
Change of Legends	45-3
Circumstances under which Transfers are allowed	45-1
Transfer of provision cannot or should not be adopted	45-2

Transfer of Residential Telephones	416
Transfer of Stores from one Institution to another	354
Transfer payments	189
Allocation to be obtained	189-4
Accounting of transfer payments	189-3
Definition	189-1
Intimation of debits and credits	189-5
When transfer payments occur	189-2
Transferability of allocation between months	423
Transferring of Assets on closure of Projects	339
Travel outstation and special events	424
Treasury Cash flow operations	63
Treasury Minutes	120
Treasury's right of withdrawal- Imprest	221
Types of Receipts to Provincial Fund	127
<u>U</u>	
Unauthorized benefits prohibited	67-8
Unauthorized excess/shortfalls on limits of Advance Accounts	277
Unpaid wages	188
Updating of Records	366
Use for other purposes - Official Motor Vehicles	427
<u>V</u>	
Validity of cheque	180-3
Valuation of Buildings, structures and improvements to land	331
Variation of Limits Advance Accounts	276
Variations to Annual Financial Statement	44
Vehicle log book and daily running chart	432
Vehicle – Fuel and Stores	430
Verification of cash, stamps etc.	212-1

Vote on Account	43
Vouchers	169
Forms Prescribed - payment documents	169-1
Other formats	169-4
<u>W</u>	
Warrants	61
Advance Warrants	61-6
Emergency Fund Advance warrant	61-7
General Warrant	61-1
Requisition	61-2
Special Law Warrant	61-4
Special Warrant	61-3
Supplementary special Law Warrant	61-5
Winding up of an Advance Account activity	286
Decision to wind up	286-5
Financial authority to continue the Advance A/C	286-2
Order to wind up	286-1
Preparation of Accounts after the decision to wind up	286-4
Statements to be forwarded subsequent financial years	286-6
Withdrawals from Deposit	168
Availability of funds	168-2
Certification - Second Signature	168-4
Certification -First Signature	168-3
Certification	168-1
Waivers	77-1
Other Waivers	77-2
Statutory Waivers	77-1

11	...
12	...
13	...
14	...
15	...
16	...
17	...
18	...
19	...
20	...
21	...
22	...
23	...
24	...
25	...
26	...
27	...
28	...
29	...
30	...
31	...
32	...
33	...
34	...
35	...
36	...
37	...
38	...
39	...
40	...
41	...
42	...
43	...
44	...
45	...
46	...
47	...
48	...
49	...
50	...
51	...
52	...
53	...
54	...
55	...
56	...
57	...
58	...
59	...
60	...
61	...
62	...
63	...
64	...
65	...
66	...
67	...
68	...
69	...
70	...
71	...
72	...
73	...
74	...
75	...
76	...
77	...
78	...
79	...
80	...
81	...
82	...
83	...
84	...
85	...
86	...
87	...
88	...
89	...
90	...
91	...
92	...
93	...
94	...
95	...
96	...
97	...
98	...
99	...
100	...

