



TREASURY, PAY & ACCOUNTS OFFICE  
GOVERNMENT OF SIKKIM  
GANGTOK.

NO. 01/PAO.

Dated: 25.07.03

CIRCULAR

The Government has been pleased to decide decentralization of all Works payments at the District Level with effect from 1<sup>st</sup> August 2003 vide Notification No 14/Fin/Adm dated 22.7.2003. The Director, Treasury & PAO is required to issue detailed procedural guidelines on the subject vide para 2.5 of the said Notification. These guidelines are accordingly issued for observance by all Works Departments including Forest, Wildlife, Land Use & Fisheries.

1. All bills for Works executed by the Department within a District may be sent to the respective District Pay & Accounts Office along with necessary supporting documents duly approved by Competent Financial Authority and passed by the DDO. The District PAO will precheck the bills, issue Cheques and render department wise accounts to the Accountant General, Sikkim. As in case of Civil Accounts, the Departments shall maintain a parallel Cash Book and other records required by their departmental Codes & Manual.
2. In order to facilitate quick disposal of bills and to ascertain actual balance fund available for the Current Financial Year, the Department shall furnish a Certified Statement of Expenditure under different heads, district-wise as on 31.07.03. The Department shall also furnish the details of Sanctioned Works duly showing the Estimated Cost, up to date Expenditure there on, date of Commencement of Work, Progressive Expenditure, Balance available etc, head-wise, district-wise (including Civil Deposit Works).



3. The bills of Work-charged employees and Muster Roll personnel should be supported by a statement duly certified by the Competent Authority showing the sanctioned strength and the persons in position for each district.
4. Status quo will be maintained in respect of receipts, payments and accounting of ENT Call of the Transport Department, Sikkim Legislative Assembly Secretariat, Directorate of Lotteries, Directorate of Pension, Land Revenue (Calamities Relief Fund) and other Departmental Cells/Societies created under separate instructions from Government of India.
5. Several balances appear in the Accounts of Works Departments under Suspense, Cash Remittance, Civil Deposits, Personal Imprest/Cash balance etc. It will be the responsibility of concerned Departments to reconcile, rectify and finally settle these balances with Accountant General's Office directly for the period prior to 31.7.2003. Opening balances, if any, to be carried forward to the Accounts of the Department after 1.8.2003 may be clearly identified with supporting details district wise and conveyed to the Chief Pay & Accounts Officer of concerned District PAO for inclusion in their Accounts. This is an important task, it should be undertaken under the personal supervision of Head of the Department before transition to the new System.
6. The compilation and rendition of Civil Accounts which used to be done by PAO(HQ) hitherto shall also stand decentralized to the CPAOs in the Districts from 1.8.03 in keeping with the objective of decentralization.
7. The Districts CPAOs shall render the monthly accounts within the time frame prescribed by the Accountant General, Sikkim.
8. The District Pay & Accounts Offices will be in account with the respective Branches of the State Bank of Sikkim. The State Bank of Sikkim shall make arrangement for payment of Cheques in their respective District Branches. For payment of Cheques relating to the Works Bills, the State Bank of Sikkim will prepare the Scrolls in quadruplicate, submit one copy to the concerned District Pay & Accounts Office daily. The original and duplicate copies along with paid

Cheques shall be submitted to the Pay & Accounts Office (Headquarter) as usual and retain the quadruplicate copies for its record. A summary of Bank Receipts/Challans for the Revenue Receipt realized during the month shall also be submitted to District Pay & Accounts Office every month.

9. For regulation of works bills, their precheck, payment and rendition of monthly accounts etc. separate set of supplementary guidelines in addition to the provisions of SFR, Departmental Code & Manual is enclosed for guidance and reference.


Sd/- [T.P. Koirala]  
DIRECTOR  
TREASURY, PAY & ACCOUNTS OFFICE

Dated: 25/7/2003.

Memo No. 393 /TMO

Copy to:

1. Principal Secretary, Finance
2. All Heads of Departments/Office
3. Controller of Accounts, Finance
4. Accountant General, Sikkim.
5. Director, Internal Audit, Finance
6. Managing Director, State Bank of Sikkim, Gangtok.
7. District Collectors, East/North/South/West
8. Chief Pay & Accounts Officers, East/North/South/West
9. All Drawing & Disbursing Officers
10. File and
11. Guard File.

  
[B.L. MOKTAN]  
ADDITIONAL DIRECTOR  
TREASURY, PAY & ACCOUNTS OFFICE





GOVERNMENT OF SIKKIM  
FINANCE DEPARTMENT  
GANGTOK.

No. 14 / Fin 14 dm.

Date: 22<sup>nd</sup> July '03

NOTIFICATION

In supersession of previous O.M.(s) issued on the subject, the State Government is pleased to notify the implementation of the Decentralized Payment System w.e.f. 1<sup>st</sup> August 2003. The aim of decentralization of powers at the district level is to ensure effective and efficient financial management as well as proper monitoring of all socio economic development programmes taken up by the State Government, which are executed mainly in rural areas. The desired objectives can be achieved only if necessary arrangements for payment and accounting is available at the district level.

Accordingly, the following instructions are issued for compliance by all Departments: -

1. Self-drawing powers of all Works Departments shall cease w.e.f. 31.07.2003 mid night. All payments shall be made through Pay & Accounts Offices w.e.f. 1.8.2003.
2. All Departments are required to make necessary arrangements to set up offices at the four (4) District Head Quarters, Mangon, Gangtok, Gyalshing and Namchi.
3. All Departments must initiate steps for re-deployment of existing manpower available with them, to their district offices by issue of necessary Office Order(s) from their end.
4. The State Bank of Sikkim shall make proper arrangements to co-opt with the increased volume of works. Senior Officers should be posted in each branch at the District Head Quarters to facilitate proper payment and accounting.

Office Memorandum  
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# DECENTRALIZATION OF PAYMENTS IN THE DISTRICTS

and order of  
of payment.

Guidelines to the  
Pay and Accounts Offices  
for  
Dealing with Works Bills  
received from various Departments



## 1. Introductory:-

The Government has issued Office Memorandum No.23/Fin/Adm dated 5<sup>th</sup> March 2003 for adoption of decentralised system of payments of all works bills originated from different Works Departments. The following guidelines/instructions for the Pay & Accounts Offices containing detail for dealing with bills received in Pay & Accounts Offices are issued to facilitate proper checking and quick disposal of payments.

## 2. Extent of Application :

These guidelines are supplementary to the relevant provisions contained in (i) Hand Book of Payment and Accounting Instructions under the Pay & Accounts System and (ii) Executive Orders, Circulars & Instructions issued by the Government from time to time. These guidelines/instructions may be amended, modified, altered, added, deleted and supplemented by the Finance Department whenever found necessary.

## 3. Definitions:

The terms used in these guidelines shall carry the same meaning as defined in the Sikkim Financial Rules, Public Works code and other books relevant to the preparation and submission of bills, maintenance and rendition of accounts etc.

**Works Department** means the Departments executing the various works to whom the provision of Sikkim Public Works Code and Forest Manual apply.

**Administrative Department** means the Departments controlling the budget provision earmarked for the execution of various works.

**Work bills** means the bills prepared by work executing departments on the basis of the administrative approval, financial sanction and technical sanction accorded by the Competent Authority for the works executed either departmentally or through contract.

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● Competent Authority means the authority in the Government to whom the specific financial power has been delegated for the purpose by special or general orders issued by the Government.

4. General Systems of Accounts

The General System of Financial Management and Control in the Pay and Accounts shall be the same as prescribed in Chapter II of Sikkim Financial Rules 1979 and Chapter III of Public Works code as may be amended from time to time. These provisions shall apply in toto while scrutinizing the bills in the Pay and Accounts Offices.

5. Presentation of Bills

The Heads of the Departments, Heads of the Offices and the Drawing & Disbursing Officer's of the Works Departments, shall present the bills to the Pay & Accounts Office for payment. The bill presented should contain a certificate that all relevant Rules and Procedures as laid down in the Sikkim Financial Rules, Public Works Codes & Manuals, Notifications and Circulars issued by the Government from time to time have been adhered to.

The Pay & Accounts Office will not be responsible for any commission or omission resulting from wrong certification by the Department concerned.

6. Procedures on Receipt of the Bills

A. All instruction as laid down under part II of the Hand book of Pay & Accounting Instructions 1978 under the Pay & Accounting System as amended from time to time is to be followed. In order to facilitate proper pre check of the bills, the Pay & Accounts Office will maintain the following Books of Accounts:

1. Cash book (Vide Para 90 of Public Works code) in Form 1.
2. Imprest Cash Account (vide Para 91 of Public Works code) in Form 3.



3. Register of Works ( Vide Para 255 of Public Works code) in Form 40.
4. Schedule of Monthly settlement with Bank (Vide Para 364 of Public Works code) in Form 51.
5. Register of cheque drawn (vide Para 67 of Public Works code) in Form 52.
6. Transfer Entry Book (vide Para 164 of Public Works code) in Form 54.
7. Schedule Dockets (Vide Para 365 of Public works code) - Form 61.
8. Schedule of Deposit work (vide Para 365 in Public Works code) in Form 65.
9. Classified abstract of expenditure (vide Para 366 of Public Works code) - Form 74 A.
10. Schedule of Debt and Credits to Miscellaneous Heads of Accounts (vide Para 365 of Public Works code) - Form 76.
11. Schedule of Debits/Credits to Remittances ( Vide Para 365 of Public Works code ) Form 77.
12. Schedule of Deposits (Vide Para 315 of Public Works code) Form 79.
13. Monthly Accounts (vide Para 354 in Public Works code) in Form 80.
14. List of Accounts to be submitted to Accountant General ( vide Para 368 in Public Works code) in Form 83.

B. The Pay & Accounts Office while pre - checking the bills, will exercise the following checks :-

- (i) That, the work has been commenced after obtaining administrative approval from the Competent Authority.
- (ii) That the technical sanction to the detailed design and estimate has been accorded by the Competent Authority.
- (iii) That the funds to cover the expenditure during the year have been provided by valid appropriation or re-appropriation.
- (iv) That the expenditure incurred conforms to the relevant provisions of the Act, Rules, and the laws made under the provisions of the constitution.



- (v) That the expenditure incurred is in accordance with the Financial Rules and Regulations framed by the Competent Authority.
- (vi) The expenditure is within the Budget provision.
- (vii) The expenditure is within the Resource Allocated.
- (viii) The administrative approval and financial sanction/ of the Competent Authority exists (Sanction Orders).
- (ix) The Sanction order is complete and signed by the Competent Authority.
- (x) The expenditure is within the approved/sanctioned estimate.
- (xi) The correct Classification of Account has been recorded with reference to Budget documents.
- (xii) The correctness of previous payment in case of running account and final payment are recorded in the Bills and Recoveries of Advance Payment, Cost of Materials, Security Deposits, Taxes etc.
- (xiii) Arithmetical accuracy of the bill and measurement recorded in the Measurement Book are correct.
- (xiv) Completion Report from the Competent Authority and Clearance of Labour payment from the Labour Department in case of Final bills are enclosed with the bill.
- (xv) The bill is passed by the Competent Authority/Drawing and Disbursing Officer.

**(C) Payment of Bills:-**

After the checks exercised by the Sr. Accountants/Accountants, the bills are sent to the concerned Dy.CPAO/A.O. duly endorsing the Pay order. The bills received by the Jr.Accountant (Cashier) shall be dealt as under :

- (i) Separate Cash Books needs to be maintained for each Department and the entry in the Cash Books (Form SPW I) have to be made duly showing the adjustment entry as per the procedure laid down in the Public Works code. The cheque signed by the Accounts Officer shall be entered in the Register of Cheques Drawn before it is delivered to the Drawing & Disbursing officer.



**Notes-** The checking of bills, endorsing of Pay Order, issue of cheques and rendition of accounts to the Accountant General will be done by the same Accounts Officer for the works department allotted to him /her.

**7. Deposits:-**

The following types of deposits appear in the Works Department for which accounts are maintained: -

- (i) Cash deposits of Subordinates as security.
- (ii) Cash deposits of Contractors as security, including earnest money deposits.
- (iii) Sums due to Contractors on closed accounts/lapsed deposits.
- (iv) Deposits for works to be done.
- (v) Miscellaneous deposits.

I. The first two types of deposits viz. cash deposits of Subordinates as security and cash deposits of Contractors as security shall be dealt directly by the Works Departments in the manner as laid down vide Para 301 to 306 of Public Works code except for earnest money deposits received from contractors.

II. The bills on account of refund of Earnest money and Security Deposits/Earnest money deposits of Contractors shall be dealt by Pay & Accounts Office in the manner laid down vide Para 308 to 313 read with Para 316 of Public Works Code. Deposits on closed accounts/lapsed deposits have to be dealt in the manner laid vide Para 317 to 318 of Public Works Code.

III. Deposits for works to be done - Detail guidance as laid down in Para 321 to 328 have to be followed by works departments and the Pay & Accounts Office in dealing with the cases of deposits for works to be done. Credits of the amount received from various agencies shall be done by Works Departments in the Bank and intimated to Pay & Accounts offices. The bills received on the account shall be debited to the same head on which the receipt of fund is credited earlier. Under no circumstances, the release of payment can be made in excess of the credits made.



**8. Compilation and Rendition of Monthly Accounts: -**

The District Pay & Accounts Office shall compile the Monthly Accounts based on the payment released and transactions effected in the Cash Book as per section F of chapter 8 of Public Works code. The accounts shall be submitted directly to the office of Accountant General by the District Pay & Accounts Office within the specified date.

The Head of Department, Head of Office and the Drawing & Disbursing Officer of a Works Department will be solely responsible for reconciliation and rectification of their accounts with that of Pay & Accounts Office and the Office of the Accountant General.


**9. Miscellaneous:-**

- (i) The procedures prescribed in Public Works Code, as amended from time to time, have to be followed by the Works Departments except for indicating Pay Order on the bills and maintenance of Cash Books. A parallel Cash Book as a Subsidiary Cash Book shall, be maintained in the Works Departments to watch over the transaction in the same format after the receipt of cheques from Pay and Accounts Offices against the bills submitted for payment. The observance of the prescribed procedures shall be sole responsibility of the Works Department and the Pay and Accounts offices shall see the observance of such procedures as may be issued by the Government from time to time on the basis of the documents/certificates issued or recorded on the bills.
- (ii) The bills of each Works Department have to be paid from the Pay and Accounts Offices located in the various districts according to the jurisdiction of the work executed, the Heads of Works Departments or their nominated Officer will be directly responsible for the reconciliation/rectification of accounts pertaining to each Department and identify the balances appearing under various heads like Suspense, Cash Remittances, Civil Deposits, Cash Balance and Departmental Balance to be carried forward to the accounts of the various

District Offices of the Works Department. The head of each Work Department shall be directly responsible for clearance of those outstanding balances on the basis of the separate guidelines issued/to be issued by Finance Department for the purpose.

**10. Interpretation:-**

The provisions contained in the guidelines are only supplementary to the provisions of Sikkim Financial Rules 1979, Public Works code and the Hand Book of Payment and Accounting Instructions under the Pay and Accounts Systems. Any interpretation and doubts as to the application of its provision needs to be referred to Finance Department, Govt. of Sikkim for clarifications.



Additional Director  
Treasury, Pay & Accounts Office  
Govt. of Sikkim