

AP FINANCIAL CODE

FINANCIAL ACCOUNTABILITY

Every item of expenditure should be
prima-facie necessary

It should be covered by adequate budget
sanctioned for the purpose.

There should be competent administrative
sanction.

Sources of Sanction

- Article 93 of A.P. Financial Code
- Apex. 7 A.P.F.C. Volume II
- G.O. Ms. No. 490, G.A, AR&T, dt: 28.09.1994
- G.O. Ms. No. 389, G.A, AR&T, dt: 04.09.1996
- G.O. Ms. No. 148, FRP dt: 21.10.2000
- G.O.Ms.No. 286 Finance (TFR)Dept.23.1.2007
- G.O.Ms.No. 178 Finance (TFR)Dept.19.08.2011

CHAPTER II, DEFINITIONS

- CHAPTER III RECEIPTS, COLLECTION AND CHECK. ART 7 TO 37.
- 1. RENTS, COST OF SURVEY, AUCTION, FINES, RECEIPTS, RECOVERY, REFUND, TIME LIMIT, PREPARATION OF DEMAND COLLECTION BALANCE SHEETS, AUDIT APPENDIX 10.

RESPONSIBILITY OF THE DDO'S

- Article- 5: A demand for receipts should be raised after proper assessment
- Article- 9: Controlling Officers should monitor- D.C.B (Demand collection balance)
- Article-13: Rents of residential buildings should be recovered at 10% of standard
rent
- Article- 22: A: Auctions- usufruct; unserviceable; conveniences; Notified in
newspapers if anticipated value
exceeds Rs.5000.00

- Article - 26: Fine collection – monitoring
- Article – 32: Refunds of Revenue- Appendix
Two lays down authorities Competent to order refund
- Article – 35: Exgratia refunds to be sought within 3 months; statutory within one year

CHAPTER IV ART 38 to 60

- EXPENDITURE -GENERAL PRL.AND RULES
- SANCTION,DATE OF EFFECT OF SANCTION,LAPSE,CONTRACTS,ARREAR CLAIMS,
- Article - 38: Inevitable payments to be settled without delay
- Article -39: Budget lapses by close of fiscal year

- Article - 42 : Sanction to be in conformity with sanction and statutes
- Article - 45 : Formal – communicated to Accountant General; Finance Departments concurrence for Govt Sanction
- Article - 49 : Takes effect from date of issue unless otherwise specific
- Article - 50 : Sanction lapses at close of financial year if specified otherwise after one year
- Article - 51: Contracts – formats standardized in codes & manuals. New contracts changes need legal opinion
- Article - 52: Any claim not preferred within one year becomes time barred A.Gs pre audit is necessary.

- Article – 54 : T.A claims within 3 months, L.T.C, within one month to be referred.

- Article – 52 : Arrear claims – one year from due date allowed by drawing officer. If exceeds one year pre audit by A.G. required.

- Individual claims upto Rs. 500 May be paid without pre audit up to period of 3 years

- Claims on Govt. securities paid without time limit in regard to interest.

- G.O. Ms. No. 161, F&P. dt : 27.04.1991, stipulates A.Gs pre audit for claims upto a period of six years. If it exceeds 6 years Head of the department may order sanction without need of pre-audit.
- Article – 54: Claim for T.A. entertained by controlling officer if received within 3 months of performance of tour- L.T.C within one month. Delayed presentation will result in a 15% cut over total claims. This is allowed only up to one year.

Chapter V Art 61 to 90

- Establishments, claims of Govt. Servants and Recoveries from them.
- Article - 63: Govt. is competent for the creation of posts.
- Art 65 : the scale of pay proposed for a new post should be the same time scale that already in force.
- Art 70: distribution of Gazetted and non gazetted establishments.
- Article - 72: Due date of pay is first working day of month - exceptions are - transfer to another audit circle: retirement: ousting resignation, transfer of among PWD circles.

- Article – 73: Grants in aid bills need counter signature by department
- Article – 74: Efficiency bar orders to be issued by competent authority
- Article – 85: Deduction of provident fund: postal life insurance & other mandatory funds made from salary
- Article – 86: Deduction of income tax at source to be made from salaries & annual return sent to I.T. Authorities

- Article – 87: court Attachments
 $X - Y - 1000 / 3$ X=Gross pay
Y=Allowances
- Article – 88: Cooperative dues to be recovered from salaries of employees
- If notice received after retirement recovery effected from gratuity after issuing show cause notice as per appendix of revised pension rules

Chapter VI Art 91 to 121

- Contingent expenditure.
- Article – 91: Contingencies – mean incidental to run any orgn. E.g.. Furniture, books, machinery & equipment diet money etc.
- Article – 93: Heads of offices may sanction of a routine nature for their offices they may delegate powers to subordinates
- Article – 94: Permanent advance for initial payment of office expenses advance to be recouped at least twice in a month.
- Initial sanction of permanent advance & its increase require Govt. Sanction

- Article – 98: 15th of April permanent advance
- acknowledgement to be sent to HO DEPT &
- enclosed to pay bill of April of drawing Officer
- Article – 99: Temporary advances can be drawn by Industries Mines
- Animal Husbandry, Dept collectors, police etc
- are authorised
- Article -100: Advances for contingent expr. On tour allowed
- Article – 102: Contingent expr grouped as counter
- signed & non counter signed
- Article – 103: Contingent regr to be maintained
- , Head of account wise expr
- noted & attested by head of office

- Article - 108: D.C. Bill for A.C. Bills to be furnished to DTO Directly
- Article - 115: Inter departmental adjustments made by book transfer
- Article - 120: Municipal & local taxes on buildings not occupied as residences
- The occupant dept to pay taxes
- If more than one dept - revenue dept.
- If revenue dept is not in occupation the dept in major occupation
- No municipal tax is payable on a public building situated in a cantonment

Chapter VII Art 122 to 146

□ Stores

- The term stores is used to indicate all articles & materials like furniture, chemicals, scientific instruments, appliances, stationery diet in hospitals, jails, material for construction of buildings departmentally manufactured stores, tools & plant but exclude books, publications periodicals etc in a library. (Article 122 F.C)
- Article – 123: Competent authorities are as directed by Government from time to time

Price Preference

- Indigenous products over imported products up to 15%
- Cottage & small scale industries 10 % price preference
- Co-operatives 5% preference (Article:123)
- Foreign Goods: As far as possible to be placed through local representatives of manufacturers preferring those who have after sale service and holding stock sufficient spares (Govt. MEMO No. 41990) Acts (60-10 F.DD 24-2-1961)

- Goods manufactured with in state allowed 5% price preferred
- The products manufactured out side the state (Govt. MEMO No.8410/ Accts/62-UFD282/62)
- Purchasing officer to keep a list of reputed dealers in the trade well in advance so that communications are sent directly also besides advertisement in news papers

- Unserviceable stores to be written off as items if it is due to fair wear & tear other wise money value to be written off (Article: 140)
- Stores to be verified periodically by competent person (Article:144)
- Discrepancies – incorrect accounting – theft, fraud, wastage, driage (Article:145)
- Grants in aid... Article 211 conditional & unconditional.

- 143 library books – 3 vols. For every 1000 issues may be written off

Chapter VIII Art 147 to 208

- Works classification of works,
- Preparation of estimates.
- Suppl estimates.
- Methods of execution
- 1.dept.
- 2.piece work contract.
- 3.lumpsum
- 4.schedule contract.

Misc expenditure IX

ART 209 to 218

- AUTHORITIES TO SANCTION MISC EXP.ART 6,APPEX 15,ART42.
- 1.AQUISITION OF LAND
- 2.EDUCATION GRANTS IN AID
- 3. GRANTS IN AID TO PUBLIC BODIES
- 4.SCHOLARSHIPS
- 5 .DISCRETIONARY GRANTS.
- 6 OVER TIME FEE
- 7.COMPENSATION FOR LOSS OF PROPERTY
- 8.GRANTS IN LIEU OF MAGISTERIAL FINES
- 9.MAINTENANCE OF MILITARY CAMPING GROUNDS.
- 10.DEPORTED CHARGES.

LOANS AND ADVANCES

CHAPTER X ART 219 to 260

- INTEREST BEARING LOANS
- LOANS WHICH HAVE NO INTEREST.
- 1.LOANS TO MUNICIPALITIES.,PORT TRUST.
- 2.LOANS TO GOVT. SERVANTS.
- 3.ADVANCES REPAYABLE.
- 4PERMANENT ADVANCES.
- Art 260 ,Appex 20 govt. servants are authorised to remit or write off losses.

DEPOSITS CHAPTER XI

ART 261 to 272.

- Art 262 civil deposits
- 1.revenue deposits
- 2.civil court deposits
- 3.criminal court deposits
- 4.personal deposits
- 5. public works deposits
- 6.trust interested fund
- 7deposits for work done for public
- 8 unclaimed PF
- 9.deposits of subscriptions for a Govt.loan

CRIMINAL COURT DEPOSITS

- LAPSED DEPOSITS JUST LIKE REVENUE DEP.
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Responsibility for losses of public money

- Security deposit art 283.store keeper,contractors
- 1.cash
- 2.promossitory notesof the Govt.
- 3 .stock certificates of the Govt.
- 4.post office saving bank deposit.
- 5. post office cash certificate.
- 6 deposit receipt of the sbi,sbh,or scheduled banks

- 7.fidelity bonds
- 7a.treasury saving certificate.
- 8 other forms of security specifically app by Govt.

- LOSSES
- Report of losses,enquiry,prosecution.

Local funds chapter XIII.

- CHAPTER XV DELEGATION OF UNION FUNCTIONS BY CONSENT OF STATE
- CHAPTER XVI RELAXATION OF RULES.
- ART 326 DESTRUCTION OF OFFICIAL RECORD.

Contracts

- Authorities specified in appendix 4 of APFC Vol 1 are authorised to enter into contracts on behalf of the Govt. Form no 9 can be used in respect of stores.
- TENDERS ART 125
- Single Tender system: does not exceed 1000 Rs and 2000 Rs.
- Limited Tender system: estimated value is less than Rs 5000.

- OpenTender system: Rs 5000 and above, regarding PWD the limit applies to Rs 10,000 and above.
- Works Art 163

- 1. Departmental method :
- 2. Piece work method:
- 3. Lumpsum method:
- 4. schedule contract method:
- 5 Agreement: Art 160
- Muster Roll: Art 172
- Measurement Book : Art 175 Vol-I

- Administrative approval and Technical Sanction :Art 185 Vol-I
- Execution of Works other than Departmental method the tender system should be followed as per article 192
- Revised estimation: 197.