

**GOVERNMENT OF ANDHRA PRADESH
A.P.H.R.D INSTITUTE OF ANDHRA PRADESH**

FINANCIAL CODE

INTRODUCTION

1. The A.P. Financial code which is in two volumes deals with general provisions concerning financial administration of the Government. Aspects relating to various issues such as Revenue, expenditure, Establishment charges, contingent charges, stores, works, grants-in-aid, deposits losses, misc. expenditure, loans and advances, miscellaneous subjects etc., and the proformae of contracts and agreements , various registers etc., are dealt in the Vol. I. the Vol. II comprises appendices prominent among these appendices are those which deal with delegation of financial powers on various administrative and financial matters. In all, there are 330 articles and 27 forms in vol. I and 27 appendices in the vol. II.

GOVERNMENT TRANSACTIONS

2. Government's financial transactions consist of receipts and disbursements. The receipts comprise ordinary revenue derived from taxes, duties, fees, fines and similar items of current Government income and receipts of a deposit or banking nature including repayment of loans and advances. Government disbursements comprise expenditure out of ordinary revenues, capital expenditure and payment of banking nature including loans and advances and repayment of deposits(art. 1&2).

RECEIPTS THEIR COLLECTION AND CHECK

- 3.1 Every government servant who is responsible for the collection of any moneys due to the Government should ensure that:
 - (a) Demands are made at once as payments become due.
 - (b) Effective steps are taken to ensure the prompt realization of all amounts due.
 - (c) proper records are kept to account for all collections made
 - (d) The demand, collection and the balance are monitored frequently to ensure complete realization.

Irrecoverable dues are written off as per provisions contained in appendix 23 APFC Vol. II(Art.7-9)

- 3.2 Rents of Government buildings due from Government servants should be recovered from the Government servant concerned promptly in accordance with the instructions contained in art 14-21.
- 3.3 Where any government property or right is sold by public auction, adequate time should be given between the date of notification of the auction and the actual date. The government servant conducting the auction shall give adequate time before knocking down the bid in favour of the highest bidder and shall also obtain signatures of the successful bidder and two other bidders lower to the highest bid (art. 22-A)
- 3.4 **REFUNDS OF REVENUE:** Appendix 2, Vol. II deals with powers of various authorities regarding refunds of revenue. If it is an ex-gratia refund, claim for refund, is entertainable upto a time limit of one year where notice has not been given. When notice is given the time limit is one year. Statutory refunds are governed by the law of limitations. As per G.O.Ms.No.94 Fin & Plg dt. 27.3.86 original record should be traced and the fact of refund recorded in the departmental record and the counterfoil of the cash receipts. Original receipt issued to the payer should also be collected if possible and destroyed.

EXPENDITURE

- 4.1 **GENERAL PRINCIPLES:** The following principles govern the incurring of expenditure from public funds. These are called standards of financial propriety.
 - (a) The expenditure must have been sanctioned by a general or special order of the authority competent to sanction such expenditure
 - (b) Sufficient funds must have been provided for the expenditure in the appropriation act for the current financial year or by a reappropriation of funds sanctioned by a competent authority(Budget availability).
 - (c) The expenditure should not be prima facie more than the occasion demands. Every Government servant should exercise diligence and care while incurring expenditure (art.3&38).
- 4.1.1 It is the duty of every Government servant not merely to observe complete integrity in financial matters but also to be constantly watchful to see that the best

- possible value is obtained for all public funds spent by him or under his control and to guard scrupulously against every wasteful expenditure from public funds (Art.4).
- 4.1.2 All appropriations in the budget lapse at the close of the financial year. A government servant should not on any account reserve or appropriate by transfer to a deposit or any other head or draw from the treasury and keep in cash chest any portion of an appropriation i.e., Budget, remaining unspent during the year in order to prevent it from lapsing and use it for expenditure after the end of the year(Art. 39).
- 4.1.3 **SANCTIONS:** The powers of sanction of the subordinate authorities are laid down in APFC Vol.II. Appendix 7. In respect of consumer items and contingent expenditure, larger delegation of powers are vested on Heads of Departments, Dist.Collectors and other regional and district officers from time to time in G.O.(P) No.703 GA(AR&T) DEPT. DT. 4.12.78, G.O.Ms.No.215, F&Plg. Dt.14.7.83, G.O.Ms.No.102GAD dt. 24.2.86, G.O.Ms.No.317, F&P dt. 13.6.86, G.O.Ms.No.187, GAD dt. 24.8.87, G.O.Ms.No.496, GAD dt. 28.9.94 and G.O.Ms.No.389 GA (AR&T) dt. 4.9.96 and G.O. Ms. No. 148, Fin, and Plg. (FW:ADMN.I.TFR), Dated 21-10-2000)
- 4.1.4 A sanction order should stipulate the authority under which it is accorded. Copies of sanction should be sent to A.G. over ink signature of a Gazetted officer (art.45).
- 4.1.5 Sanction of the Government or authority subordinate to the Government takes effect from the date of the order conveying the sanction unless otherwise stipulated in the sanction order under the rules on the subject (Art.49).
- 4.1.6 A sanction for a fresh charge lapses if it has not been acted on for a year unless it is specifically renewed. The period of one year is taken into consideration from the date of issue of the sanction which should be considered to have been acted upon, if payment in whole or in part has been made in pursuance of the sanction within 12 months from the date of issue. In cases where part payment has been made within the stipulated period, subsequent payment of balance may be made without a fresh expenditure sanction.
- 4.1.6.1 When there is a specific provision in a sanction for any fresh charge to the effect that the expenditure would be met from the budget provision of a specialized financial year such sanction will lapse on the expiry of the specified financial year and will not be operative for one year from the date of sanction (art.56).
- 4.1.7 **CONTRACTS:** Authorities specified in appendix 4 of APFC vol.I are authorized to enter into contracts on behalf of the Government. The standardized form of tender and contract in respect of stores is available in form No.9 appended to the

APFC vol.I. Contracts in regard to which the Governments have not issued any definite rule and contracts containing unusual conditions should be made only after obtaining Government sanction(Art.51).

4.2 **ARREAR CLAIMS:** A drawing officer should obtain authorization of AG/PAO

In regard to claims which are not preferred within one year of their becoming due. However in regard to claims not exceeding Rs.500/- of each individual monthly claim presented within 3 years of their becoming due can be drawn without the need for pre audit.

4.10 A.T.A. claim made after 3 months from the date on which the claim has fallen due should be refused. No claim for drawal of arrears of TA is admissible consequent on the fixation of pay in the revised pay scales etc. A leave travel concession bill, if preferred after one month of the completion of the journeys should be admitted only after imposing a 15% cut over the said claims.

The appointing authorities in respect of NGOs and the Heads of Departments in respect of Gazetted Officers are authorized to sanction arrear claims up to a period of 6 years after pre audit. Arrear claims for periods exceeding six years are sanctioned by the Heads of Departments on adhoc basis vide G.O.Ms.No.161, F&Plg dt. 27.4.91. But in such cases two separate bills for period less than six years which requires pre audit and the other for the periods over and above six years which are sanctioned on adhoc basis by the Heads of Departments should be prepared vide GO Ms.No.161, F&Plg dt. 27.4.91.

4.3 **PAY ETC DUE TO DECEASED GOVERNMENT SERVANTS:** Pay, leave salary and other emoluments due to a Government servant are to be paid for the day of death irrespective of the hour of death. In respect of Gross amount of claim up to Rs.5,000/- payment to the person holding right and title may be ordered by the Head of the Office without the need of any legal authority. If the gross amount exceeds Rs.5,000/- orders of the Heads of the department should be obtained who will order the payment in accordance with the detailed procedure laid down in art.80.

4.4 **PAYMENT IN THE CASE OF EMPLOYEES WHOSE WHEREABOUTS ARE NOT KNOWN** (art.81 read with GO Ms.No.241, F&P dt. 10.9.87 and GO Ms.No. 111 Fin & Plg dt.22.4.88).

4.4.1 In the above case the family should obtain a report from concerned police station that the employee has not been traced. An indemnity bond from the nominee/dependent to the effect that all payment due to the employee, in case he appears on the scene and makes any claim should be obtained. All government dues should be recovered before effecting payment to the nominees.

- 4.4.2 **PENSION:** Family pension, DCRG applications are entertained only after one year of disappearance.
- 4.4.3 **GROUP INSURANCE:** Insurance cover claim is payable after 7 years of the month following month of disappearance provided the claimant produces a proper and indisputable proof of death or a decree of the court that the employee is presumed dead.

SAVINGS FUND is payable after one year after following the procedure laid down under 4.11.1 above. However in respect of total insurance claims for a period of one year, full subscription at the rate applicable on the date of disappearance together with interest at the rates applicable to savings fund should be recovered from the savings fund amount payable after one year. For a further period of 6 years or till the month in which insurance cover is paid, whichever is later premium of insurance cover at Rs.3/- per month for every Rs.10,000/- along with interest should be recovered from the insurance cover payable after 7 years.

- 4.5 **TOUR ADVANCES** are sanctioned under Art.84 by heads of offices to themselves as well as employees of their offices to defray tour expenses. The advances should be adjusted in full at once when the Government servant returns to headquarters or by 31st March whichever is earlier. Advances drawn in March may be adjusted before 30th April. No second advance should be sanctioned until the first has been fully adjusted. A register in form No. 23 APFC vol.I should be maintained for the adjustments of Tour advances(art.84).
- 4.6 **DEDUCTION OF INCOME TAX:** Every Disbursing officer should make the appropriate deductions of income tax in accordance with the provisions of IT Act.(Art.86).
- 4.7 **ATTACHMENT OF PAY AND ALLOWANCES BY CIVIL COURTS:** The maximum amount attachable by a civil court is calculated on the amount earned and not on what remains after satisfying debts due to the Government on account of advances taken under the rules. The emoluments excepting the compensatory allowances detailed in art.87 are attachable by courts of law.

CONTINGENT CHARGES

- 5.1 Heads of offices have been empowered to incur or sanction expenditure on ordinary and recognized contingencies, subject to the condition that the expenditure should be non-recurring i.e., should not involve any commitment beyond a single payment unless the authority concerned has been fully empowered to incur or sanction such recurring expenditure. Appendix 7&15 APFC Vol.II in particular deals with powers of various authorities in this regard.

- 5.2 **DELEGATION OF POWERS:** Head of offices may also delegate their powers to incur or sanction expenditure on contingencies to any gazetted government servant serving under him subject to any further conditions and restrictions which he may consider necessary.
- 5.3 Government have prescribed the powers of various Heads of Departments and subordinate authorities in the following Codes:
- (a) Financial code Vol.I in regard to loans and advances and temporary advances under contingencies.
 - (b) Financial code Vol.II in regard to various aspects relating to refunds of revenue, entering into contracts, contingent expenditure, miscellaneous expenditure, write off of losses etc.
 - (c) Departmental codes and manuals specifically for the officers of concerned departments.
 - (d) Executive orders/delegation of powers are accorded in (a) GO (P)No. 703 GAD dt. 4.12.78, (b) GO Ms.No.102 GAD dt. 24.2.86 (c) G.O.Ms.No.490 GAD dt. 28.9.94 and (d) GO Ms.No.389 GA (AR&T) dt.4.9.96.
 - (e) Executive orders conferring larger powers in regard to some specific departments are issued in GO Ms.No. 417 GAD dt. 5.8.86 etc.
- 5.4 Contingent charges are recorded in a special register maintained in each office as per provisions under art 103 FC vol.I Detailed classification of expenditure and the progressive totals against the budget allotted should be recorded in the contingent register as laid down in art.103.
- 5.5. **DRAWAL OF MONEYS RELATED TO CONTINGENT EXPENDITURE:**
The moneys under contingencies are generally drawn from public account as follows:
- 5.5.1 **PERMANENT ADVANCE:** Each office is sanctioned the required amount of permanent advance by the Government. Revision of P.A. may also be sanctioned by the above authority. The P.A. is accounted for in a special register prescribed in GO Ms.no. 54 F&P dt. 14.2.79 appended to financial code vol.I and is meant for making initial payments in regard to items of expenditure which are absolutely essential to meet the expenses of an office (art.94). Permanent of bills at the Treasury/PAO(art106.).
- 5.5.2 **FULLY VOUCHERED BILLS:** In regard to transaction made on credit basis, the amounts required are drawn based on suppliers bills and advance stamped receipts. If these transactions come under countersigned contingencies, i.e. items specified for each department under appendix 8 APFC Vol.I controlling officer should countersign before drawl. Otherwise these can be drawn by drawing officer, themselves.

5.5.3 **ABSTRACT CONTINGENT BILLS**(A.C bills) are drawn for the items of contingencies which require scrutiny and counter signature of the controlling officer after payment (art.102 and appendix 8 FC vol.II). The detailed contingent bills should be sent to controlling officer before the 10th of the succeeding month to which they relate. In respect of items of expenditure not already earmarked for drawl on A.C. bills under appendix B APFC vol.II, the Heads of departments may authorize drawals on A.C. bills for sums not exceeding Rs.4000/- on each occasion.

A.C. bills should not be drawn unless the detailed contingent bills for the A.C. bills drawn in the previous month are sent to the controlling officer and certificate to that effect is enclosed.

5.5.4 **TEMPORARY ADVANCE** (ART.99) may be drawn for meeting contingent expenditure of a specific fund by obtaining specific sanction of Government, standing sanction in respect of some of the departments are detailed in art.99. A second advance should not be drawn unless the detailed accounts for the earlier advance are submitted by Drawing officer to AG/PAO and certificate to that effect recorded in the bill.

STORES:

5.6. Stores include all articles and materials such as furniture, chemicals, scientific instruments, appliances stationery articles, Diet articles, material for construction of buildings, departmentally manufactured stores, tools and plant etc. (Art.122).

All stores should be purchased through the Director, Printing and Stationery excepting those which have been specifically exempted from his preview under article 123 such as perishables like fruits, food stuff, news papers etc. the items under rate contract finalized by Director of printing and stationery should be purchased from the earmarked firms. In cases of emergency, the Heads of Departments may purchase stores directly after obtaining approval of the stores purchasing committee in regard to other items as well.

Where stores are purchased directly the following criteria should be followed in regard to preference in the purchases.

6.1 First preference for stores manufactured in sister government department/workshops.

6.2 Second preference in respect of standard items to fully owned government undertakings and corporations in respect of standard items. These corporations need not participate in tenders. In respect of Non-standard items, the

- 6.3 undertakings also have to participate in the tenders, if any, called by the departments.
- 6.4 The items reserved for the SSI units should be exclusively purchased from them. The list can be had from Director of Industries. These units have also been exempted from the requirement of Lodging earnest money and security deposit for these specified items for which they have been enlisted.
- 6.5 The goods manufactured in jails should be had from them only. They include furniture, stitching of khaki uniforms, attenders liveries, ammunition boots for officials of police fire services and prison departments, phenyl, navar etc., These items can be purchased from outside only after obtaining 'No stock certificate' from the jail department.
- 6.6 Modern office equipment such as computers etc., should be purchased only through the A.P. Technology Services Ltd.
- 6.7 The cloth requirements of offices towards livery etc., should be purchased from the APCO. Like wise the woolen carpets should be purchased only from A.P.State Wool Industrial Co-operatives Leather goods should be purchased from LIDCAP.
- 6.8 Steel furniture should be purchased solely from APSSIDC, while wooden furniture should be purchased from the jail department, the Government centers like PWD workshops, Furniture Mill cum mechanical wood work shop, Sanathnagar etc., Industries training center, Hyd should be given next preference.
- 6.9 Stitching of uniform should be entrusted to physically handicapped co-op tailoring industries. Caning of chairs and manufacturing of garden chairs should be entrusted to physically handicapped co-op cane and weaving society.(GO Ms.no.467 Fin& Plg dt. 9.7.90, GO Ms.No.770 Ind and Commerce dt.8.11.90, GO Ms.No.717 plg dt.20.12.85, GO Ms.No.106 GAD dt. 27.2.86, GO Ms.No.594 GAD dt.22.11.86.
- 6.10 **TENDERS:** Articles 125 deals with purchases through tender systems.
- 6.11 **SINGLE TENDER SYSTEM:** to be adopted in regard to purchases of a small order which does not exceed Rs.2000 and Rs.20000 if more than one kind of article is ordered at one time and propriety items.
- 6.12 **LIMITED TENDER SYSTEM** should be adopted when the limits for the single tender system are exceeded and the estimated value of the order is less than Rs.1,00,000/-. The open tender system should be followed in regard to purchase of stores of a value of Rs.1,00,000 and more.

When open tenders are called circular communication should be sent to dealers of repute apart from wide publicity in News papers, trade bulletins etc. A time gap of at least one month should be given between the date of notification of the tender and the last date for submission of tenders. If the lowest tender is passed over specific reasons therefore should be recorded(Art.125).

- 6.13 **STOCK ACCOUNTS:** Separate stock accounts should be maintained for expendables and non-expendables such as furniture, equipment etc.) Art.133.
- 6.13 **INSPECTION OF STORES:** Stores should be periodically inspected and action taken to regularize the short coming by recovery from concerned/write off etc.(art.139). The unserviceable articles should be identified and action taken for disposal and write off in the manner indicated in art.143 APFC vol.I.

WORKS

- 5.7. When a Government building is occupied by more than one department, the Revenue Department, if it is one of the occupants and otherwise the department which occupies the major portion of the building will be termed as the department which uses or required the building(art.151).

No work may be started without a proper estimate. The powers delegated to various departmental authorities to sanction expenditure on works are specified in Annexure 12 APFC vol.II. The following are the methods of execution of works (art.163)

- 7.1 **THE DEPARTMENTAL METHOD:** Where the department itself engages the necessary daily labour and procure necessary materials. This method is adopted when no contractor is available or when it is considered economical.
- 7.2 **PIECE WORK METHOD:** the piece worker agrees to execute a work at specified rates without reference to quantity and this is adopted in regard to petty works.
- 7.3 **LUMPSUM METHOD:** the contractor agrees to execute a complete work with the specification for a lump sum payment.
- 7.4 **SCHEDULE CONTRACT METHOD:** the contractor agrees to execute a work at fixed rates and the amount paid to him depending upon the quantity of the work.
- 7.4 **AGREEMENT:** No work which is to be executed under a contract should be started until an agreement is executed with the contractor (art.160).

- 7.5 **MUSTER ROLL** should be maintained in the manner prescribed/stipulated under art.172 APFC for all departmental works. The attendance of the work charged establishment and casual workers should be taken in the muster roll.
- 7.6 **MEASUREMENT BOOK** is the original record of actual measurement of the works executed and should be written in the manner laid down under art.175 APFC vol.I. It must be preserved with great care since it may have to be produced as evidence in a court of law in the event of legal disputes in regard to works.
- 7.7 **ADMINISTRATIVE APPROVAL AND TECHNICAL SANCTION:** Administrative approval means the formal acceptance by an administrative department of a proposal that PWD (R&B) or the Electricity Department, should incur a specified amount of expenditure on a specified work. Technical sanction means the order of a competent authority sanctioning a properly detailed estimate of the cost of a work to be carried out by PWD/Electricity Dept. after the Administrative approval is obtained (art 185APFC vol.I). For execution of works other than by departmental method the tender system should be followed (Art.192).

GRANTS IN AID

6. Art 211 deals with grants-in-aid. Every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. An utilization certificate should invariably be obtained for all grants and the checks envisaged under art.211 scrupulously exercised.

DEPOSITS

Government receives moneys in connection with the transaction of public business termed as deposits which are repaid to the parties concerned by repayment or otherwise. Any department of Government may receive such deposits. A large number of these relate to revenue administration or the administration of justice. No amount should be credited under a deposit head if it can properly be credited to some other known head in Government account. The criteria under art.267 and 268 should be followed in accepting deposits. The detailed procedure in regard to credit and repayment of deposits are laid down in T.R. 10 and TR 16 of APTC code Vol.I. the departments should reconcile the balances under deposits with the Treasury/Bank every month.

CARRIAGE OF CASH

7. The minimum precautions to be observed for safeguarding Government money i.e., the encashing of bills in remitting money from one office to another are stipulated in art.274-A. The staff members should be detailed for the purpose keeping in view the volume of cash involved.

LOSSES

11. In the event of losses in cash and stores, the departments should follow the detailed procedure under art.294-302 of the code. Departmental action should be pursued to see that the losses are made good and where this is impossible to get waiver by write off under orders of competent authority. The modus operandi of the loss should be investigated thoroughly to know the defects in the system, if any, which resulted in the loss and to ensure necessary remedial measures.

Delegation of powers as accorded in GOMs.No.490 GAD dt. 28.9.94 and G.O.Ms.No.389 GA (AR&T) dt.4.9.96 are as follows:

Item of expenditure	Sectt dept HODs/Dis t.Colle.	Regional offices	Dist.off.(other than D.C.'S)unit off
1. Maintenance of Motor Vehicles			
a. Light vehicles	20,000	10,000	10,000
b. Heavy vehicles	40,000	20,000	10,000
2. Purchase of stationery	20,000	5,000	2,500
3. Purchase of Steel, wooden furniture	40,000	10,000	2,000
4. Repairs to furniture	6,000	1,000	1,000
5. Rent for office building	Upto the ceiling of Rs.16,000 p.m. to all officers according to plinth area and rent assessment by R&B Dept.	2,000 P.M. Subject to rental valuation certificate of the roads and buildings dept.	1,000 P.M.
6. Purchase of bulbs and lamps	6,000	1,000	500
7. Light refreshments	Rs.50 at a time not		

	exceeding Rs.600 P.M.		
8. Books, maps and periodicals	Full powers	1,500 (P.Annum	600 p.a.
9. Repairs to typewriters(p.a.)	Full powers	1,00	1,000
10. Condemnation of Vehicles	Subject to Public Or area	Technical Works Transport	Scrutiny by Workshop Officer

S.No.	Item of expenditure	Collectors	Divisional Officers	Tahsildars/Mandal Officers
1.	Repairs to a. typewriters b. Duplicators	Full powers Full powers	1,000 1,000	500 1,000
2.	Organization of sports and games	10,000		
3.	Electrical installations a. For additional improvements alterations to each building apartment in the compound	20,000	1,000	1,000
	b. Improvements and alterations and new installations to new buildings	10,000	1,000	1,000
4.	Printing locally without referring to govt., press	20,000	5,000	1,000
5.	Visits of high personages	1,000 on each occasion subject to a ceiling of Rs.12,000	200 per occasion subject to a ceiling of Rs.2,500/-	200 per occasion subject to a ceiling of Rs.2,500/-
6.	Purchase of non-govt. publications relevant to law and Admn. Management	3,000		

(For circulation among the participants. Not to be quoted as authority)

G.O. Ms. No. 148, Fin, and Plg. (FW:ADMN.I.TFR), Dated 21-10-2000