

GOVERNMENT OF MANIPUR  
FINANCE DEPARTMENT  
(FINANCE COMMISSION CELL)

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OFFICE MEMORANDUM

Imphal, the 4<sup>th</sup> April, 2011

**Subject: Unadjusted AC Bills with respect to Departments of Government of Manipur and Guidelines for withdrawal of funds deposited under MH-8449-Other Deposits.**

No. 1/3/2009-FC (Pt): Attention is invited to Finance Department's Office Memorandum of even number dated 8<sup>th</sup> September, 2009 and 22<sup>nd</sup> February, 2010, regarding drawl of funds on Abstract Contingent (AC) Bills by several departments of the Government and the abnormal delay in submission of DCC Bills in contravention of the provisions of the Central Treasury Rules.

2. At the fag end of every Financial year, large amounts were drawn by different departments on AC bills to avoid lapse of funds and these funds were parked in major Head – 8449 Other Deposits under the Public account. The intent to permit these transactions was to preclude parking of funds in DDO Accounts which are banned except for salary transactions and to enable the departments to complete necessary formalities mandatory under General Financial Rules and Central Treasury Rules and then withdraw the amounts parked in the Public account for disbursal.
3. It has been brought to the notice of the government by the Accountant General that there are various irregularities committed in withdrawal of funds deposited under MH-8449-OD which are a result of non-compliance of financial rules. The irregularities have arisen as bills for withdrawal have been presented by the DDOs before the Treasuries and passed by the latter without supporting sub-vouchers such as cash memos of the materials/ machineries/ goods so purchased and non-deduction of VAT Sales tax etc by challans.
4. Such irregularities not only defeat the purpose of temporary parking of funds in MH-8449 but create opportunities for gross financial indiscipline and misutilisation of public funds. The General Financial Rules (GFR) do not allow any relaxation of time in settlement of AC Bills. The CAG has recommended that the releases should be staggered and maintained within manageable levels. Further, drawal of funds much in advance of actual requirement should be avoided.
5. The attention of the Departments are drawn to the following provisions of the General Financial Rules and Central Treasury Rules (Extracts at Annexure I):

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10/4/11

### General Financial Rules

- Rule 21 – General principles and standards of financial propriety.
- Rule 159 (1) & (2) – Advance payments to suppliers and part payments to suppliers.
- Rule 205 – Management of Contracts

### Central Treasury Rules

- Rule 205 – Submission of vouchers for every bill to be paid
- Rule 206 – Certificate of payment to be furnished in case it is not expedient to furnish vouchers.
- Rule 207 – Requirement of obtaining stamped receipts.
- Rule 208, 209, 210 and 211 – Mode of making a pay order and associated formalities.
- Rule 293-B – Deduction of VAT at source
- Rule 303 – Procedure for endorsement of Bills for direct payment to suppliers etc.
- Rule 309 – Submission of DCC Bills within one month of drawl on AC Bill

7. Taking into account the above position, the State Government have decided that henceforth withdrawal of funds from Major Head -8449 by Departments of the Government will be permitted only on compliance of the following conditions:

- (i) All bills presented before the Treasuries for withdrawal from MH-8449 should be accompanied by the relevant and requisite vouchers and sub-vouchers or certification in original in compliance with the above cited rules.
- (ii) VAT is deducted at source and credited to the receipt head before any payments are made to the suppliers/contractors for any purchase of materials/equipments/machineries etc.
- (iii) All leviable departmental/agency charges including VAT, Labour cess and contingency charges are also to be deducted specially in case of minor works done taken up by various departments of the Government;
- (iv) For all Bills encashed and disbursed from funds drawn from MH-8449, "Duplicate" vouchers duly authenticated by the DDO and Controlling Officer will be furnished as DCC Bills to the Accountant General within one week of the transaction towards settlement of AC Bills drawn for credit into MH-8449 originally.
- (v) In case of non-construction items, only those Departments which have furnished DCC Bills for the amounts drawn on AC Bills for the period from 2004-05 to 2010-11 will be allowed withdrawal from MH-8449-OD.
- \*(vi) In case of construction items, only those departments which have furnished DCC Bills for the amounts drawn on AC Bill and deposited with the Work Agency for that item of work will be considered for grant of permission for withdrawal from MH-8449-OD provided that in case of fresh construction work, 40% as the first instalment amount may be withdrawn on the basis of duly approved estimates and technical sanctions and subsequent amount in

two equal instalment of 30% each may be drawn on the basis of supporting vouchers and progress report of the earlier instalment amount drawn.

- (vii) For construction works which have not been completed, departments should furnish an action plan for completion of work (*in consultation with the work agency*) and submission of completion report. monthly accounts, vouchers, cash memos etc for the amount released and deposited with the work agency, failing which request for withdrawal from MH-8449-OD will not be entertained. Further departments shall strictly monitor compliance to the action plan by the work agency. Departments may recall para 5 (iv) of the O.M of dated 22/2/2010 which emphasized that penal interest will be charged from the work agencies for delay beyond the stipulated time schedule for completion of work.

These instructions shall take immediate effect and cover all cases of amounts lying under Major Head – 8449. The Treasury Officers shall not pass any Bill which does not comply with the above provisions of GFR, CTR and instructions contained herein this Office Memorandum.

  
( V.K.Dewangan)

Commissioner (Finance)  
Government of Manipur

Memo No. 1/3/2009-FC( Pt)

Imphal, the 1<sup>st</sup> April, 2011

Copy to:-

1. The Secretary to the Governor of Manipur. Raj Bhavan, Imphal.
2. The Secretary to the Chief Minister, Government of Manipur.
3. The Staff Officer to the Chief Secretary, Government of Manipur.
4. All Principal Secretaries, Government of Manipur.
5. All Commissioners/Secretaries, Government of Manipur.
6. The Accountant General, Manipur, Imphal.
7. All Heads of Departments, Manipur.
8. All Deputy Commissioners, Manipur
9. All Treasury Officers/ Sub-Treasury Officers, Manipur
10. Order Book/Guard File.

  
( V.K.Dewangan)

Commissioner (Finance)  
Government of Manipur