

MD-12
1500

GOVERNMENT OF PAKISTAN

MILITARY ACCOUNTS DEPARTMENT

MILITARY ACCOUNT CODE

REVISED EDITION 1950

LIST OF AGENTS IN PAKISTAN AND ABROAD FROM WHOM GOVERNMENT OF PAKISTAN PUBLICATIONS ARE AVAILABLE

I.—INLAND

1. PROVINCIAL GOVERNMENT BOOK DEPOTS:—

North-West Frontier Province:—

Manager, Government Printing and Stationery, N.-W. F. P., Peshawar.

Sind:—

Superintendent, Sind Government Book Depot and Record Office, Kara (Saddar).

Punjab:—

Superintendent, Government Printing, Punjab, Lahore.

2. PRIVATE BOOK-SELLERS:—

East Bengal:—

Messrs. The Pakistan Co-operative Book Society Ltd., Chittagong.

Messrs. Kohinoor Library, Ander-kill, Chittagong.

Messrs. Burhani Paper Mart, 11 Bangla Bazar, Dacca.

Messrs. Qazi Khurshid Mustafa, 23-Rajani Choudhry Road, Gandaria, Dacca.

North-West Frontier Province:—

Messrs. Ferozsons, 35, The Mall, Peshawar.

Karachi:—

Messrs. Aero Stores, 170, Napier Road, Karachi.

Messrs. Ferozsons, Bunder Road, Karachi.

Messrs. Kitabistan, Ltd., 18, Hotel Metropole, Victoria Road, Karachi.

Messrs. Pioneer Paper and Stationery House, 1, Avan Lodge, C.P. Medical College, Bunder Road, Karachi.

Messrs. Windsor Book Stall, Elphinstone Street, Karachi.

Messrs. Burhani Paper Mart, Campbell Street, Karachi.

Messrs. Pakistan Law House, opposite Small Causes Court, Karachi.

Messrs. Bookland, Bunder Road, Karachi.

Sind:—

Messrs. Educational Book Depot, Stationers and Book Sellers, School Hyderabad, Sind.

Punjab:—

Messrs. Danishmand & Co., Kar Khana Bazar, Lyallpur.

Messrs. Ferozsons, The Mall, Lahore.

Messrs. The Punjab Religious Book Society, Anarkali, Lahore.

Messrs. Nawai Waqt Publications, Ltd., Lahore.

Messrs. Manzoor & Co., (Pak) Ltd., 6, The Mall, Lahore.

Messrs. A. M. John & Co., Katchery Road, P. B. No. 297, Lahore.

Messrs. The Publishers United Ltd., 176-Anarkali, Lahore.

II.—FOREIGN

The Embassy of Pakistan in Afghanistan, Kabul.

The High Commissioner for Pakistan in Australia, Dalton, 115, Pitt Street, Sydney.

The Embassy of Pakistan in Burma, Rangoon.

The High Commissioner for Pakistan in Canada, Ottawa.

The Embassy of Pakistan in Egypt, Cairo.

The High Commissioner for Pakistan in India, New Delhi.

The Ambassador of Pakistan in the U. S. of Indonesia, Hotel Wani, Jakarta.

The Embassy of Pakistan in Iran, Tehran.

The Legation of Pakistan in Iraq, Baghdad.

The Legation of Pakistan in Saudi Arabia, Jeddah.

The Minister for Syria, Lebanon and Jordan, Legation of Pakistan, Abu Raumanah, Damascus.

The Embassy of Pakistan in Turkey, Ankara.

The High Commissioner for Pakistan in United Kingdom, 34-35, Bedford Square, London, S.W.1.

The Ambassador of Pakistan to the U. S. A., 220-1, R Street, North-West, Washington, D. C.

The Ambassador of Pakistan in the U. S. S. R., 71, Sadovaya Street, Moscow.

The Embassy of Pakistan in France, 107, Boulevard Paribas, Paris.

The Embassy of Pakistan in the Netherlands, No. 3, Plein, The Hague.

The Legation of Pakistan in Italy, 15, Via Giuseppe Mezzanotte, Rome.

PREFACE

The constitutional changes brought about by the partition of the Indo-Pakistan sub-continent rendered it necessary to undertake the revision of the accounting rules contained in the Military Account Code (Provisional Issue—1942 Reprint) to suit the requirements of the arrangements obtaining in Pakistan. The revised rules are now issued in this volume of the Military Account Code which is divided into the following parts:—

Part I describes the accounting functions of the Controllers of Accounts in relation to the Defence Services Accounts, the general principles and methods of accounts, rules governing classification in Government Accounts of the Defence Services receipts and charges and the directions regarding inter-departmental transfers. The rules made by the Governor-General regulating adjustment between Governments, of certain important categories of charges and receipts which have been accepted by all Governments are given in Appendix II.

Part II deals with the rules of procedure applicable to and the detailed instructions relating to the treatment of Exchange Accounts including that with the Chief Audit and Account Officer to His Excellency the High Commissioner for Pakistan in the United Kingdom.

Part III describes the processes employed in the several Defence Account Officers preliminary to the mechanical preparation, on their behalf, of the periodical classified statements, by the Central Compilation Office on Hollerith Tabulating Machines, and the checks exercisable by the Defence Account Offices on the accuracy of the printed compilations.

Part IV contains certain provisions of a miscellaneous character relating to the Defence Accounts which could not be accommodated under any of the specific headings of the chapters comprising the foregoing three parts.

2. The rules relating to the pro-formae accounts of the Pakistan Army Ordnance and Clothing Factories and Cost Accounting-Pakistan Naval Dockyard—which do not strictly fall within the scope of the regular accounts of the Defence Services have been relegated to Appendix IV and Appendix V respectively.

3. Supplementary instructions in regard to the preparation of the Accounting Media have also been incorporated in the shape of an Appendix.

4. A thorough revision has been made of the plan in the old Military Account Code, the various parts and chapters whereof have been reorganised and re-arranged in order that the subjects treated therein may be developed more logically.

5. In bringing out this volume, the simplification and clarification of the accounting processes and instructions have been prominently kept in view. The opportunity has also been taken of making the Military Account Code as self-contained as possible by including certain essential technical matters which were not previously embodied in it but were contained either in Account Code Volumes I and IV or other departmental notifications and circularised orders and decisions, with a view to eliminating the necessity of reference to other books in the course of the

11 MAG

normal conduct of business in the Defence Account Offices. The Controllers shall, nevertheless, do well to appreciate the propriety of citing reference to the provisions in the appropriate Civil books where such provisions exist in these books, instead of the relevant paras. in the Military Account Code, in the course of their correspondence with authorities outside the Defence Department.

6. Amendments to this Code can be made only by the Military Accountant General with the concurrence, where necessary, of the Ministry of Finance (Military) or the Auditor General, as the case may require. The Military Accountant General will welcome any suggestions for amendment or improvement that may be made for his consideration by the Defence Account Officers.

S. A. SIDDIQI,
Military Accountant General (Pakistan).

RAWALPINDI;
The 18th May 1950.

ABBREVIATIONS

A. F.	.. Air Force.
A. G.	.. Accountant General.
C. A. A. F.	.. Controller of Accounts, Air Forces.
C. A. F. A.	.. Controller of Army Factory Accounts.
C. C. O.	.. Central Complication Office.
C. M. A.	.. Controller of Military Accounts.
C. N. A.	.. Controller of Naval Accounts.
F. C. M. A. (O. Rs.)	.. Field Controller of Military Accounts (Other Ranks).
H. Section	.. Hollerith Section.
I. D. Sch.	.. Inter-departmental Schedules.
M. A. G.	.. Military Accountant General.
M. E. S.	.. Military Engineering Services.
M. R. O.	.. Military Receivable Order.
P. A. F.	.. Pakistan Army Form.
P. M.	.. Punching Medium Media.
R. P. A. F.	.. Royal Pakistan Air Force.
R. P. N.	.. Royal Pakistan Navy.
R. T. R.	.. Remittance Transfer Receipt
T. E.	.. Transfer Entry.
U. A.	.. Unit Accountant.

DEFINITIONS

In this Code, unless repugnant to the context, the following terms and expressions shall have the meanings respectively assigned to them hereunder :—

- "Account" in the financial sense, means a statement of facts relating to money, or things having money value.
- "Accountant General" means the head of an office of accounts subordinate to the Auditor General of Pakistan whether known as Accountant General, Comptroller or by any other designation.
- "Auditor General" means the Auditor General of Pakistan.
- "Civil Account Officer" means an Account Officer subordinate to the Auditor General and unless otherwise specified includes Accountant General Posts and Telegraphs and Railway Accounts Officers.
- "Comptroller"—See "Accountant General".
- "Controller"—See "Defence Account Officer".
- "Defence Account Officer" means head of an office of Accounts subordinate to the Military Accountant General, whether known as Controller of Military Accounts, Controller of Naval Accounts, Controller of Accounts Air Forces, Controller of Army Factory Accounts, Controller of Military Accounts and Pensions, Field Controller of Military Accounts or by any other designation.
- "Defence Services" includes Army, Air Forces and Navy.
- "Financial year" of the Government of Pakistan runs from the first of April to the 31st of March, and the accounts of a year embrace the transactions pertaining to a financial year.
- "Military" includes Military Engineering Services, Air Forces and Navy, unless the context otherwise implies.
- ✓ "Public Account" means the consolidated fund into which moneys received on account of the revenues of the Government are paid or credited and from which all disbursements of or on behalf of the Government are met.
- "Sub-Account/Audit Officer" means an account officer who performs accounting/audit functions on behalf of another Account/Audit Officer.
- "The Bank" means the State Bank of Pakistan or any of its offices or branches and includes any other Bank in Pakistan for time being acting as the agent of the State Bank of Pakistan (in accordance with the State Bank of Pakistan Act).
- "Transactions" mean the facts that are incorporated in accounting records.
- "Treasury" includes a sub-treasury.

LIST OF APPENDICES

	Page
APPENDIX ¹²⁰ (I). The more important points to be seen during the course of the review of compilations for the closing months of the year ..	101
APPENDIX II. Principles and Rules regulating the distribution of certain charges and receipts between Governments ..	102—107
APPENDIX ¹²⁰ (III). Detailed instructions for the preparation of Punching Media ..	108—117
APPENDIX IV. Instructions for the maintenance of Performance Accounts of Army Ordnance and Clothing Factories ..	118—120
APPENDIX V. Instructions relating to Cost Accounting—Royal Pakistan Naval Dockyard ..	121—130
APPENDIX VI. Allocation between Pakistan and India of the initial liability in respect of Central Pensions	131

ix CONTENTS

	Para.	Pages
Abbreviations	iii
Definitions	v

PART I. GENERAL PRINCIPLES AND METHODS OF ACCOUNTS

Chapter 1. Functions of controllers in relation to Defence Accounts.	1 to 14	1-3
Chapter 2. General outlines of the system of Accounts	15 to 24	4-7
Chapter 3. General Principles & Method of Accounts	25 to 60	8-18
Chapter 4. Deposits	61 to 84	19-22
Chapter 5. Advances	85 to 115	23-28
Chapter 6. Transfer Entries	116 to 128	29-30
Chapter 7. Exhibition of recoveries of expenditure in Government Accounts.	127 to 133	31-32
Chapter 8. Exhibition of losses in Government Accounts	134 to 142	33-34
Chapter 9. Inter-Departmental Transfers	143 to 160	35-37

PART II. EXCHANGE ACCOUNTS

Chapter 10. General Rules and procedure applicable to Exchange Accounts.	161 to 191	38-44
Chapter 11. Adjustments with Foreign Governments and States acceded to Pakistan.	192 to 206	45-46
Chapter 12. Form & treatment of Civil Exchange Accounts	207 to 261	47-57
Chapter 13. Special procedure applicable to Military Exchange Accounts.	262 to 280	58-63
Chapter 14. Form and treatment of Exchange Account between High Commissioner for Pakistan in London and Military Accountant General.	281 to 315	63-72

PART III. COMPILED AND CONSOLIDATION OF ACCOUNTS

Chapter 15. Compilation and consolidation of accounts	316 to 340	73-77
Chapter 16. Check of classification and Review of Compilations	341 to 350	78-79
Chapter 17. Military Ledger	351 to 360	80-81
Chapter 18. Verification of balances	361 to 380	82-85

PART IV. MISCELLANEOUS

Chapter 19. Budget Estimates	381 to 390	86-89
Chapter 20. Control of expenditure and re-appropriation	391 to 409	90-93
Chapter 21. Miscellaneous provisions	410 to 430	94-98
APPENDICES	101-131
INDEX	135-145
CONCORDANCE	149-153

MILITARY ACCOUNT CODE

PART I.

General Principles and Methods of Accounts

CHAPTER—1

Functions of the Controllers in Relation to Defence Services Accounts

INTRODUCTORY

1. The Initial and Subsidiary Accounts Rules made by the Governor General relieve the Auditor General from the responsibility of keeping accounts of the Defence Services without derogating from his power to prescribe the form in which such accounts shall be rendered to him and in which the initial accounts from which the accounts so rendered are compiled or on which they are based shall be kept.

2. For the sake of practical convenience, the forms of accounts, including appropriation Accounts, relating to the Defence Services, whose accounts are not kept by the Auditor General (Paragraph ante refers) may be determined by the Military Accountant General and the provision referred to in the preceding paragraph will be deemed to have been satisfied if the forms so determined are not questioned by the Auditor General *cum* Governor General.

Notes.—1. The Ministry of Finance (Military) may require any information which can be derived from the accounts maintained in a Defence Account Office, and for this purpose the Defence Account Officer may find it necessary on some occasions to make slight modifications in the forms of accounts. All changes in the prescribed forms and procedure should be referred to the Military Accountant General.

2. All returns, accounts and statements required by the Auditor General shall invariably be prepared in the forms prescribed by him.

3. With the Military Accountant General as its head, the Pakistan Military Accounts Department is responsible to the Governor General, through the Finance Department (Military) of the Government of Pakistan, that suitable accounts are maintained in respect of the three arms of the Defence Services, viz., Army, Air Forces and Navy. The Pakistan Military Accounts Department is constituted of several Defence Account circles each controlled by an independent Account Officer, commonly known as the Controller, directly responsible to the Military Accountant General in the matter of accounts arising in his account circle.

General duties of Controllers

4. The main duties of a Controller as an Accounting Officer are :—

- (1) To collect accounts of all the Receipts and Disbursements of his circle of Accounts ;
- (2) to transfer to other Account circles the items pertaining to them which originate in his circle, and adjust in his accounts the items transferred to him by other Account Officers ;

2 case
(3) to furnish necessary material to the Central Compilation office, also known as the Hollerith Section, in the manner prescribed in Chapter 15 of this code for making up on his behalf a monthly detailed account for his Account circle.

5. Each Controller is responsible for the accuracy and efficient working of the numerous processes of which the monthly account is the outcome. He should keep himself thoroughly acquainted with the progress of Receipts and Expenditure, so as to be able at once to bring to notice any matter demanding attention. He is charged with the administration of those numerous matters, in his circle, of which Government is either Debtor or Creditor; and it is his duty to see that proper accounts are kept of all those transactions and that due measures are taken for their adjustment. He exchanges accounts with other Accounts Officers (see chapter 10) and it is his duty to see that these accounts are promptly cleared. The Controller has the care of the pecuniary relations of the Defence Services with other Governments, Departments, individuals and bodies, and for this purpose he has not merely to keep the accounts but also to watch and in certain cases direct the matters out of which the accounts arise.

6. Each Controller is responsible to the Military Accountant General that transactions between him and other Account Officers appearing in the Exchange Accounts are speedily adjusted and are not left outstanding for an unduly long period.

7. The Controllers should seek the intervention of the Finance Department (Military) of the Government of Pakistan, through the Military Accountant General in cases in which the forms of initial or other accounts or of bills and vouchers prescribed by competent authority, are deviated from.

New Returns

8. No requisition for submission to a Defence Account Office of a new account return should be issued by the Controller without reference to the Military Accountant General and if the requisition is on an officer not under the control of the Controller, the views of the local authorities should first be obtained.

Miscellaneous

9. All communications on matters affecting the classification of Receipts and Charges and on forms and procedure relating to accounts should always be addressed to the Military Accountant General. Controllers shall not address the Military Finance Department or the Auditor General direct, except on routine matters.

10.

11.

12.

13.

14.



মোঃ রফিকুল ইসলাম
স্ব. স্ব. বিক্রম
এ.জি.বি. সিনিয়র পোস্ট অফিসের সাহেব
এ.জি.বি. দক্ষিণ পোস্ট, ঢাকা-১০০০
ফোনঃ-০১৮১৯-৪৬৬১২৯, বাসাঃ- ৬৫০৩২৬

CHAPTER 2

General outlines of the system of accounts

INTRODUCTORY

15. The Central Government and each Provincial Government have separate Public Accounts of their own into which moneys received on account of the revenues of the Central Government or of the Province are paid or credited and from which all disbursements of, or on behalf of, the Central Government or of the Province, are met.

16. The Central Government and each of the Provincial Governments have made separate arrangements with the State Bank of Pakistan by virtue of which the general banking business of these Governments (in which business is included the receipt, collection, payment and remittance of moneys on behalf of Government) is carried on and transacted by the Bank. Central or Provincial Government business is transacted at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed. The Central Government, including the Defence Services, as a general rule, operates on every office and branch of the State Bank of Pakistan.

17. Cash balances held in a Provincial treasury form part of the Public Account of the Province to which the treasury belongs. The Treasury Rules issued by each Governor, however, provide that moneys may be received and payments may be made on behalf of the Central Government, including Defence Services, by a Provincial treasury situated at a place where the treasury business is not conducted by the Bank, such receipts and payments being taken in the first instance against the cash balance of the Province concerned.

General Outlines of the System of Accounts

18. The following are in brief the general outlines of the system of accounts of the Defence Services of the Government of Pakistan:—

- (a) All receipts on behalf of the Defence Services of the Government of Pakistan are paid into a Treasury or the Bank. The initial accounts of such receipts are not maintained at the Treasury. The sums are paid into the Treasury in lump and are accounted for by the Treasury merely as receipts on behalf of the Defence Services. The initial and detailed accounts of such receipts are kept by the officers concerned of the Defence Services.
- (b) All payments on behalf of the Defence Services of the Government of Pakistan are ordinarily made either at a treasury or at the Bank, by means of cheques, etc., drawn by officers of the Defence Services (including Military Accounts Department); some Defence Services departmental officers are, however, authorised to withdraw sums in lump from a Treasury or the Bank by cheques, etc., for making payments. The payments are treated by the Treasury merely as payments on behalf of the Defence Services and the initial and detailed accounts of the payments are kept by the officers drawing the moneys by cheques, etc.

Note.—Except in certain specific cases, where disbursing officers of the Defence Services are allowed cash assignments on treasuries, all payments are made by cheques etc., drawn by the Military Accounts Department.

- (c) The officers referred to in clauses (a) and (b) above render the accounts of their transactions to the Defence Accounts Officers concerned.

5

- (d) Officers who are in charge of stores prepare stores accounts for audit by their respective Audit Officers.

Note.—In the case of supply and store depots, the store accounts are checked by the staff of the Pakistan Military Accounts Department, from vouchers and other documents furnished by the executive.

- (e) Accounts received from officers, *vide* clause (c) above, the receipts and payments authorised by the Military Accounts Department, and other transactions passed on for adjustment by other Account Circles, are classified in the Account Office under the rules in Chapter 10, and the Punching Media embodying the classification so made are transmitted to the Central Compilation Office (Hollerith Section).

Note.—Transactions of the Units and formations, to which Accountants of the Pakistan Military Accounts Department are attached, are classified under the appropriate heads of account by such Accountants. While the Punching Media embracing the transactions of the Military Engineering Service are transmitted to the Hollerith Section direct by the Unit Accountants attached to the M. E. S. Divisions, in other cases these are submitted to the 'H' Section through the respective Audit Sections of the Defence Account Office concerned. In such cases, their accuracy is also checked by the audit sections concerned.

- (f) The Punching Media received in the Central Compilation Office (Hollerith Section) are abstracted month by month under the appropriate heads of accounts classification in Sectional compilations according to the various sections of each Account Office concerned.
- (g) The sectional compilations of the various Defence Account Circles are further consolidated month by month into one compilation of the Defence Services for the whole country and submitted to the Government of Pakistan, Military Finance Department. The final consolidated account submitted to the Government is styled as "The All Pakistan consolidated compilation of the Defence Services Receipts and Charges". (See Chapter 15).
- (h) The consolidated annual accounts of the Defence Services are submitted to the Auditor General of Pakistan by the Military Accountant General.

Combined Finance and Revenue Accounts.

19. The Auditor General consolidates the annual accounts of all Account offices in Pakistan, as well the accounts of the transactions effected by its diplomatic representatives abroad, which are booked against the respective heads of account in the accounts rendered by them into one annual account for the whole of the country. This consolidated annual account which is called the "Combined Finance and Revenue Account of the Government of Pakistan" presents the transactions of the Central Government and Provincial Governments side by side classified under the several major and minor heads of accounts classification, thus incidentally enabling a comparison to be made for statistical or other purposes, of receipts and expenditure of the several Governments pertaining to each branch of Administration or to activities of a similar nature. The portion of the Finance and Revenue Accounts relating to the Defence Services is prepared by the Military Accountant General and forwarded to the Auditor General for incorporation in the "Finance and Revenue Accounts".

20. All returns and statements for the Finance and Revenue Accounts must be prepared in the forms prescribed by the Military Accountant General and submitted to reach him by the 1st September each year, and in all matters relating to these accounts the Military Accountant General's instruction should be strictly followed, as it is essential that there should be uniformity in the returns and statements furnished by the several Controllers.

Accounts between different Account Circles

21. All transactions arising in the accounts of a Defence Account Officer which are adjustable in the books of Civil Accountants General or another Defence Account Officer, are passed on to the latter for adjustment through the Exchange Accounts. If any such transaction has to be adjusted against the balance of a Provincial Government, the money settlement in respect of its is effected by the Accountant General of the Province to whom the transaction is passed. Civil Account Officers also utilise the medium of Exchange Accounts for passing on Defence Services transactions which are adjustable in the books of a Defence Account Officer.

Transactions of the Defence Services taking place in the United Kingdom excepting those representing genuine Sterling assets and liabilities of the Central Government are passed on to Defence Account Officer concerned through the Military Accountant General monthly through the Account current between England and Pakistan for adjustment against appropriate heads of Account in the Defence Services Books.

Transactions of the Defence Services taking place in a foreign country other than the United Kingdom, are passed on to the Defence Account Officer concerned through Exchange Accounts of the Account Officer in Pakistan with whom the particular foreign country is in account for adjustment under appropriate heads of account in the books of the Defence Services.

The monthly accounts of each Defence Account Circle thus include not only the receipts and disbursements of the circle but also receipts and expenditure in the United Kingdom, other foreign countries, and all credits and debits passed on to it for adjustment by other account circles in Pakistan.

Appropriation Accounts

22. The form of Appropriation Accounts which the Controllers are required to prepare and submit to the Military Finance Department is not dealt with in this code. The instructions relating to the preparation and submission of such accounts are included in the Military Audit Code. The object of these accounts is to relate the expenditure brought into account during a financial year to the several items specified in the authenticated schedules of authorised expenditure. As no special process of accounting is involved in the preparation of Appropriation Accounts they should be regarded as complementary to the accounts of annual receipts and disbursements.

Proforma Accounts

23. The operations of some departments of the Defence Services sometimes include undertakings of a Commercial or a quasi-commercial characters, e.g., Army Ordnance and Clothing Factories or Naval Dock Yards. Even though these may be maintained almost entirely for the benefit of the Defence Services, it is still necessary that the financial results of the undertakings should be expressed in the normal commercial

form so that the cost of the service or undertakings may be accurately known. This implies the maintenance of suitable capital, manufacturing, Trading, Profit and Loss Accounts and as the Government system of accounts, being on a purely cash basis, is unsuitable for such commercial accounts, these are usually kept on a pro-forma basis outside the general accounts of the Defence Services. The actual transactions entering these pro-forma accounts, except these adjusted on a liability basis, find a place primarily in the regular accounts and the commercial accounts are additional as well as separate.

The rules relating to pro-forma accounts for Ordnance and Clothing Factories and Naval Dock yard Accounts are laid down in Appendix IV and Appendix V respectively.

CHAPTER 3

General

Period of Accounts

25. The annual accounts of the Defence Services which the Military Accountant General is required to render to the Government [Paragraph 18 (g) refers] shall record transactions which take place during financial year running from 1st of April to 31st of March. Similarly the position of the Combined Finance and Revenue Account of the Government of Pakistan, relating to the Defence Services, which the Military Accountant General is required to furnish to the Auditor General, *vide* paragraph 19 ante, shall record transactions of the Defence Services for the same period.

Note.—The Government accounts of a financial year may be kept open for a certain period in the following year for completion of the various accounting processes *inter alia* in respect of the transactions of March, for the carrying on of certain inter-departmental adjustments, and for the closing of the accounts of several Provident Funds and Suspense Heads. Adjustments may also be made after the close of the year owing to mispostings and misclassifications coming to notice after the 31st March. An actual transaction taking place after 31st March should not, however, be treated as pertaining to the previous financial year even though the accounts for that year may be open for the purpose mentioned above.

Cash Basis of Accounts

26. With the exception of such book adjustment's as may be authorised by any rules included in this code or by any general or special orders issued by Government after consultation with the Auditor General, or the Military Accountant General, as the case may be, the transactions in the account of the Defence Services shall represent the actual cash receipts and disbursements during a financial year as distinguished from amounts due to or by Government during the same period.

Currency in which Accounts are kept

27. The accounts of Government kept in Pakistan shall be maintained in Pakistan Currency. With the exception of transactions representing certain genuine sterling assets and liabilities of the Central Government, all transactions of the Government taking place in the United Kingdom shall be passed on monthly to Pakistan through the Account Current of the Pakistan High Commissioner in London and brought to account finally in Pakistan books after they have been converted into Pakistan Currency. This procedure will apply *mutatis mutandis* to transactions of the Central Government of Pakistan arising in such other countries as are in diplomatic relations with Government.

Main Divisions of Accounts

28. The four main divisions of Government accounts shall be:—

- (1) Revenue,
- (2) Capital,
- (3) Debt, and
- (4) Remittance.

The Revenue Division shall deal with the proceeds of taxation and other receipts classed as Revenue and the Expenditure therefrom.

The Capital Division shall deal with expenditure met usually from borrowed funds, such expenditure being incurred with the object either of increasing concrete assets of a material character or of reducing

recurring liabilities such as those for future pensions by payment of the capitalised value, and also final receipts of a Capital nature intended to be applied as a set-off to Capital Expenditure.

The Debt Division shall comprise receipts and payments in respect of which Government becomes liable to repay the moneys received or has a claim to recover the amounts paid together with repayments of the former and recoveries of the latter. These receipts and payments are respectively termed as "Deposits" and "Advances" and the various classes whereof are described in Chapters 4 and 5 of this Code.

The Remittance Division shall embrace all merely adjusting heads, under which shall appear items in transit between different Account Circles in Pakistan including the Account Department of the High Commissioner for Pakistan in United Kingdom as well as the Account Department of the diplomatic representative of the Government of Pakistan in any other foreign country which may hereafter be set up on a regularly organised basis. The initial debits or credits to the heads in this Division will be cleared eventually by corresponding receipts or payments either within the same or in another circle of account.

Major, Minor and Detailed Heads

29. Inside each of the four divisions mentioned in paragraph 28 ante, the transactions shall be grouped into sections which shall be further sub-divided into Major Heads of Account.

30. Transactions of the Defence Services which are of the nature of Revenue Receipts and Expenditure, also known as *Service* Receipts and Charges, are classified in the Defence Services Books under Major Heads XLVII-58 Defence Services—Effective and XLVIII-59 Defence Services—Non-effective, Roman numerals being employed in the Receipt side and Arabic on the Charge side. Defence Services Capital Outlay transactions are classified under the Major Head 86—'Defence Capital Outlay'. Each of the Major Heads, specified above, represents the main unit of classification and is divided into main Heads, sub-divided into Sub, Minor and detailed heads.

31. The detailed classification of the Major heads referred to in the preceding paragraph will be as given in the Classification Hand Book of Defence Services Receipts and Charges.

32. The detailed classification of other account heads used in the Defence Services accounts will be as given in the Pamphlet of Revenue, Debt and Remittance Heads.

33. The introduction of any new head as well as the abolition or change of the nomenclature of any of the existing Main, Sub, Minor or Detailed heads shall require specific sanction of the Military Accountant General.

34. In all accounts, forms and statements, the Main, Sub, Minor and Detailed heads must be arranged in the exact order shown in the publication referred to in paragraph 31 ante.

In respect of the heads of account, the prescribed classification should be observed strictly, exact uniformity being essential, even in regard to nomenclature.

35. The classification of all Receipts and Charges shall be noted on the Punching Medium—'PAF' (CMA)-336 to be securely attached to the relevant accounts, schedules or vouchers, a copy of the Punching Medium being sent to the Hollerith Section under the rules in Chapter 15 of this Code.

L1MAG

Classification of transaction in Accounts

General limitations

36. The Governor General after consulting the Auditor General, has the power to issue any general or special orders as to the head of accounts under which any specified transaction or transactions of any specified class is or are to be included. All rules of classification laid down in this code shall not only be subject to the observance of this condition but shall also be subject to the instructions regarding inter-departmental transfers contained in Chapter 9 and to any other rules or orders which have been or may be issued to regulate adjustments between Governments. Rules regulating adjustments between Governments of certain important categories of Receipts and Charges which have been accepted by all Governments are contained in Appx. II.

Note.—Whenever provision made in the estimate of receipts and expenditure framed by Government or in any other order of appropriation does not conform to the recognised rules of classification prescribed in this Code, the corresponding receipts and expenditure should be brought to account against the particular Major or Minor head or other Unit of appropriation under which the provision is made unless there be strong reasons for a contrary course, as for instance, when such accounting would be contrary to law. Government should, however, be advised to rectify the error in the estimates of the following year unless it agrees to give effect to the correct classification in the accounts of the current year in view of the substantial amounts involved or where the misclassification affects the accounts of commercial departments or allocation between Capital and Revenue heads.

General Principle of Classification

37. As a general rule the classification of transactions in Government Accounts shall have closer reference to the department in which the revenue or expenditure occurs, than to the object of the revenue or expenditure, or the ground upon which it is sanctioned.

Example.—Expenditure in the M.E.S. on buildings which are under its administrative control but which are required by a non-commercial branch of the Defence Services has to be charged as M.E.S. Expenditure and may not be classified as a charge to the Units/Formations actually using the buildings. The cost of such buildings for the Air Forces, Navy, Army Ordnance and Clothing Factories and Military Farms is however classified as a charge to the respective departments and not to the M.E.S.

Note.—As exceptions to the above rule certain departments are allowed to charge for supplies made or services rendered to other departments. The detailed rules are given in Chapter 9 of this code and in the Financial Regulations, Defence Services.

Important General Orders Governing Classification

Pay and allowances (other than Travelling Allowances) of Government Servants

38. The classification of pay and allowances other than travelling allowances of Government servants will be governed by the following rules:—

- (1) The whole pay and allowances of a Government servant holding a post substantively or in an officiating capacity should be taken against the department and the post in which he is actually serving. This direction need not, however, be rigidly applied in the case of ministerial Government servants acting in other posts in the same office establishment; nor shall it apply to cases governed by special direction issued by Government.

- (2) When a Government servant whose main duties and post fall under one head of charge is entrusted with additional or subsidiary duties coming under another head, no portion of his pay and allowances shall be debited to the latter head. This rule shall not apply to separate fixed allowances for additional duties, nor shall it apply to cases governed by special Directions issued by Government.
- (3) The transit pay and allowances of a Government servant proceeding to join an office on first appointment, or on transfer, either permanently or as a temporary measure, or on reversion from one department to another, should, in the absence of special orders to the contrary, be debited to the office to which he is proceeding.

Notes.—1. The transit pay and allowances, both ways, of officers of the Defence Services lent to Civil (including Railway) Departments or vice versa, are debitable to the borrowing Government. This principle shall apply even in cases where the Government servant takes leave either before joining the borrowing Department or before rejoining the lending department and shall hold good in respect of joining time admissible under the Service Rules applicable to him. Cases of permanent transfers between Defence Services and Civil (including Railway) Departments shall, however, be governed by the substantive rule in clause (3) above.

For purposes of this note, officers of the late Indian Medical Services in civil employment should be regarded in all cases as lent to the Civil Department.

2. The transit pay and allowances both ways, of a Government servant transferred from one Government to another or to foreign service will be adjusted in such manner as may be mutually agreed upon by the Governments concerned or as may be laid down in the appropriate Service Rules. See also Section I in Appx. II.

Travelling Allowances

39. The travelling allowance of a Government servant shall be classified in the accounts in accordance with the following rules:—

Save as provided below and subject also to the directions given by the Auditor General to regulate adjustments between different departments of Government, the travelling allowance of a Government servant on whatever duty he may be employed shall be debited to the same Major head as his pay.

In the following cases, the travelling allowance of a Government servant may be debited to a head different from that to which his pay is debited:—

- (1) In cases where a Government servant is required to travel on duty connected with an outside body or fund;
- (2) When Government considers it necessary to show separately the cost of a special service; and
- (3) In cases covered by general or special orders of Government authorising a deviation from the general rule.

Pensions

40. The following rules indicate the incidence of Pensionary Charges:—

I. Pensions sanctioned before 1st April 1921—Pensions sanctioned by the Military or Navy Departments should be debited to the Main Head 1 or 3 of Major Head 59—Defence Services—Non-effective.

Note.—In the case of Pensions sanctioned before 1st April 1921, but revised after that date, the revision should not be taken as creating a new sanction and the incidence should therefore remain unchanged.

II. Payments sanctioned by the Military or Navy Departments on or after 1st April 1921 :—

(a) Payments outside India—

- (i) If the officer served only under the Army or Navy Department, the pension is chargeable to Main Head 1 or 3 of Major Head 59—Defence Services, Non-effective.
- (ii) If he has served under the Central Government (Civil) one or more local Governments of Governor's Provinces, the pension will be divided among the Defence Services (non-effective) Estimates (Heads 1 and 3) and the Central (Civil) Estimates and local Governments in proportion to the length of service under each.

(b) Payments made in India—

- (i) If the officer served only under the Army or Navy the pension is chargeable to Main Head 1 or 3 of Major Head 59—Defence Services, Non-effective.
- (ii) If an officer has served both under the Army or Navy Department and the Central Government (Civil) or one or more local Governments, the Defence Services, Non-effective Estimates Head 1 or 3 will be debited with the proportionate share of the pension determined by mere length of service, of the balance, a portion proportionate to the length of service under the Central Government will be debited to the Central Government (Civil) (Civil Estimates), the balance being debited to the local Government under which the officer was serving prior to his transfer to the Government of India.

Notes.—1. If an officer having served in the Army or Navy Departments, is transferred to the Central Government (Civil) or a local Government, from the service under which he retires, a proportionate share of his pension is debited to Main Head 1 or 3 of Major Head 59—Defence Services, Non-effective.

2. For the purpose of the above rules, service in a Civil Department, the expenditure of which was classified under a wholly Provincial Imperial head on 31st March 1921, but is classified under a wholly Central Provincial head after that date, should be treated as under the Provincial/Central Government till 31st March 1921 and thereafter under the Central/Provincial Government.

As regards service in a Civil Department the expenditure of which was divided between Imperial and Provincial revenues upto 31st March 1921 it should be treated as Central or Provincial according as the head in question became Central or Provincial subsequent to 31st March 1921.

Public Works establishments should be considered as belonging to a "divided" department upto 31st March 1921.

- (c) Special additional pensions whether paid in or outside India—Special additional Pensions will be treated as separate items and distributed according to length of service between the different Governments under which the service by which the additional pension was earned was rendered.
- (d) Civil Servants who were placed on military duty during the War shall be deemed to have been serving under the Government of India for the period of that duty.

III. When an adjustment has to be made under these rules between two or more Governments, it may be made either by the payment in

lump or in instalments of the commuted or capitalized value of a Pension, or in accordance with any special arrangements which may be concerted between the Governments concerned :—

Notes.—1. The apportionment of every newly sanctioned pension as determined by the above rules should be clearly noted in the pension circulars.

2. For the purpose of determining the share of pensionary charges payable by two or more Governments, the Service of the Pensioner under the Several Governments should be expressed in terms of months, 15 days or more being regarded as a month. If, however, the share of the Pension chargeable to any Government is less than a rupee it should be neglected.

3. When an individual employed under one Government is concurrently remunerated by two Governments during the last three years of his service, he should for the purpose of determining the share of Pensionary charges payable by the two Governments be considered to have served during this period under each of these Governments for a period proportionate to the cost which each Government incurred, provided that only remuneration pensionable under the rules is taken into consideration.

4. For the purpose of ascertaining the commuted value, the tables in Appx. IV to the Pay and Allowances Regulations Part II, will be used in the case of Civil Officers whose Pensions are paid directly or indirectly by the Home Treasury, and of officers of the Indian Army, Indian Medical Service, Royal Indian Navy, and Departmental and Warrant Officers from whatever source they may draw their pensions; the table in Appx. 10, Civil Service Regulations, will be used in the case of Civilian officers who draw their pensions directly or indirectly from Indian Treasuries.

5. In the case of Pension subject to revision the adjustment between two or more Governments will be made as Pensions are paid with reference to the actual amounts paid.

6. (i) The Military Department's share of a divisible pension should in all cases be extinguished by crediting the commuted value of that share to Central (Civil) by debit to Military, the adjustment being made as and when each case arises. This procedure will have the effect of converting the Military Department's share of the divisible pension into one relating to Central (Civil) for all purposes and will not in any way effect the arrangement that may be agreed upon for the adjustment of Pensions between the Central and Provincial Governments.

(This procedure will take effect from 1935-36).

(ii) The provisions of the above rule will be applied conversely for the settlement of the Civil shares of Military pensions which are not subject to revision after retirement. That is to say, the Civil share of a divisible pension chargeable to a Province or to a department of the Central Government will be extinguished by crediting the commuted value of that share to Military by debit to Central (Civil), the adjustment being made as and when each case arises.

The Controller of Military Accounts will report periodically to the Provincial Accounts Officers the amount of Pensions paid in respect of cases where the arrangement between the Central and the Provincial Governments concerned for the adjustment of Pensions is with reference to actual payments.

(This procedure will apply to Pensions sanctioned on or after 24th June 1936).

7. In the case of officers employed on the staff of Provincial Governors the adjustment of Pensionary charges between the Defence Department and the Provincial Government will be made as under :—

- (i) Indian Service Officers—Pensions will be apportioned on a Service share basis between Defence Department and the Provincial Governments concerned, in accordance with Rule 12 Part IV of Appx. 3 to the Account Code Vol. I, 1940, edition.
- (ii) (a) British Service Officers and Royal Air Force Officers Provincial Governments will pay pension contributions with effect from 1st April 1938 at the rate shown in clause III of Appx. XI to F. R. I. Pt. I.
- (b) Officers of the Royal Navy and the Royal Marines—The Contribution payable will be credited by the Provincial Governments direct to the Admiralty through the India Office. The rates of contribution payable to the admiralty are, in the case of executive or Engineer Officers of the Royal Navy £205 a year and £175 a year in the case of Royal Marine Officers.
- (c) The rates of contributions referred to above are payable in all cases irrespective of the rank of the officer.

IV. Pensionary charges of establishments employed in Military Engineering Services should be debited to 59—Defence Services—Non-effective under the appropriate heads of account.

V. The pensionary liability in respect of Indian Medical Service candidates recruited in the United Kingdom from the date of their appointment to the Indian Medical Services devolves on the Indian Government.

VI. In the case of officers transferred to the Indian Army from the British Army or the Army in India Reserve who had had previous service in the Dominion's Forces which counts for pension as provided in paragraphs 31, 33, 34 and 36 Pension Regulations India, Part I, no claim will be preferred against the Dominions concerned in respect of higher rate of Pension admissible to them.

VII. Pension at Indian rates in respect of Service rendered by the officers of the Royal Corps of Signals with Indian Signal units, outside Indian limits which counts for Indian element of pension under paragraph 103 and 104 of Pension Regulations, India, Pt. I is chargeable against the War Office, *vide* Government of India Defence Department letter No. B. 5087/4/A.G. 14, dated the 9th January 1939.

41. Jangi Inams being Special Pensions awarded for distinguished service rendered during War, are adjustable against the Defence Services, Non-effective Estimates.

42. The principles governing the allocation between the Governments of India and Pakistan of the initial liability in respect of Central Pensions, as laid down in the Government of Pakistan, Ministry of Finance letter No. D. 7190-B/49, dated the 4th November 1949, are reproduced in Appendix VI.

Expenditure on Military Works

43. Expenditure on Military Works shall be classified in accordance with the following principles :—

Outlay on buildings and other works shall be debited in the accounts as expenditure of the Military Engineering Services if the administrative control of the works is vested in the officers of the Military Engineering Services and as expenditure of the Military department concerned if the administrative control of the works is transferred by a general or special order of Government from the M.E.S., to the department using or requiring them. The term "administrative control" when applied to Military works implies *inter alia* the assumption of full responsibility for construction, up-keep and maintenance of buildings and other works and the provision of funds for the execution of these functions. This responsibility is not diminished if the execution of the work is entrusted to a different agency. Thus works, the administration of which is not transferred from the M.E.S., may by mutual agreement be executed by the Public Works Department, or by any other Military Department (e.g., Military Farms and Remounts) but the charges in connection with them shall nevertheless be classified as M.E.S., expenditure. On the other hand a Military Department, to which the administration of a building or other work has been transferred, may invoke the aid of the M.E.S., for technical advice or execution, but the charges relating thereto shall be debited to the Department concerned. The function of the Public Works Department in the former case and that of the M.E.S., in the latter is merely that of a contractor, and the administration and the control of

the expenditure rests with the M.E.S., in the former case and with the administrative department concerned in the latter. The agency by which the work is executed shall not thus be the deciding factor in determining the question of classification.

Contributions made by or to Government

44. Contributions made by the Defence Services to Cantonment Boards etc., or *vice versa*, shall be debited as expenditure or shown as receipts (as the case may be) under the head of Defence Services accounts most closely connected with the object for which the contributions are made :—

Note.—A contribution paid by a local body with the express object of meeting the whole or a part of the cost of construction, by the M.E.S., of a specific work which is eventually to be the property of the Defence Services should be credited in the M.E.S., accounts to the Debt Head "M.E.S. Deposits". The contribution should for accounts purposes, be divided into two parts, the one representing a share of the works expenditure and the other the usual percentages on that share to cover charges for M.E.S., establishment and tools and plant; and the expenditure as actually incurred, together with the percentages, should be debited against it.

Refunds of Revenue

45. Refunds of revenue shall, as a general rule, be taken in reduction of the revenue receipts under the Major Head concerned.

Cost of acquisition of land.

46. The cost of land taken for the Army, Military Engineering Service, Air Forces and Navy shall be debited to the Defence Services Estimates under the appropriate main heads of account.

Sale-proceeds of Government land and building

47. The classification of the sale-proceeds of Government land and buildings in possession of the Defence Services shall be regulated in accordance with the Schedules given below :—

I. SCHEDULE

Sale proceeds of land, etc.

Head to which creditable	
(i) When the cost of the land was originally debited to, or remains at the debit of, the capital account of any project or undertaking for which regular capital and Revenue accounts are kept or was originally met from the Revenue account of such project or undertaking.	The Capital or Revenue account of the project as the case may be.
(ii) When the cost was originally debited to a capital expenditure head outside the Revenue Account, even though no regular capital and revenue accounts are kept for the work covered by the Capital expenditure.	The capital expenditure head originally debited.
(iii) When the cost was originally debited, within the Revenue Sec. of the Account, for which no Capital and Revenue accounts are kept.	The receipt head relating to the Defence Services.
(iv) All other items	XLVII—Defence Services Effective Main Head 7-D—Miscellaneous.

II. SCHEDULE

Sale proceeds of buildings (including the actual area occupied by or auxiliary to a Building)

Head to which creditable

- (i) }
(ii) } As in the case of lands.
(iii) }
- (iv) In all other cases

XLVII—Defence Services Effective
Main Head 7-D—Miscellaneous.

Note.—The sale proceeds realised from the disposal of all surplus lands and buildings in the Defence Department are to be credited to a special suspense head "Sale proceeds of so long a military lands and buildings" "D. Deposits and Advances—Suspense Accounts" surplus the temporary head remains in existence.

Municipal/Cantonment Board rates and taxes

48. Taxes both on residential and non-residential buildings owned or occupied by the Defence Services shall be debited to Defence Services Estimates.

Cost of Survey of Pakistan and Other Scientific parties accompanying a military expedition.

49. The cost of Survey of Pakistan and other Scientific parties which may accompany a military expedition shall be adjusted as follows:—

- (i) All extra expenditure connected with a Survey of Pakistan Unit which would not have been incurred but for field operations shall be borne by the Defence Estimates, provided the Survey of Pakistan Unit accompanied the expedition at the request of the Defence Department.
- (ii) The cost of the pay, allowances, and contingencies of other scientific parties shall be borne by the respective civil departments concerned, while the expenditure incurred on special transport arrangements made by the Defence Services shall be debited to the Defence Estimates.

These rules shall not, however, apply to the classification of the cost of the Units of the Survey of Pakistan or of other scientific parties mobilized for service with the Army on general mobilization. The whole cost of these units, except (in the case of Survey of Pakistan) that of the initial supply of all technical equipment, material and stores, shall be debited to the Defence Estimates under special rules.

Establishment charges levied on works executed by M. E. S.

50. Of the percentage on account of establishment charges levied on the cost of works executed by the M.E.S., on behalf of other departments of the Defence Services, 1½ per cent. represents audit and account charges which will be adjusted by credit to "Main Head 2", the balance being credited to "Main Head 8" of "58-Defence Services—Effective". In the case of works executed on behalf of private and public bodies (including local funds, States acceded to Pakistan and Governments

outside Pakistan) the above percentage should as a rule be treated as revenue and will be adjusted as *bono fide* receipt under XLVII—Defence Services, Effective.

General Methods of Accounting

Accounting for transactions pertaining to more than one major head of account.

51. For the sake of convenience or for other special reasons, receipts or charges pertaining to more than one head of account may be booked in the first instance under one of the heads concerned, but the portion creditable or debitable to the other head or heads involved should be transferred from the former head to the latter before the accounts of the year are closed.

Accounting for losses

52. Losses of Public money, stores or other property of Government shall be accounted for in accordance with the rules in Chapter 8.

Exhibition of recoveries in Government Accounts

53. The rules to regulate the exhibition of recoveries in Government Accounts are contained in Chapter 7.

Accounting for recoveries of overpayments

54. If a recovery relating to an overpayment of the current year be made by short payment of an item chargeable to the same detailed head, no separate adjustment shall be necessary. But such recoveries, if they are made in cash or by short payment of items not chargeable to the same detailed heads as were previously overcharged, as well as recoveries relating to a previous year, whatever the mode of recovery, shall be credited in the first instance to the Suspense Head "Recoveries of Service Payments" and appear under that head in the classified compilation. This suspense head shall then be cleared by a transfer entry punching media in the following manner:—

- (a) by deductions from the current year's charge under the detailed head previously overcharged, if the recoveries relate to overpayments of the current year;
- (b) by credit to the departmental receipt head concerned as receipts of the department or, in the case of department not having a corresponding receipt head to the head "Miscellaneous Receipts" of the major head concerned, if the recoveries relate to overpayments of a previous year.

Accounts of Commercial under takings

55. When any undertakings of Government are conducted on commercial lines, the essential formalities of commercial accounts should, if government so desires, be strictly observed. In such cases, separate commercial accounts of the undertakings shall be kept outside the regular Government accounts. Gross receipts and expenditure of commercial undertakings shall be accounted for under the appropriate major and minor heads in the same way as ordinary receipts and expenditure of Government. The heads of accounts should, as far as possible, be common to Government accounts and the General Ledger maintained at the undertaking and should be selected with due regard to principles of Government and commercial accounting so that the monthly classified account of income and expenditure of the undertaking may be prepared readily from the General Ledger maintained at the undertaking.

Transactions with other Governments and Account Circles

56. The methods by which transactions between different account circles as well as between different Governments including Foreign Governments and States acceded to Pakistan are settled shall be as described in the relevant chapters of Part II of this Code.

Rectification of misclassifications

57. The procedure to be followed in rectifying misclassifications in accounts shall be as described in Chapter 6.

Writes-off from balanced heads to 'Government'

58. Ordinarily all amounts due to Government which are found to be irrecoverable shall be written-off from the Debt head of account concerned to an expenditure head as a loss to Government. Similarly, any amount due by Government remaining unclaimed for such time as may be prescribed by Government may be credited as revenue of the Government by debit to the Debt or Deposit head concerned. No amounts should be written-off to "Government Account" under "P—Deposits and Advances—Part V—Miscellaneous" from a head of account which closes to balance in the Government account without a specific order of the Auditor-General and then only on the ground that the error is one of book-keeping only.

59.

60.

CHAPTER 4

Deposits

61. Sums which are clearly not due to Government, but are held in trust, or as a security for a specific purpose, e.g., for the fulfilment of a contract, will be credited to the head "Deposits" until repaid to or on account of the parties to whom they belong, when that head will be correspondingly relieved.

62. Deposits in Defence Department are classified as under :—

- (i) Security Deposits.
- (ii) Field Deposits.
- (iii) Trust Interest—Fund.
- (iv) Depreciation Reserve Fund.
- (v) Exchange on Remittance Account.
- (vi) Miscellaneous Deposits.
- (vii) Unclaimed General Provident Fund Deposits.
- (viii) Unclaimed deposits in Officers Provident Fund (Defence).
- (ix) Unclaimed deposits in other miscellaneous Provident Fund.
- (x) Unclaimed Contributory Provident Fund Deposits.
- (xi) Deferred Pay Deposits.

63. Undisbursed Pay, Pension or other allowances or receipts which can be credited to any specific head of account, should not be held under the head "Deposits". Pay, Pension, etc., should not, as a rule, be drawn until the claimants appear, and if for any reason amounts on this account remain undisbursed, they should be credited to the heads to which they were originally charged.

64. The head "Deposits" should not be used as a "suspense" head for showing receipts which, owing to their not being clearly described, cannot, in the first instance, be compiled to the correct head of account. In such cases the receipts should be compiled to the heads to which they appear to pertain, or to the Sub-head "Miscellaneous" under the principal or minor head concerned, the necessary readjustments being made on receipt of full information as to the nature of the credits :—

Notes.—1. Erroneous compilation made under any of the Deposit heads should be readjusted by deduct entry and not by fresh debit or credit.

2. If the details are insufficient to allow of such an adjustment or the final allocation is under settlement, the items should, pending their final allocation to the proper head, be adjusted under "Suspense Accounts".

Security Deposits

65. "Security Deposits" are tendered in the form of Cash, Government Securities, provincial or municipal debentures, port trust bonds, bank-deposit receipts or savings bank Pass-Books. Deposits, other than those tendered, in cash, do not pass through the Government accounts and are dealt with in the manner indicated in Financial Regulations, Defence Services, Part I.

66. Deposits tendered in cash will be paid by the tenderers into the local treasury on the authority of a receivable order obtained from one of the officers mentioned in paragraph 8, Financial Regulations (Defence Services), Part II, treasury receipts being forwarded by the administrative officers concerned to the Controller of Accounts and the amounts credited to the head "Security Deposits". In the case of formations, etc.,

which render cash accounts (e.g., Remount Depots, Military Farms etc.), the amounts will be credited in those accounts and will be adjusted to the head "Security Deposits".

67. The Stores (Contract) Section will maintain the Cash Security Deposit Register in P.A.F.A. 525 and will effect an agreement between the totals of postings in the register and the corresponding figure appearing in the monthly printed sectional compilation.

In the case of M.E.S., such transactions will be noted by the Unit Accountants attached to Garrison Engineer's Offices in the register, of "suspense account" P.A.F. (C.M.A.) 258. To enable them to effect the necessary agreement between the postings in the register and the compiled actuals, the 'E' section will circulate a copy of the monthly section compilation to the Unit Accountants attached to Garrison Engineer's Offices.

No schedules in P.A.F.A. 725 in respect of above transactions will be prepared.

68. When cash security deposits are transferred from one Defence Account Circle to another, the transaction will be adjusted by debit (deduction from credit) to the head "Security Deposits" by corresponding credit to the Account Circle concerned.

Note.—Earnest money deposits paid by tenderers into the Civil treasury are recorded in the civil books and are not passed to the Defence Department, when, however, such deposits (pertaining to the Defence Department) are confiscated to Government, they are passed on to the Defence Department for adjustment by deduction from expenditure.

Field Deposits

69. Officers and men of all units and formations on field service may leave any portion of their pay undrawn until they return from such service. The amount thus undrawn is shown separately in lump in the abstract of receipts and charges of the unit and will be compiled to the head "Field Deposits". The rules regarding these deposits are embodied in "Accounts Manual War".

Note.—Until further orders the head "Field Deposits" shall be held in abeyance a record of the undrawn portion of pay and allowances being kept only in the Individual Running Ledger Accounts without making any adjustment in the classified compilation.

Trust Interest Fund

70. On receipt of a payment order from the State Bank of Pakistan for interests due on a Government Security held in trust, the amount payable after deduction of income-tax and commission, will be debited to the Civil Department, and credited to the head "Trust Interest Fund". This head will be relieved when payment is actually made to the parties concerned. Then transactions will be recorded in a register in P.A.F.A. 292.

Miscellaneous Deposits

71. Other deposits which do not pertain to any specified deposit head will be compiled to the head "Miscellaneous Deposits".

Unclaimed General Provident Fund Deposits

72. General Provident Fund accumulations remaining unclaimed for more than six months will be transferred to this head.

Unclaimed Deposits in Officers Provident Fund (Defence)

73. Defence Services Officer's Provident Fund accumulation remaining unclaimed for more than six months will be transferred to this head.

Unclaimed deposits in other Miscellaneous Provident Funds

74. Pakistan Ordnance Factories Workmen's Provident Fund and Contributory Provident Fund accumulations remaining unclaimed for more than six months will be transferred to the heads "Unclaimed Deposits in other Miscellaneous Provident Funds" and "Unclaimed Contributory Provident Fund Deposits" respectively.

Deferred Pay Deposits

75. The amounts of deferred pay admissible to Other Ranks including Airmen and Naval Ratings will be calculated by controllers quarterly. The amounts thus calculated will be credited by controllers to the head "Deferred Pay Deposits" by debit to the relevant detailed head under Main Heads 1, 10 or 11 as the case may be, of Major Head 59, Defence Services—Effective.

The actual disbursements made from time to time will be debited to the Deposit head referred to above. At the end of each year the balances outstanding on the books of Controllers under this Deposit head will be transferred by the Military Accountant General (Account Section) centrally to the books of the C. M. A., Lahore.

Lapsed Deposits

76. At the close of each official year, all deposits remaining unclaimed for three years, exclusive of the year in which the deposits was made and all balances (of not more than one rupee in amount) will be transferred to the credit of Government (under XLVII—Defence Services effective Head VII—D—Miscellaneous or Head XI—C—Other miscellaneous items) by the Controller in whose books amounts appear, a note of the transfer being made against the entry in the register of deposits. In the case of security deposits the Controller will inform the administrative officer concerned, in order that the latter may make the necessary entries of such transfers in his register. Sums credited to Government as above will not be refunded without the sanction of the Controller.

77. When application is received for the refund of a lapsed deposit, the register from which the deposit was transferred to the credit of the Government will be consulted to see that the amount has not already been repaid. When the amount is refunded, the number and date of the authority sanctioning the refund, the date of payment, and the disbursement voucher number, will be noted in the register of deposits referred to above (i.e., from which the deposit was transferred to credit of Government) against the item concerned.

Reconciliation of Postings in Deposit Registers and Verification of Balances

78. For all deposits for which special forms of Registers have not been prescribed, a register in P.A.F.A. 525 will be maintained. In opening the registers (including the special registers), the deposits of previous years, which have not been repaid or credited to Government, vide paragraph 76, will be brought forward in detail from the preceding year's registers. The deposits and repayments made during a month

will be posted monthly from the schedules accompanying the Punching Media, and the totals of such deposits and repayments as posted in the registers verified with the amounts shown in the monthly consolidated compilation.

79. At the end of the year, the total credits and debits for the year and balances at the end of the year will be agreed with the total credits and debits and balances as recorded in the ledger.

80. The balances of security deposits as recorded in the registers of Security Deposits in P. A. F. A. 525 of Superintendents of Remount Depots, and of the Commander-in-Chief, Royal Pakistan Navy, will be verified annually with the list of outstandings in P. A. F. A. 289 furnished to those officers.

81.

82.

83.

84.

Order Cashable Fund

Advances and Loans

General

Disbursements of the following description are treated as advances:—

All payments made which are subject to recovery or adjustment.

Advances of pay, pension or travelling allowance are not included; such advances are finally charged to service heads of account.

Permanent advances sanctioned for current expenditure, such as the local purchase of petty stores, Contingent charges and payment for extra temporary labour.

See Note 2 to paragraph 64. The rule will also apply in the case of debts which cannot be allocated to the proper head for want of information, etc.

Payments specifically sanctioned by Government subject to recovery, and without interest, are treated as "loans".

In the case of loans and advances, grants for which are voted by the Legislative Assembly, e.g., Regimental and other loans Military, House of Representatives, Advances for purchase of motor cars, and advances for purchase of other conveyances, it should be seen that payments are not made unless it has been certified by the Accounts Section that funds are available to meet the sanction.

If an advance or loan, or any portion thereof, is outstanding against any person or unit, transferred from one account circle to another, it will be communicated to the Accounts Officer of the circle to which transferred by debit through the Exchange Accounts, to enable him to watch recovery, the corresponding credit (deduction from debit) being taken to the heads affected.

When an advance or loan is recoverable in instalments, prompt action will be taken to enforce recovery if credit of each instalment is not afforded as it falls due. If, however, the amount involved is considerable, credit will not be enforced, but the matter will, after a reasonable lapse of time, and after the necessary action has been taken by the Controller to effect recovery, be reported to the Government of Pakistan in the Department which sanctioned the advance or loans.

Advances are classified on the Defence Services books under the following heads:—

- (i) Advances Re-payable.
- (ii) Departmental transfers.
- (iii) Remount Depot Suspense.
- (iv) Permanent advances.
- (v) Advances—Field Imprest Holders.
- (vi) Miscellaneous advances.

All recoveries effected in adjustment of these advances will be credited in the compilations to the same heads as the advances when originally made were debited. This rule is to be observed even in those cases in which the recoveries appear in a class of account other than that in which the original advances were charged.

Advances Repayable

92. Moneys advanced for miscellaneous purposes under special authority and recoverable in cash and sums overpaid on vouchers other than those for service payments shall be adjusted under the head "Advances Repayable". Payments made on account of Defence Services expenditure finally chargeable to Government shall not be held under "Advances Repayable" on the ground that further proceedings in audit are necessary for their final admission. Such payments shall at once be compiled as service expenditure however rough the classification may be in the first instance. Classification should be revised, if necessary, in the subsequent month.

The head "Advances Repayable" shall cover items which are from their inception debts due to Government recoverable either in cash or by deduction from pay and allowances. Pay and allowances of any kind in respect of an assignable period paid before they are due shall be debited to the same head as when paid after they are due. Advances for compensation for land may be debited to "Advances Repayable" and retained under that head until receipt of proper payment vouchers when the amount should be transferred to the debit of the department concerned.

Advances for law suits should be finally debited against the department concerned. Refunds of amount remaining unspent out of these advances shall be dealt with as cash recoveries of service payments.

93. Advances made for the following purposes shall also be compiled to "Advances-Repayable":—

- (a) Construction of Mess House.
- (b) Establishment of Regimental Institute.
- (c) Establishment of Soda Water Machine.
- (d) Purchase of Musketry Range Plant and Appliances.
- (e) Establishment of Band.
- (f) Recruiting of Pakistan Corps.

94. An annual adjustment will be made at the close of each year in the Defence Services Accounts by debit to the detailed head "Incidental expenses" of the appropriate arms of service and contra credit to the head "XX-Interest-Miscellaneous—On other Accounts" of the interest calculated at the appropriate rate notified by the Government on the mean between the opening and closing balances of all advances made on or after 1st April, 1929, free of interest from the voted head "Advances Repayable" under Section "P.—Deposits and advances". This adjustment will be made by the Defence Accounts Officer in whose books the advances are outstanding at the end of each year, or finally adjusted during the year.

95. Advances made to officers of the Remount Department for the purchase of mules abroad will be charged to 58—Defence Services—Effective. Head 5—B. Animals subject to the audit of accounts to be submitted by the purchasing officers in adjustment of the advances drawn. The balances on hand at the end of each financial year may be retained by a purchasing officer abroad, if the purchases are not completed by that date, or run on from year to year.

96. Mortgage bonds shall be looked for when a charge for advances for purchase or construction of houses or purchase of motor cars or motor cycles appear in the accounts, and it will be carefully examined to see

if a mortgage order. It will then be entered in a Register P. A. F. A. 505 and retained in safe custody by the Controller until the advance has been finally repaid, when the bond together with the deed of reconveyance shall be sent to the Controller on behalf of the Governor-General will be returned to the mortgagor *vide* paragraphs 29 and 36 Pay and Allowances Regulations Part II.

In the case of advances for purchase of motor cars and motor cycles, Controllers should insist on the production of receipts showing the actual cash paid for the motor car or cycle, and if the amount is found to be less than the amount advanced, the difference should be recovered at once, it should also be seen that evidences of insurance and renewals thereof are regularly furnished.

Note.—To obviate references, particulars regarding the date when advances for purchase of house, motor cars, motor cycles, cycles, etc., were made and interest is chargeable or not should be entered in the last pay certificate along with the outstanding demands, when an individual is transferred to another station. In the case of advances which bear interest, the amount of interest should be entered up to the date an individual was last paid should be noted.

A Register will be maintained in P.A.F.A.—195 for watching the adjustment of amounts charged to the several heads under "Advances Repayable" other than advances for house building, purchase of houses, motor cars, motor cycles, motor boats and other conveyances. The balance of advances which have not been fully paid up by the end of the financial year will be carried forward into the register for the ensuing year.

98. A Register P. A. F. (C.M.A.)-51 will be maintained to watch the recovery of advances for house buildings, purchase of houses, motor cars, motor boats, motor cycles, other conveyances, and interest bearing passage advances and the interest payable thereon.

The rate of interest to be charged on advances given in each period of 12 months beginning 1st October and ending 30th September shall be the rate of interest charged on advances to the provincial—Loans Funds. During the financial year comprising the first half of the above period, and shall be calculated, on balances outstanding on the last day of each month. The amount of interest thus calculated will be recovered in one or more instalments after the whole of the principal has been repaid. Each instalment of interest should not be appreciably greater than the instalment by which the principal was recovered.

Note.—Authorities for the advances will be entered in the registers maintained for watching the recoveries.

99. All advances (other than those which are being regularly recovered by instalments), remaining unadjusted for three months or more will be brought to the notice of the Controller by the Gazetted Officer-in-Charge, to enable the former to take such action as he may consider necessary to effect their speedy adjustment.

Note.—For watching the adjustment of advances the Accounts Section is equally responsible with the Audit Section. Full particulars of non-recovery of an instalment should be ascertained by the Accounts Section and entered in the remarks column of the register maintained by it.

100. Every effort must be made to bring into the account of a year the expenditure relating to that year, and to this end all outstanding advances must, as far as possible, be adjusted before the 31st March. In the case of those advances, which are not recoverable in cash, but which are to be adjusted on rendering accounts, steps should be taken to adjust any amounts which could not be settled by the 31st March in the March Final or Supplementary Accounts.

✓ Departmental Transfers

101. When payment for services is made by the Remount or Farms Department, on account of another formation, etc., the transactions will be adjusted as "Departmental Transfers". The amounts shall be subsequently readjusted by debit to the head under which the charges for the formation, etc., are adjusted by credit to "Departmental transfers". The clearance of the items should be watched through a register in P.A.F.A. 195.

102. Cost of repairs, etc., executed by workshops attached to store depots, for units and formations are also adjusted through the head "Departmental Transfers".

✓ Remount Depot Suspense

103. Bills pertaining to Remount which are paid by the Controller of Military Accounts, are compiled in the Controller's office in the first instance to "Remount Depot Suspense". Similarly debits or credits pertaining to those Depots passed on by other Accounts Officers through the Exchange Accounts are adjusted to the same head (if not previously adjusted). On receipt of intimation from the Controller of Military Accounts, the Depot Accountant will debit (or credit) the heads concerned by contra Credit (or Debit) to "Remount Depot Suspense". The clearance of the items should be watched through a register in P. A. F. A. 195.

✓ Permanent Advances

104. All advances of permanent nature for current Contingent charges will be held at the personal debit of the officers to whom they are made until accounted for by them in the manner indicated in Pay and Allowances Regulation Part II. These advances will be recorded in a register in P. A. F. A. 197. If an advance has been allowed as a temporary arrangement the fact will be prominently indicated against the entry in the register and its adjustment will be carefully watched.

✓ Field Imprest Holders' Advances

105. Sums may be drawn by Field Imprest Holders to make disbursements to individuals, on the War System of Accounting, either from the regional C.M.A., or from the local treasury on presentation of the Emergency Cash Requisition—P. A. F. A. 205. Sums so provided to the Field Imprest Holders shall be classified by the C.M.A., making the payments or adjusting civil debit on account of the Emergency Cash Requisition as "Advances Field Imprest Holders" and shall be intimated to the Clearing House Section for watching that a proper account of the disbursements is rendered by the Field Imprest Holders concerned. The disbursements accounted for by the Imprest Holders shall be classified by the Clearing House Section as receipts under the above head, by contra Debit to the relevant service heads of expenditure.

The amounts compiled during the year by the Regional Controllers against the head "Advances—Field Imprest Holders" will be annually transferred by the Clearing House Section to its own books with a view to making an agreement between the total sums drawn by the Field Imprest Holders and the disbursements made against them together with the undischarged balance of cash with the Imprest Holders.

106. Transactions which are of the nature of debts due to Government, but do not come under any of the heads specified at item (I) to (V) of advances (referred to in Paragraph 90) will be compiled to the head "Miscellaneous Advances".

✓ Regimental and other loans—Defence

107. Payments and recoveries on account of loans specially sanctioned by Government will be compiled to the head "Regimental and other—Defence" under Section "Q—Loans and advances by the Central Government". The adjustment of these loans will be watched by means of a register in P. A. F. A. 200. Advances for the purchase of houses, cars and other conveyances are treated as loans and will be compiled under the respective heads.

✓ Reconciliation of postings in registers and verification of balances

108. The payments made and the recoveries effected during a month on account of advances or loans as recorded in the several registers, will be totalled separately and the totals will be verified with the amounts debited and credited respectively in the monthly consolidated compilation.

109. The balances outstanding at the close of each year in the several registers prescribed for recording the transactions under Advances and Loans will be verified annually with the balances shown in the ledger.

✓ Acknowledgement of Balances

110. Acknowledgements in the prescribed form of all balances outstanding on the 30th March (1st April in the case of permanent advances) for the following heads will be obtained yearly from all officers, who have received advances or loans. The amounts represented by these acknowledgements must correspond with the balances outstanding in the books of the Controller:—

- (1) Advances repayable (Military).
- (2) Permanent Advances.
- (3) Regimental and other loans (Military).
- (4) Advances Repayable (Navy).
- (5) Advances to Government servants on which interest is payable :
 - (a) House Building Advances.
 - (b) Advances for purchase of motor cars.
 - (c) Advances for purchase of other conveyances.
 - (d) Passage Advances.
- (6) Advances to Government servants on which no interest is payable :
 - (a) House Building Advances.
 - (b) Advances for purchase of motor car.
 - (c) Advances for purchase of other conveyances.

When a permanent advance is acknowledged by an officer, other than the officer against whom it is then held, a correcting entry will be made immediately below the original entry in the Register of Permanent Advances.

✓ Classification of transactions under suspense

111. Items of receipts and payments which cannot at once be taken to a final head of receipt or charge, owing to lack of information as to

Cont

their nature or for any other reason, may be held temporarily under the head "Suspense Account" in the Deposit Section of the accounts. A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Miscellaneous" under the revenue head to which it appears to belong pending eventual transfer to the credit of the proper head on receipt of detailed particulars. The charges under the head "Suspense Account" will consist not only of items for which full particulars have not been given which will enable the Audit Office properly to classify them, but also charges written back on disallowances from Exchange Accounts which are not susceptible of final adjustment against some other heads. Orders of the Gazetted Officer in charge shall invariably be obtained before an item is classified to the "Suspense Account".

Note.—No sums shall ordinarily be credited to Government by debit to a suspense head; Credit must follow and not precede actual realization.

112. The clearance of the transactions taken to the Suspense Account except M.E.S., transactions will be watched by means of two broad sheets, one in P. A. F. A. 195 for original debits and adjusting credits, and another in P. A. F. A. 525 for original credits and adjusting debits.

Note 1.—The balance in respect of the transactions under the head "Suspense Account" to be shown in the "Review of Balances" will be the net balance worked out by taking into account the original and adjusting entries of both debits and credits together; but the explanation of the net balance will show the details of original debits and original credits separately.

Note 2.—The clearance of the Military Engineer Service transactions will be watched by means of a Suspense Register maintained by Accounts Section of a Garrison Engineer's Office in P. A. F. (C.M.A.) 258 for each Military Engineer Service Division. The register should exhibit the transactions in respect of initial amounts advanced on account of imprest as well as any permanent addition or reduction thereto, which fall under the head "Suspense Departmental Accounts—Military Cash Balances".

113. As in the case of advances, monthly agreement of the posting in the register will be made with the compilation, and the balance at the end of the year will be reconciled with the Ledger balance.

A monthly agreement between the compiled figures and the postings in the register of suspense account P. A. F. (C.M.A.) 258 in respect of M.E.S., will be effected by the Unit Accountants attached to Garrison Engineer's Offices to whom one of the two copies of the monthly sectional compilations will be circulated by the 'E' Section.

114.

115.

CHAPTER 6 Transfer Entries

Object of Transfer Entries

116. Transfer entries, which are entries intended to transfer an item from one head of account to another, are necessary in order:—

- To correct an error of classification in the original accounts, or
- to revise classification provisionally made as a matter of convenience in the first instance;

Note 1.—Sometimes it may be more convenient to classify items pertaining to several heads of account under a single head of account in the first instance than to classify them under each head of account from the beginning; in such cases transfer entries are necessary to bring the amounts under their proper heads of account.

Note 2.—Transfer entries should receive the special attention of the section officers so that habitual errors and misclassification in the accounts may not remain un-noticed.

- To adjust, by debit or credit to its proper head an item outstanding under a debt, deposit or remittance head.

- To adjust, inter-departmental and other transactions which do not involve the receipt or payment of Cash.

General rules

117. Transfer entries should be prepared on (P.A.F.) C.M.A., 336. On one side of every transfer entry there should be only one detailed head which may be debited by credit to Sundry heads, or *vice versa*; debits should not be taken against Sundry heads by credit to Sundry heads. *A fortiori*, the same entry should not contain independent corrections of two detailed heads; it may not debit A by credit to B, and again C by credit to D.

118. All transfer entry Punching media should set forth such explanation of the correction or adjustment as establishes clearly the nature, correctness, and necessity of the entry.

119. It should be seen that no transfer entry is made in the accounts unless admissible under the rules and transfer entry is made as soon as the necessity for it is discovered. In the case of periodically recurring adjustments, however, a list should be maintained to ensure that they are neither neglected nor postponed; these adjustments as a rule be made monthly, but where this is really inconvenient, they may be postponed till the close of the quarter, though this course is objectionable, and should never be adopted without good and sufficient reason.

120. Save as provided for below or as may be authorised by the Military Accountant-General or by Government in consultation with the Military Accountant-General half yearly or Annual transfers should as a rule be avoided.

- On account of lapsed cheques, remittance transfer receipts and deposits;
- On account of interest on Service Funds.

Correction of Accounts

121. If an item which belongs to a revenue or service head is wrongly classified under another revenue or service head, the error may be corrected at any time before the accounts of the year are closed; but after the accounts are closed no correction is admissible, it being sufficient to make a suitable note of error against the original entry. No formal transfer is necessary when the amount involved does not exceed Rs. 10. In such

and a note will be made of the error against the original entry. If, however, the error affects the receipt and disbursement of another Government or the transactions of a commercial department it should be corrected by transfer in all cases as soon as the error is discovered.

122. An error which affects a debt, deposit or remittance head must be corrected by transfer, however old and however small it may be. If the accounts of the year in which the error took place are not closed, the correction should be made by removing the item from the head under which it was wrongly taken to that to which it properly belongs. If the accounts of the year in which the error took place are closed, then the correction should be made as follows, according to the manner in which the error had occurred :—

- (i) An item taken to one debt, deposit or remittance head instead of another, the correction should be made by transfer from the one to the other.
- (ii) An item credited to a debt, deposit or remittance head instead of to a revenue (or service receipt) head, or debited to a debt, deposit or remittance head instead of to a service head, the correction should be made by transfer to the head under which it should originally have appeared.
- (iii) An item credited to a revenue (or service receipt) head instead of to a debt, deposit or remittance head, the correction should be made by crediting the proper head and debiting the service head as a refund of recovery in a previous year.
- (iv) An item debited to a service head instead of to a debt, deposit or remittance head, the correction should be made by debiting the proper head and crediting the service head as a recovery of a service charge of a former year.

123. When a transfer entry is made to correct an error under a revenue or service head, the superintendent shall be responsible for seeing that a proper note of the correction is made in the relevant vouchers and the Punching media.

124. Punching media in respect of transfer adjustments up to Rs. 5,000 will in general be signed by a selected accountant and those exceeding Rs. 5,000 and for rectification of incorrect adjustments, will be approved by a Gazetted Officer. The office copies of the Punching media (which are treated as a separate class of voucher and numbered consecutively) should be recorded separately for the purposes of audit and other requirements.

125.

126.

CHAPTER 7

Directions regulating the Exhibition of Recoveries of Expenditure in Government Accounts

Introductory

127. The direction in this chapter shall regulate the exhibition of recoveries of expenditure in Government Accounts.

In these directions :—

- (1) the term "recovery" means repayment by another Government, department or an outside body or person of expenditure initially borne by a Government department and recorded as such in its accounts.

Recoveries from private persons or bodies, states acceded to Pakistan and Governments outside Pakistan

128. Recoveries from private persons or bodies (including local funds, States acceded to Pakistan and Governments outside Pakistan) should as a general rule, be treated as revenue and not as deduction from expenditure.

EXCEPTIONS

- (i) When a Government undertakes a service merely as an agent of a private body, so that the entire cost of the service is recovered from that body, the net cost to Government being nil, the recoveries may be taken in reduction of expenditure.
- (ii) Recoveries of expenditure on works in progress and transactions of stock and other suspense accounts :—

The technical estimates take cognisance of all anticipated receipts from sale proceeds of materials, plant, etc., received from the old structure, while the receipts under "Stock and Suspense" are by their very nature inseparable from the expenditure recorded under the Main head. The recoveries falling under these two categories should therefore be treated as reduction of gross expenditure.

Recoveries by one Government from another

129. As between two or more Governments the following directions shall regulate the classification of recoveries :—

- (a) If the recoveries represent debits to another Government of expenditure which was so debitable from the moment it was sanctioned, they should not be treated as revenue of the Government effecting the recoveries but as deduction from expenditure.
- (b) In the case of joint establishments, where the expenditure is not shared by two or more Governments *ab initio* but is incurred by one of the Governments and partially repaid by the others, the repayment, if made while the accounts of the year are still open, should be treated as deduction from expenditure.
- (c) Recoveries of the classes falling under (a) and (b), if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue.

Exception.—In cases where the recovery is made on the basis of the calendar year instead of the financial year, the whole amount of the recovery may be treated as reduction of expenditure though a portion of it relates to expenditure incurred during the previous financial year.

(d) Recoveries on account of commuted value of Pensions effected from other Governments should be treated as deductions from expenditure.

(e) All other recoveries should be credited as revenue of the recovering Government, whenever they are received.

Recoveries by one department from another department of the same Government

130. As between different departments of the same Government, the recoveries should be treated as deduction from the gross expenditure, except such recoveries as are made by a commercial department, which should be treated as receipts of that department.

Note 1.—The term "recoveries by a commercial department" for the purpose of this Direction shall apply to recoveries in respect of services rendered to other departments in pursuance of the proper functions for which the department is constituted, that is to say, in the case of the Posts and Telegraphs Department, recoveries shall be treated as receipts only when they are made in respect of Postal, Telegraph or Telephone Services rendered to the other departments. Where, however, a Commercial department acts as an agent of another department for the discharge of functions not genuine to the essential purpose of the department, the recoveries shall be taken in reduction of expenditure.

Note 2.—Recoveries made from another department if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue and not as deduction from expenditure, unless the latter course is authorised by provision in the budget estimates.

Receipts and recoveries on Capital Account

131. Notwithstanding anything to the contrary that may be provided by or under the Directions in this chapter, receipts and recoveries on Capital Account in so far as they represent recoveries of expenditure previously debited to a Capital major head shall be taken in reduction of expenditure under the major head concerned except where under the rules of allocation applicable to a particular department, such receipts have to be taken to revenue.

132.

133.

CHAPTER 8

Directions regulating the exhibition of losses in Government Accounts

Introductory

134. The Directions in this Chapter shall regulate the exhibition and adjustment of losses in Government Accounts.

Receipts

135. (i) If a claim be relinquished, the value of the claim shall not be recorded on the expenditure side as a specific loss.

(ii) If money due to Government has actually reached a Government servant and is then embezzled, stolen or lost, even though it may not have reached the treasury and thus have passed into the Public Account, it should be brought into the Public Account as a receipt and then shown on the expenditure side by record under a separate head as a loss.

Note 1.—The term "Government servant" used in clause (ii) of this article includes persons who, though not technically borne on a regular Government establishment, are duly authorised to receive money on behalf of Government.

Note 2.—Where losses of Public money are wholly or partially met by non-issue of Pay or Pension and the Account Department authorisedly applies the unissued amount to meet the Public claim, the resultant balance of the claim alone should be treated as a loss, the emoluments due being debited to the pertinent head of account as if they had been drawn and used by the Government servant concerned in paying the public claim.

Buildings, lands, stores and equipment

136. Losses or deficiencies need not be recorded under a separate head in the accounts, though they should be written off any value or commercial account that may be maintained. If any transactions under these categories are recorded under a Suspense head in the Government accounts, losses or deficiencies relating thereto must be written off the Suspense heads also.

Cash in hand, whether in treasuries or in departmental charge

137. All losses or deficiencies should be recorded under separate heads in the accounts.

Note 1.—The acceptance of counterfeit coins or notes shall be regarded as a loss of cash.

Note 2.—Any recovery made in the course of the year in which the losses are brought to account shall be shown by deduction from the head under which the loss is recorded. Any recovery made after the accounts of the year are closed shall be shown as an item of receipt.

Irregular or Unusual Payments

138. Irregular or unusual payments should be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example an overpayment of pay shall be debited to the head "Pay". Similarly, an excess payment for bricks manufactured shall be debited to the work for which the bricks are used. It is only when special heads exist in the accounts for recording such charges, as compensations for damages, irrecoverable temporary loans written off and the like, that unusual or extraordinary payments shall be separately recorded.

Inevitable Losses

Where losses are an inevitable feature of the working of a Department, the major head of account under which the expenses of that department is recorded shall contain separate descriptive heads under which such losses may be recorded.

Exhibition of losses in Appropriation Accounts

140. The rules relating to the exhibition of losses in the Appropriation Accounts are contained in the instructions given in the Military Audit Code for the preparation of those Accounts.

141.

142.

CHAPTER 9

Directions regarding Inter-Departmental Transfers

143. The instructions in this Chapter shall regulate the conditions under which a department of a Government may make charges for services rendered or articles supplied by it and the procedure to be observed in recording such charges in the accounts of the Government concerned.

Note.—The Central Government of Pakistan and the Local Governments of Governors' Provinces are considered to be separate Governments for the purposes of instructions in this Chapter.

Adjustments between Governments

144. In the case of transactions between two Governments, adjustment shall always be made if required by or under the provisions of the Act, and otherwise, in such manner and to such extent as may be mutually agreed upon by the Governments concerned.

Adjustments with outside bodies

145. Payment shall be required in all cases where a department of a Government renders service or makes supplies to a non-Government body or institution or to a separate fund constituted as such inside or outside the Public Account, unless Government by general or special order gives directions to the contrary.

Inter-departmental adjustments

146. For purposes of inter-departmental payments, the departments of a Government shall be divided into Service departments and Commercial departments according to the following principles :—

A.—Service Departments.—These are constituted for the discharge of those functions which either (a) are inseparable from and form part of the idea of Government, or (b) are necessary to, and form part of, the general conduct of the business of Government—

Examples of the first class are :—

the departments of Administration of Justice, Jails, Police, Education, Medical, Public Health, Forest and Defence.

Examples of the second class are :—

the departments of Survey, Government Printing, Stationery, Public Works, Pakistan Stores Department.

B.—Commercial Departments or undertakings.—These are maintained mainly for the purposes of rendering services or providing supplies, of certain special kinds, on payment for the services rendered or for the articles supplied. They perform functions which are not necessarily Governmental functions. They are required to work to a financial result determined through accounts maintained on commercial principles.

Examples of Commercial Departments are :—

Posts and Telegraphs, Railway, Pakistan Radio.

147. Save as expressly provided in general or special Government orders, a Service department shall not make charges against another department for services or supplies which fall within the class of duties for which the former department is constituted.

148. A Commercial department or undertaking shall ordinarily charge and be charged for any supplies made and services rendered to or by, other departments of Government.

149. The Defence Services shall not make charges against another department for services which fall within the class of duties for which the Defence Services are constituted. Without prejudice to this general principle the Defence Services shall, in respect of Inter-departmental transactions charge and be charged for services rendered and supplies made to or by other departments, unless in particular cases or classes of cases, Government in consultation with the Auditor-General have decided that the Inter-departmental adjustment would be unsuitable and undesirable.

Note 1.—The Defence Services shall not be required to pay rent for office accommodation supplied by the Public Works Department in Central buildings in any station in Pakistan nor shall rent be charged for buildings of the Defence Services in any station in Pakistan occupied by departments of the Central Government other than those falling under clause B of paragraph 146.

Note 2.—The Defence Services also shall not be required to pay for the use of the Government Civil aerodromes and for other incidental services rendered by the Civil Aviation Department to Pakistan Air Force Planes, nor shall the Civil Aviation Department be charged, as a reciprocal arrangement, for the use of the aerodromes of the Pakistan Air Force by the Civil Air Craft.

150. A branch of a service Department performing duties supplementary to the main function of the department and intended to render particular services on payment, may levy charges in respect of the work for which it has been constituted.

Examples.—Jail Manufacture, Survey map-publishing, Printing (Publishing Department), Mint (Miscellaneous Services other than coinage).

151. A branch of a department constituted for the subsidiary service of that department, but employed to render similar service to another department, may charge that other department *e.g.*—

Engineering and Ordnance Workshop, Naval Dockyard

152. A regularly organised store branch of a department should ordinarily charge any other department for supplies made; but petty and casual supplies of stores may, if the supplying department consents, be made without payment.

153. Notwithstanding anything contained in the instructions in this Chapter, a Government may, for special reasons which shall be recorded and communicated to the Military Accountant-General, permit Inter-departmental adjustment in any case where such adjustments may be considered necessary in the interests of economy or of departmental control of expenditure.

154. Where under the instructions in this Chapter payment is required to be made by one department of a Government to another, such payment may, if the case so requires or if otherwise deemed necessary, include adequate charge for supervision or other indirect expenditure connected with the service or supply for which payment is made.

155. Payments of amounts due by one department of Government to another shall ordinarily be made by book transfer except when such transfers do not suit the methods of accounts or of business adopted by the receiving department (*see* paragraph 156).

156. As Military Farms are worked on quasi-commercial basis, they shall, as far as possible, settle all transactions in cash instead of by book debit or credit but as this is not always practicable or desirable, the latter mode of adjustment shall be adopted where necessary, *e.g.*, in the case of—

- (a) Articles received from England by indent on High Commissioner;
- (b) Stationery and forms supplied by the Stationery and Forms Department;
- (c) Railway warrants or credit notes;
- (d) Transactions between Military Dairies;
- (e) Transactions with,
 - Medical Store Depots,
 - R. P. A. S. C.,
 - P. A. O. C. including Ordnance and Clothing Factories,
 - Army Remount Department,
 - Cattle Breeding Farms,
 - M.E.S.,
 - Civil Hospitals and Civil Jails;
- (f) Purchase made from the Department of Supply;
- (g) Water and land revenue charges due to Civil Departments;
- (h) Proforma charges for rent of Government lands;
- (i) Other Inter-departmental charges.

Procedure of Adjustment

157. The transfer to other account officers is effected:—

- (i) by classifying the transactions under the relevant heads of account as given in the Pamphlet of Revenue, Debt, and Remittance Heads; and
- (ii) by sending an account of the transactions, month by month to the other party for incorporation in his accounts.

158. The accounts referred to in clause (ii) of paragraph 157 above, do not require to be settled by actual recovery or payment, but debits by A to B are set against the credits by B to A in the central books of the Auditor-General. Such accounts are sub-divided into two classes:

- (i) Accounts between Account Circles which exchange accounts direct with each other (*vide* para. 162), and
- (ii) Accounts between Account Circles which have no exchange accounts with each other, but which adjust their transfer transactions through a Central Adjusting Account (*vide* Para. 165).

Note.—Under the existing arrangements each Defence Account Officer exchanges a regular two sided exchange account direct with each other Defence Account Officer as well as with each Civil, Post and Telegraph, and Railway Account Officer in Pakistan. So long as these arrangements continue to obtain necessity shall not arise for operating upon the Central Adjusting Account and accordingly this account would be deemed to be in abeyance.

159.

160.

PART II

Exchange Accounts

General Rules and Procedure applicable to Exchange Accounts

CHAPTER 10

Introductory

161. The accounts through which transactions arising in one Defence Account Circle will be passed to another Defence Account Circle or to Civil, Posts and Telegraphs or Railway Account Circle, and *vice versa* shall be known as Exchange Accounts. An Exchange Account shall be styled as "Civil Exchange Account" if it is exchanged between a Civil, Posts and Telegraphs or Railway Account Officer on the one hand and a Defence Account Officer on the other; it shall be known as "Defence Exchange Account" if both of the parties to it are Defence Account Officers.

The general rules and procedure applicable to Exchange Accounts are set out in this Chapter. The form and treatment of the Civil and the Defence Exchange Accounts shall be found described in Chapters 12 and 13 respectively.

The Account Current between England and Pakistan is also to be regarded as of the nature of Exchange Account, but the rules and procedure relating to it are set out separately in Chapter 14.

162. A list of authorised Civil and Defence Exchange Accounts is given in Annexure A to this Chapter.

163. The heading of each Civil Exchange Account is fixed and shall remain the same whether it appears on the books of one party to the account or on those of the other party; thus the account which is exchanged between the Accountant-General, Pakistan Revenues, and the Controller of Military Accounts, Rawalpindi, shall be called "Exchange Accounts between A. G. P. R. and C. M. A., Rawalpindi" and never "Exchange Accounts between C. M. A., Rawalpindi and A. G. P. R." The Civil Department side (including Posts and Telegraphs and Railways) shall be the first side of the account and the Defence side the second side.

Exchange Account

164. An Exchange Account should purport to be an extract from the books of the Account Officer who despatches it and to show the amounts he has passed to debit or credit of the other party to the account with any necessary explanations of the credits and with documents supporting the debits.

165. Exchange Accounts shall comprise not only accounts between account circles which exchange accounts direct with each other but also accounts between account circles which exchange their account through another account circle with which both parties are in direct account.

✓ 166. The routine of an Exchange Account shall be as follows:—

A, in his accounts, debits a certain charge to "Exchange Account between A and B" and sends an extract from his accounts, including this charge to B; B, accepting the charge, debits it to its proper head by credit to "Exchange Account between A and B", and sends an account, including this credit to A; no further entries in account are required to complete the transaction. But if A, after debiting B, discovers before the accounts for the year are closed that the charge should be debited elsewhere, he will in his next account, debit the proper account by minus

debit to "Exchange Account between A and B", thus cancelling the original debit raised by him. It may happen that B may credit A in the same month in which A debits B. In this case the two original entries will answer each other, and no further adjustment will be required.

Note 1.—An Exchange Account being an extract from books which are only posted monthly, it is evident that an Exchange Account can only be sent monthly, and that supplementary statements of omitted debits or credits are impossible; errors if any, necessitate debits or credits to other heads and so, must be corrected in the accounts of the other months. The Exchange Account for March is an exception; here the preliminary account reports the effect of all transactions known up to the date of completion, of the preliminary consolidated compilation whereas the final and supplementary accounts show the effect of all transactions which are afterwards brought into the same year's accounts. This rule shall not, however, apply to Defence Exchange Accounts which, under the mechanised system, are exchanged in the shape of periodical schedules of credits and debits in more than one batch during each month and not in the regular form of monthly consolidated accounts (see paragraph 262).

Note 2.—Erroneous debits or credits in the accounts of a previous year should be written back by fresh credits and debits and not by minus debits or minus credits.

Note 3.—The total debits and credits in an Exchange Account must tally with the corresponding entries in the consolidated compilation. No differences should on any account be allowed and if any occur they should be investigated and reconciled.

Entries in exchange accounts

167. The entries made in an Exchange Account will either be original entries or responding entries. An original entry is one in connection with which cash is either received or paid or for which a transfer adjustment is made for stores supplied or returned or services rendered and may also be a write back. A responding entry is a response to an original entry and may also be a write back.

168. A responding debit or credit should not, ordinarily, appear in Exchange Accounts, in anticipation of the original credit or debit in the accounts of the other party. But any two Account Officers may arrange in respect of any particular class of transactions, to afford credit in advance of the debit or *vice versa*, care being taken to prevent double adjustments.

Note 1.—In cases, however, of inter-departmental transactions requiring adjustment between the Defence Services and other Departments of the Government of Pakistan, the Provincial Governments and Railways, debits on account of supplies made and services rendered during the month of March only shall be raised against the Account Officer concerned in anticipation of the receipt of receipted copies of vouchers, etc. The debits by the Controllers will, however, be supported by unreceipted copies of vouchers indicating thereon clearly the departments or offices to whom the supplies were made or services rendered to facilitate correct allocation and adjustment in the adjusting Account Offices.

Note 2.—An Account Officer to whom an advance made to a Government servant in another circle is debited through Exchange Account may, if he receives intimation of the advance earlier, take it to the relevant head and afford anticipatory credit to Exchange Account.

Note 3.—For rents including water and electricity charges in respect of M.E.S., buildings occupied by Civil and Post and Telegraph Departments, where such charges are borne by departmental estimates responding debits should be raised annually in arrears in the accounts for March (preliminary) in anticipation of the corresponding original credits in the Exchange Accounts under head IV.

169. Schedules in P. A. F. A 725 shall be furnished for all items included by Controllers in Exchange Accounts for adjustment by the other party to the account. All items in the Schedules shall be supported by appropriate vouchers where necessary or will be accompanied by

such clear and complete information as would enable the other party to recognise, verify and accept the item without calling for further information.

170. Subject to the exceptions mentioned below and to any other exceptions which may be authorised by the Auditor-General, net payments only shall be entered in the account passed on to the other party to the Exchange Account.

- (i) In the case of deductions on account of Income-tax, Postal Life Insurance Fund and other authorised funds, rent of public buildings (including electric installations, water supply, etc.) from the pay, establishment and pension bills which are to be passed on to another account circle for adjustment, the controller in whose circle the bills are paid should credit the deductions to the relevant head and pass on the gross amount of the bill to the other party to the account.
- (ii) In cases where the entire amount of a bill for leave salary is debitable to the Civil Department, the gross amount should be passed on to the nearest Civil Account Officer, any recoveries on account of Income-tax and other deductions being adjusted in the books of the paying Controller, or where under any rule or order, such credits are adjustable on the books of a different Account Officer, passed on to the Account Officer concerned.

Vouchers accompanying exchange accounts

171. When a charge is paid in one account circle and is passed on through the Exchange Accounts to be adjusted in another circle, the Account Officer of the paying circle shall be responsible for obtaining a voucher which is correct in point of form, and which sets forth the charge with sufficient detail and clearness and also for the arithmetical correctness of the calculations in the bill. Unless it is expressly provided for otherwise, vouchers must be forwarded to the adjusting Account Officer in support of the debits in the Exchange Accounts. It is not necessary for the Account Officer finally adjusting the charge to check the arithmetical calculations of the vouchers. He shall, however, be responsible for auditing the charge to ensure :—

- (i) that it is a proper charge against the work, office or other item of expenditure under his audit, and
- (ii) that it has been duly sanctioned.

Note.—In a few cases, for convenience, the audit of charges is carried by the Audit Office which does not adjust the charge. Charges incurred in the Navy, Civil, Public Works, Railway, Posts and Telegraphs and other departments on account of a Field Force come under this exception. So do the receipts and charges of the Military Engineering Services which are brought to account by Divisional Officers of the Public Works Deptt. and in respect of which Civil Accountants-General act as Sub Audit Officers of the Defence Account Officers.

172. Cheques issued on Civil treasuries by Disbursing and Account Officers of the Defence Services shall, after audit by the Civil Accountants-General be passed on to the Military Accounts Department, in support of the debits in the Exchange Accounts.

173. The adjusting Account Officer should not reject an item because the voucher is not in order or is wanting; it should be accepted and adjusted but placed under objection. The chief question for the adjusting officer to decide should be whether the entry properly belongs to the accounts kept in his circle, and if, on the face of the account he cannot say that the item is not adjustable on the books of his circle of account he should accept it and adjust it against the proper service head, though if it be imperfectly vouched or described, or seem rather to belong to

another account circle, or require reference to some authority outside the office he should enter it in the outgoing objection statement, as prescribed in paragraph 253 or, if necessary, address the disbursing officer direct.

174. If, as in the case of supplies received from another department, the admissibility of the item depends upon the authority possessed by the officer at whose instance the supplies have been received, to order the supplies, the charge through adjusted against the proper service head as one which has actually occurred, should be examined with reference to the authority or sanction required, and, if necessary, placed under objection in the same way as if the charge has been met by an actual payment by the officer concerned.

175. When an item, susceptible of adjustment in the Military Department, has been passed on, through the exchange account, to an account centre to which it does not pertain, it will not be accepted, and the department concerned will be informed to what account centre the item does pertain, and asked to make the necessary readjustment.

176. Should, however, there be any doubt in regard to the incidence of the transaction, it should not be rejected by the Controller of the Account Centre to which it was originally passed, until he has first ascertained from the Controller of other Account Centre whether he will accept it. In case of disagreement between Controllers the matter should be referred to the Military Accountant-General for decision, the item in question being meantime accepted provisionally by the Controller to whom it was originally passed. In no case must an item which has been passed on to one Controller, at the instance of another, be rejected by the former until a clear understanding has been arrived at in regard to its correct adjustment.

177. Railway debits for amounts due on warrants and credit notes, etc., when raised by the Railway Account Officers should be accepted in full in the first instance, even though some of the items may appear *prima facie* to have been erroneously debited. These erroneous debits along with those found unacceptable for want of any supporting vouchers, etc., should be rectified by raising original debits against the Railways concerned after obtaining their consent.

Inter-departmental adjustments

178. In cases of services rendered or stores supplied by a Provincial Government or by one Department of the Central Government to another for which adjustment in accounts is permitted, the serving province or department shall take credit in its account by debit to the department served. The debit should at once be accepted in the accounts of the latter and adjusted to the proper head of account. When stores are returned the department receiving the Stores will credit the value thereof, as an original item, *vide* Note 1 to Paragraph 168, to the department returning the stores, the latter affording responding debits only.

Note.—As an exception to the above rule original credits should be afforded in respect of the cost of maps issued by the Map Offices, and supplies made by the Central Research Institute to the Defence Services.

Note.—In the case of supplies to non-Military departments debits will not be raised until the receipted vouchers for the stores are obtained.

LIMAG

179. In the case of supplies made and services rendered to the Defence Services by other departments of the Central Government as also the Provincial Governments, the Defence Account Officers on whose books they are adjustable should maintain a sufficiently close liaison with the account officer of the supplying department or Provincial Government, as the case may be, in the matter of the prompt raising of the necessary debit against the Defence Services.

Progress of adjustment

180. Both Account Officers, between whom an account is exchanged, shall be equally responsible for the clearance of each item passing through it and Controllers should keep a watch over the progress of adjustment on the plan prescribed in paragraphs 247 to 252 of this code. Steps shall be taken to ensure that transactions are adjusted at the latest in the accounts of the second month following that to which the accounts, in which the transactions appeared, pertain; and any item which cannot be so adjusted, shall invariably be adjusted in the accounts of the year to which they pertain.

Note.—In order to expedite adjustment of Exchange Account transactions, adjustment in accounts may be made on the advance schedules sent by other Account Officers in anticipation of the debits or credits appearing in the Exchange Accounts.

181. Objections on Exchange Account items should be intimated by the Defence Account Officer to the other party to the account through objection statements *vide* paragraph 253.

Exchange Accounts for March

182. Every effort should be made to clear the Exchange Account items within the year of account. The objection statements (Para. 253) relating to the preliminary accounts for March must be despatched promptly after receipt of the accounts and the objections must be promptly answered, any new items which may come to light should be made the subject of correspondence, but no Controller should make an adjusting entry on account of an item mentioned in correspondence, in anticipation of its appearance in an Exchange Account, unless the other officer states distinctly that it will appear in his account.

Exchange accounts for March final and supplementary

183. The final Exchange Account for March need not detail the items of the preliminary account, but must open with its gross debit and gross credit. This Exchange Account should include responding entries only and no original entries should appear except with the consent of the other party to the account.

Any corrections or adjustments found necessary after the despatch of the March Final Exchange Account may, if the other party to the Account agrees, be communicated by means of a Supplementary Exchange Account.

Note.—No original transaction will be communicated by the Civil, Posts and Telegraphs and Railway Departments to the Military Accounts Department for adjustment after the 20th August of each year.

Due dates.

184. The dates of despatch of Exchange Accounts by the Civil, Posts and Telegraphs and Railways Account Officers to the Defence Account Officers and vice versa shall be as given in the following statement:

Name of the Account Officer despatching the Account	Due date for accounts from April to February	Due date for a/c's for March preliminary	Due date for a/c's for March final	Remarks
Civil Account Officers other than Accountant General, Pakistan Revenues.	3rd of the second month following that to which the account relates.	30th April	15th June	
Accountant General, Pakistan Revenues.	15th of the second month following that to which the account relates.	15th May	22nd June	
Posts and Telegraphs Account Officers.	Last day of the next month.	30th April	15th June	
Railways Account Officers.	11th of the second month following that to which the account relates.	
Defence Account Officers other than Controller of Naval Accounts.	5th of the 2nd month following that to which the account relates.	5th May	1st July	
Controller of Naval Accounts.	25th of the next month.	25th April	1st July	

Note.—Any corrections or adjustments found necessary after the despatch of March Final Exchange Accounts may, if the other party to the Account agrees, be communicated by means of a Supplementary Exchange Account, as soon after the closing of March Supplementary compilation as possible but not later than the 7th August.

185. To obviate the risk of loss in transit, all covers containing Exchange Accounts and the supporting vouchers should always be registered and addressed personally to the head of the office concerned who will nominate an officer who should receive all such covers and see over to the Sections concerned.

186. A register in P.A.F.A. 751 will be maintained in the Accounts Section of the Controller's office to watch the receipt and disposal of the Inward Exchange Accounts under Heads I, II and IV. The receipt and disposal of all Inward Exchange Accounts under Head II will be centrally watched by the Central Compilation Office.

(Referred to in para. 162)

List of authorised Exchange Accounts between Civil, Posts and Telegraphs and Railway Account Officers and the Defence Account Officers

Exchange Accounts between Civil and Defence Services.	Each Civil Accountant-General with each Defence Account Officer.
Exchange Accounts between Posts and Telegraphs and Defence Services.	Each Posts and Telegraphs Account Officer with each Defence Account Officer.
Exchange Accounts between Railways and Defence Services.	Each Railway Account Officer with each Defence Account Officer.
Exchange Accounts between Defence Accounts Officers.	Each Defence Account Officer with each other Defence Account Officer.
Exchange Accounts between Pakistan High Commissioner in U.K. and Defence Services.	Chief Audit and Account Officer to Pakistan High Commissioner in England and Military Accountant-General, Pakistan.

187.

188.

189.

190.

191.

Adjustments with Foreign Governments and States acceded to Pakistan

192. When services are rendered or stores are supplied by the Defence Services to a State acceded to Pakistan, the Defence Account Officer concerned shall be responsible for recovering the amount due. When the amount is paid by the State into a Government treasury, the credit shall be passed on by the Civil Accountant General concerned through the Exchange Account. The Defence Account Officer concerned should watch that the credit is promptly passed to him.

193. Every case of delay, beyond a period of six months, in the settlement of amounts due from the States acceded to Pakistan should be reported to the States Department for such action as it may consider proper and a copy of each report should be sent to the Military Accountant General for information.

194. Payments of amounts due to States acceded to Pakistan on account of services rendered or stores supplied by them to the Defence Services will, in all cases, be made by cheques.

195. The Accountant General, Pakistan Revenues, exchanges regular two sided account with the following Foreign Governments :—

Aden.	Kedah.
Burma.	Federated Malaya States.
Ceylon.	North Borneo.
Hong Kong.	Rhodesia.
Jessellton.	

196. The transactions arising in the accounts of the Defence Account Officers, which are adjustable with the Foreign Governments mentioned in paragraph 195 above, will be passed on to the Accountant General, Pakistan Revenues, through Exchange Accounts, for settlement with the respective Governments. Similarly, the transactions of these Foreign Governments which are finally adjustable on the books of the Defence Account Officers in Pakistan, will be passed on to the latter through Exchange Accounts of the Accountant General, Pakistan Revenues.

197. The defence transactions between the Government of Pakistan and the Foreign Governments which exchange accounts with the A. G., P. R., shall be converted at the market or bank rate of exchange at which rate the accounts of those Governments are settled by the A. G., P. R. The full equivalent in Pakistan currency of the amount involved, after conversion at the above rate, will be adjusted against the appropriate head of account.

198. Where deductions made from a voucher pertaining to a Foreign State are creditable to Government, the debit to the Foreign State should always be for the gross amount.

Defence transactions with Government of Burma

199. In respect of Defence transactions pertaining to the Government of the Union of Burma which are adjusted through the Accountant General, Pakistan Revenues, each Defence Account Officer shall send advance schedule with all necessary vouchers, etc., to the Controller of Military Accounts, Burma, an intimation of the credit or debit included in each schedule being sent simultaneously to the Accountant General, Pakistan Revenues, to enable him to effect the necessary transfer of balances through the Central Account Section of the State Bank of Pakistan, Karachi. In passing on these transactions to the Accountant

CHAPTER 12

Form and Treatment of Civil Exchange Accounts

207. The instructions in this chapter relate to the procedure to be observed in Defence Account Offices in respect of accounts exchanged with Civil Account Officers.

Note:—In the case of Posts and Telegraphs Department, the Posts and Telegraph Offices take the place of Civil treasuries.

208. Transactions pertaining to the Defence Services taking place at a Central or a Provincial treasury as well as any transactions arising in the Central or Provincial Section of a Civil Accountant-General's books which are adjustable in the accounts of the Defence Services shall be adjusted through the Exchange Accounts between Civil and Defence Services, the money settlement between the Central and Provincial Governments in respect of such transactions where necessary, being effected separately by the Civil Accountant-General concerned through the machinery of the Central Account Section of the State Bank of Pakistan. Similarly, all transactions arising in the accounts of the Defence Services which are adjustable in the books of a Civil Account Officer shall be passed on by the Defence Account Officer concerned to the former through the Exchange Accounts, money adjustment between the Central and the Provincial Government in respect of such transactions being left to be effected by the Civil Account Officers concerned.

Form of Exchange Account

209. An Exchange Account will contain two kinds of items, namely,

- (i) transactions of which the Defence Account Officer receiving the account obtains information through another part of the Account also, *e.g.*, remittances of money into civil treasuries by officers of the Defence Services and cheques drawn on Civil treasuries by Defence Services disbursing officers;
- (ii) transactions of which the Defence Account Officer receiving the account gets no information, except through it, and which he has therefore to deal with when he receives it, *e.g.*, payments and receipts by the Civil Department on account of the Defence Services and *vice versa* which the Defence Account Officer, receiving the account must on receipt of the Exchange Account bring within his own accounts.

210. A Civil Exchange Account should be classified under four heads as follows:—

Head I—Remittances to Civil from Defence Services.

Head II—Remittances to Defence Services from Civil.

Head III—Items adjustable by Civil.

Head IV—Items adjustable by Defence Services.

Note:—The classification of the Civil Exchange Account under four heads is intended only as a convenient working arrangement and should not be understood as implying any division of responsibility for adjustment of the items (see para. 180).

211. The transactions which are passed through heads I to IV of the Civil Exchange Account are of the kind specified below:—

HEAD I.—Remittances to Civil from Defence Services

This head is intended for (i) cash remitted by the officers of the Defence Services into a Civil treasury, (ii) remittances into Civil treasuries by

In passing outwards transaction 46 to
A. General, Pakistan Revenues, through the monthly Exchange Accounts the details of individual items need not be given by the Defence Account Officer, it being sufficient to show debits and credits in lump in the main schedules and to detail the numbers, dates and amounts of the separate advance schedules in the duplicate subsidiary schedules accompanying the Exchange Account. Any objection arising out of any of the items included in the advance schedules should be settled by the parties concerned by direct correspondence without the intervention of the A. G., P. R. In respect of transactions arising in Burma which are adjusted through the accounts of the Controller of Military Accounts, Burma, advance schedules will similarly be forwarded by him to the Defence Account Officer concerned in Pakistan.

NOTE 1.—In view of the consideration that it would be difficult for the C. M. A., Burma, to know which schedule be sent to which particular Defence Account Officer in Pakistan, the advance schedules to be exchanged between the C. M. A., Burma and the Defence Account Officer in Pakistan shall be routed through the Controller of Military Accounts, Rawalpindi.

NOTE 2.—To enable the A. G., P. R. to effect the statement through the Bank within the due date the Defence Account Officer should send the requisite advance intimation of transactions adjustable with the C. M. A., Burma, so as to reach the A. G., P. R. by the 25th of the following month. For the month of March, however, such intimation should be sent in instalments, the last intimation being sent (by telegram, if necessary) so as to reach the A. G., P. R. on the 10th of April or on such later date as may be settled in consultation with him together with a certificate that no further transactions will be passed on through the Exchange Account for March.

Adjustment of Defence Expenditure incurred in U. S. A.

200. The Defence Services transactions arising in the United States of America will be included by the Pakistan Ambassador in Washington in his Account Current rendered to the A. G., P. R. These transactions will be passed for adjustment on the Defence Books by the A. G., P. R., through his Exchange Accounts with the C. M. A., Rawalpindi. To avoid undue delay in the adjustment of these transactions, an extract of the monthly account current embracing the Defence Services transactions together with the relevant vouchers will be forwarded by the Pakistan Embassy in Washington direct to the M. A. G. Immediately on its receipt by the M. A. G., the extract together with the supporting documents will be passed to the C. M. A., Rawalpindi, who will promptly carry out the necessary adjustment on his books in anticipation of the appearance of the transactions in his Inward Exchange Accounts with the A. G., P. R.

201.

202.

203.

204.

205.

206.

States acceded to Pakistan on account of cost of Military stores supplied to them, and (iii) transfer receipts drawn by Civil treasuries, and cheques drawn by the Civil Department on Military Treasure Chests.

HEAD II.—Remittances to Defence Services from Civil

These remittances comprise payments upon cheques issued by the officers of the Defence Services, and also when such are specially ordered—specie remittances from Civil treasuries to Military Treasure Chests. Registration fees, stamps, Abkari and Salt collections, etc., paid into Military Treasure Chests should appear under this head.

HEAD III.—Items adjustable by Civil

This head is intended for moneys received or charges incurred on account of the Civil Department by officers of the Defence Services, and credited or debited by them to the Civil Department for adjustment in the accounts of the Civil Account Officers. Under this head should be included sums paid into Military Treasure Chests on account of Cantonment Funds, contributions for Foreign service, examination fees and subscriptions to Service Funds. Consequently the original items under this head should appear always in the account rendered by the Defence Account Officers to Civil, and the responding entries in the accounts rendered by Civil to the Defence Account Officers.

Note.—In the case of articles supplied by the Bureau of Laboratories, Pakistan and the Map Offices, the supplying officers will furnish the Controllers with a monthly list of issues in respect of units and formations, etc., under their accounting control. On receipt of these lists the Controllers will adjust the items contained therein to the proper head of account by *per contra* credit to the Accountant-General, Pakistan Revenues, for the total amount of the list.

HEAD IV.—Items adjustable by Defence Services

This is intended for receipts received otherwise than on Receivable Orders and for payments on account of the Defence Services made otherwise than on cheques issued by officers of the Defence Services, and also for the value of stores supplied by and returned to Civil Departments. These transactions should be debited or credited to the Defence Account Officers in the Accounts rendered to them by the Civil Account Officers. The only entries under this head in the accounts rendered to Civil by the Defence Account Officers should be responses given by them in adjustment of these debits and credits.

212. The Civil Accountant-General need give no particulars in his outward Exchange Account of items credited and debited under Heads I and III, and in the same way the Defence Account Officer need give no particulars of the items credited and debited under heads II and IV of his Outward Exchange Account. These particulars shall be given in separate schedules on the plan described in paragraph 216, etc., of this code. The Accountant-General in giving particulars of credits under head IV, shall also enter in the relevant schedules the full designation of the party paying the amount into the treasury. Receipts and expenditure pertaining to Military Engineering Services or Air Force Works executed in the Public Works Department as a standing arrangement, in respect of which the Civil Account Officer acts as a Sub-Account Officer on behalf of the Military Accounts Department, shall not be included in the Main Exchange Account sent to the Defence Account Officers by the Civil Account Officer but shall be booked under a separate head "Exchange Account between Civil and Defence Services—Sub-Account Officer, M.E.S., or Sub-Account Officer, Air Forces, as the case may be. The Defence Account Officer,

shall, on receipt of the account of the M.E.S., or Air Forces receipts and expenditure from the P.W.D., incorporate them in his compilation by *per contra* debit or credit to "Exchange Account between Civil and Defence Services—Sub-Account Officer, M.E.S., or Sub-Account Officer Air Forces", as the case may be. A similar procedure shall be followed in cases in which a Defence Account Officer acts as a Sub-Account Officer of a Civil Accountant-General in respect of Public Works under the Control of the Military Engineering Services.

Note.—A copy of the Outward Exchange Account with entries of debits and credits under Head II only shall be sent by the Civil Accountant-General to the Hollerith Section as described in paragraph 220 relating to the transmission of schedules of payments of cheques, simultaneously with the despatch of the account to the Defence Account Officer concerned.

213. Items shown under the heads "Remittances to Civil from Defence Services", and "items adjustable by Civil", shall not be written back without the previous consent of the Civil Account Officers concerned. Similarly, items shown by Civil Account Officers under the heads "Remittances to Defence Services from Civil", and "Items adjustable by Defence Services" may not be written back by them without the prior consent of the Defence Accounts Officer concerned.

214. Errors committed in crediting or debiting amounts to head I to IV of the Exchange Account should be rectified, not by a transfer entry, but by addition or deduction, as the case may be, through the Progress Register (see paragraph 247) of the month whose accounts are open at the time they are set right. When the balances as worked in the Progress Register (P.A.F.A. 742) are communicated to the other party to the account, the month in which such corrections are made and the particulars of errors rectified in the month shall also be intimated to that party.

J.F. Outward Exchange Accounts

215. The Outward Exchange Accounts will be prepared by the Defence Account Officers in P.A.F.A. 735 and despatched to the Civil Account Officers concerned, together with statements in P.A.F. (CMA-634), showing details of treasury receipts adjusted under Head I during the month and detailed schedules in P.A.F.A. 725 in respect of transactions adjusted under Head III.

216. The totals in all schedules rendered by the Audit Sections in the Controller's office, which are to be sent in support of the Outward Accounts shall invariably be checked in the Accounts Sections by a Machinist and their correctness established. Before despatch the accuracy of the accounts will be tested by means of an agreement to be made between the figures shown therein and those exhibited in the monthly consolidated compilations. The Superintendent shall see that the figures in the Exchange Account agree with those in the corresponding Schedules, that all necessary explanations are given and that all documents are attached in their absence explained.

The work of effecting the agreement between the totals of the Schedules with the compiled actuals envisaged in the preceding paragraph should be undertaken immediately on receipt of the compilations from the Hollerith Section and discrepancies, if any noticed, should be reconciled by calling for the details of the compiled actuals at once. On no account should this agreement be deferred till the submission of the Exchange Account.

L.M.A.G.

Outward Accounts for March

217. In order that transactions affecting Provincial balances which originate in the accounts of the Defence Account Officers may be adjusted as far as possible in the accounts of the year to which they relate, the Defence Account Officers should send advance Schedules in respect of such transactions for the months of February and March so as to reach the Civil Accountants-General by the 25th March and 10th April respectively, any corrections to the February Schedules also being advised so as to reach the Civil Accountants-General not later than the 10th April. The vouchers and other documents relating to the transactions need not, however, accompany the Schedules but should be sent with the regular Exchange Accounts.

Inward Exchange Accounts

218. The Inward Exchange Accounts are prepared by the Civil Account Officers in Account Code Form 33 and despatched to the Defence Account Officers supported by detailed Schedules and the supporting documents in respect of items under heads I, II and IV.

219. The original schedules of Miscellaneous Defence Services Receipts submitted by the Treasury Officers shall be collected together by the Civil Accountant-General and forwarded to the Defence Account Officer concerned under cover of a list which shall be despatched by the former not later than the 10th of the month following that to which it relates. The Schedules of Defence Services Remittances, together with the duplicate copies of Military Receivable Orders, shall, however, be retained in the Civil Accountant-General's office. At the end of each quarter, a list of the items remaining unadjusted supported by the connected duplicate copies of the Military Receivable Orders, shall be sent by the Civil Account Officers to the Military Accounts Department.

220. The Schedules relating to payments of Defence Services cheques, together with the paid cheques themselves, shall be forwarded by the Civil Accountant-General concerned to the Deputy Assistant Military Accountant-General incharge, Hollerith Section. The Schedules relating to other payments with all vouchers shall be despatched by the Civil Account Officers direct to the Defence Account Officers concerned. The first list of Schedules shall be sent by the Civil Account Officers about the 25th of the month to which it refers and the second list on the 10th of the following month.

Inward Exchange Accounts for March

221. All original transactions relating to the Defence Services which are likely to appear in the Exchange Accounts for March (Final) under head "IV—Items Adjustable by Defence Services", will be communicated by each Civil Accountant-General to the Defence Account Officer concerned by batches in the form of Advance Schedules, the last batch being sent in time to reach the latter before the 25th of May.

Any such transactions coming to light after the despatch of the last batch of advance Schedules, which may be adjusted by the Civil Accountant-General in his March Final Account, will be communicated to the Defence Account Officers, as they are noticed, for adjustment in their March Supplementary Accounts, in time to reach them before the 25th of June and all communications after the 20th June being made by telegram.

Disposal of Inward Exchange Accounts

222. The Schedules of Receipts and Payments under Heads I and II of the Exchange Account will be checked in the Accounts Sections

by the offices and by the D.A.M.A.G. I.C. Hollerith Section, by comparison with the supporting documents, and the Defence Account with the supporting lists and Schedules. Any discrepancies or vouchers will be called for at once by express letter and must be vigorously watched.

Items in the lists and schedules of payments and receipts under Head II of the Exchange Account shall be further examined by the Hollerith Section in ascertaining if all of them pertain to the Defence Account and if they have been passed. Items not so pertaining shall be referred to the other party to the account requested to readjust them.

On receipt of the quarterly lists referred to in paragraph 219, the Hollerith Section shall be taken immediately to adjust all outstandings shown in the next Outward Exchange Account with reference to the duplicate copies of the M.R.O.s., received with them and to these lists the month's account in which the adjustment has been made.

The debit items in the Schedules of payments shall be linked by the Hollerith Section, by mechanical process, with the corresponding items in the Schedules III—daily lists of cheques drawn—submitted to the Hollerith Section by Controller's Offices along with the periodical batches of media (see paragraph 220).

Items, if any, remaining unlinked from the Schedules of payments shall fall under one or other of the following categories:—

- (a) Items on the credit side for which debits have not yet been raised by the Civil Account Officer concerned, and those on the debit side in respect of which schedules III have not been rendered to 'H' Section by the Controller concerned.
- (b) Items for which credit has been afforded by the Controller concerned to a Civil Account Officer other than the one to whom it is due.
- (c) Items against which incorrect cheque numbers and/or amounts have been posted in the Schedule III.

To enable the Controllers to effect clearance of the outstandings under Head II of the Exchange Account, the Hollerith Section shall furnish them monthly lists of the unlinked items showing the number, date, year and amount of the relevant cheque against each item. Each list shall include all items remaining outstanding up to the end of the month to which the list relates.

On receipt of the lists of unlinked items under Head II of the Exchange Account the Controller shall ascertain the cause of each item outstanding for more than three months from the date of its issue and address the Civil Account Officer concerned to expedite the item or specify the reason why he is unable to raise the debit. In the case of cheques remaining uncashed for more than three months after date of their issue the Controller shall take immediate steps to write off the credit afforded to the Civil Department in the first instance (see paragraph 236).

In regard to the unlinked debit items in the list received from the Hollerith Section, the Controller shall examine the causes of outstandings in respect thereof irrespective of their date of origin and shall take immediate steps either to furnish to the 'H' Section the wanting Schedule III or necessary amendments to those already furnished, as the case may be.

229. A quarterly progress report showing the progress of clearance of outstandings made under Head II in respect of the quarters ending 30th June, 30th September, 31st December and 31st March, shall be submitted by Controllers so as to reach the M.A.G., on the 30th September, 31st December, 31st March and 30th June respectively.

230. The debits or credits under Head IV of the Inward Exchange Account, which cannot be properly classified by the Accounts Section of the Controller's office for want of sufficient particulars (including those affecting Construction Accounts in the case of M.E.S.,) will be abstracted in Schedules P.A.F. (C.M.A.) 338-B, for each audit section separately, and sent to the Audit Sections concerned in duplicate, with the supporting vouchers for audit, and classification. Within a week of the receipt of the schedules in the Audit Section (except for M.E.S., for which see paragraph 233), one copy of the schedule shall be returned by that section with the name of the month of the sectional compilation in which the responding credits or debits have been or will be afforded, the necessary classification being entered in the other copy (to be retained in the Audit Section) for inclusion in the Sectional Compilation where necessary.

231. The debits and credits for which full particulars and vouchers are available and which can be properly classified by the Accounts Section will be abstracted in the statement in P.A. F., (C.M.A.) 646 in quadruplicate by carbon process separately for credits and debits, for each Audit Section. The months account in which adjustment is made will be noted on the top of the statement. The classification code Numbers under which each item is compilable will be noted in the column provided for the purpose and the total amount of the responding debits and credits for all items will be shown collectively in the statement. The quadruplicate copy will be kept as the office copy by the Accounts Section; the triplicate will be sent to the Hollerith Section as Punching Medium; and the original and duplicate will be sent to the Audit Sections concerned duly supported by the relevant vouchers, if any. The Audit Sections will circulate the original copy of the P.A.F., (C.M.A.) 646 amongst the auditors concerned for audit and checking the correctness of the classification noted therein. If the classification entered therein is found to be incorrect in any case, or an item has been erroneously accepted by the Accounts Section, the necessary readjustment will be made through a Transfer Entry Punching Medium by the Audit Section who will at the same time take up the matter with the Civil Account Officer concerned in the latter case for the write back of the debit or credit as the case may be. The action taken on each item will be recorded in the original copy which will be retained in the Audit Section in a separate file. The above facts will also be transcribed in the duplicate copy which will be returned to the Accounts Section within a week of receipt, with the necessary audit certificate endorsed thereon. The Accounts Section will watch the return of the duplicate copy of the statement from the Audit Section by means of the quadruplicate copy on their record.

232. The Schedules in P.A.F., (C.M.A.) 338-B will be sent to the Audit Sections in duplicate, a copy being retained in the Accounts Section through which the return of the Schedules from the Audit Sections will be watched.

233. Schedules embracing transactions appearing in the Inward Exchange Accounts which affect Accounts of the Military Engineering Services, will, however, be despatched to the respective Unit Accountants attached to the M.E.S., formations concerned.

234. The entries in the Schedules made by the Audit Sections and the Accountants attached to M.E.S., formations will be verified with the schedules accompanying the P.M. and notes of responses shall be made against the items in the Inward Schedules. Controllers who are responsible for watching the progress of adjustments (vide paragraph 229) also note, against the responding items, the corresponding items in the Inward Accounts.

235. Items adjustable by the Defence Services will be adjusted on the advance schedules (or receipts forwarded by treasuries in respect of Emergent Advances) without waiting for the debit or credit to be entered in the Exchange Account.

236. Lapsed Cheques and State Bank of Pakistan Government

Government Drafts lapse at the end of the third year after the year of issue and cheques at the end of the third month after the month of issue.

At the end of these periods, the Treasury Officers concerned shall be requested to state if the Government drafts and cheques, responding credits of which are outstanding under Head II in the absence of original from the Civil Department, have been cashed. If the reply of the Treasury Officer is in the affirmative the Civil Accounts Officers concerned shall be requested to point out the debits. If they have not been cashed by the end of the 31st March of each year and have lapsed, will be transferred to the credit of the Government in the books of the Defence Services by the Civil Department concerned.

Defence Cheques when lapsed will be adjusted in the books of the Defence Services and not those of the Civil Department.

Cancelled Cheques

237. When a cheque is cancelled and a fresh one is issued in lieu, the amount will be adjusted by credit and debit to the Civil Department concerned under "Cheques drawn" and "Cheques cancelled" respectively.

When a cheque is cancelled and no fresh cheque is issued in lieu, the amount will be adjusted by debiting the Civil department concerned under the head "Cheques cancelled", the Service head affected being debited, in the usual manner, in the accounts of the month in which the cheque is cancelled.

Grants of Lands and Jagirs

238. The amount payable to Provincial Governments on account of grants of lands and jagirs sanctioned by the Defence Department shall be adjusted in the accounts in the following manner:—

- in the case of the grant of a plot of land, the Civil Accountant-General concerned shall debit the amount representing the value of the plot as assessed by Government to the nearest Defence Account Officer;
- in the case of assignments of land revenue payable in cash, the Defence authorities will arrange for payment through the Defence Account Officer concerned, and the amount paid will be debited direct against the Defence Services Estimates;
- in the case of assignment of land revenue paid by land owners direct to the grantee or of remission of land revenue if the grantee is a land holder, the amount of the grant shall be debited annually by the Civil Accountant-General concerned to the nearest Defence Account Officer.

Leave Salaries and Pensionary Charges

The charges for leave salaries paid by the Civil or the Posts and Telegraphs Department, in respect of leave earned by service in the Defence Department, shall be debited by the Civil or the Posts and Telegraphs Account Officers, as the case may be, to the C.M.A., whose office is nearest to his own office, irrespective of the Military Division or Area to which the payments actually relate. Debits for pensionary charges shall, however, be passed on to the Controller of Military Accounts (Pensions), Lahore. The debits in each case shall be supported by a certificate to the effect that the leave or pension for which the charges are debited was earned in respect of service rendered in the Defence Department and that the amounts charged are correct according to rule.

Adjustment of Outstanding Loans against Government Servants transferred to Defence Services from Civil Departments and vice versa.

240. When a Government servant is transferred to the Defence Department from the audit area of a Civil Account Officer the balance of any loan outstanding against him, shall be retained in the books of the Civil Account Officer concerned and the recoveries effected by the Military Accounts Department shall be passed on to him through the Exchange Accounts. The same procedure will be followed in the case of individuals transferred from the Defence Services to the audit area of a Civil Account Officer with an outstanding balance of a loan.

Charges on Account of Printing Work done for and Stationery Supplied to the Defence Services.

241. Charges for the cost of printing work done in the presses of the Central and Provincial Governments on behalf of the various branches of the Defence Department (including the Pakistan Military Accounts Department) and of stationery supplied by the Printing and Stationery Department to those branches shall be passed on for adjustment to the Defence Account Officers as shown below:—

Charges pertaining to	Name of Account Officer adjusting the charge.
(1) Air Forces.	Controller of Accounts, Air Forces, Lahore.
(2) Navy.	Controller of Naval Accounts Karachi.
(3) Army Factories (in respect of stationery supplied for outturn purposes).	Controller of Army Factory Accounts.
(4) Other Defence Services	Controller of Military Accounts, Lahore.

242. The vouchers for charges for stationery supplied from the Central Stationery Stores will be sent by the Central Stationery Stores direct to the Defence Account Officer concerned and the numbers and dates of the forwarding letters shall be quoted against the items of debit appearing in the Exchange Accounts in respect of them. No vouchers will, however, be sent in support of debits for the cost of printing work (including the cost of stationery used in printing) raised in the Exchange Accounts.

Postal Insurance Premia

243. The Accountant-General, Posts and Telegraphs, Dacca, is centrally responsible for the audit and accounting of the Postal Life Insurance

Consequently, credit for recoveries of premia of Defence Account Officer should be afforded to the above Account Officer, through monthly Exchange Accounts.

The certified lists or the schedules of premia should be sent to the Accountant-General, Dacca, not later than the date prescribed in paragraph 243 of the Exchange Accounts. The following information, where necessary, be furnished in the remarks column of the list

244. No;

Amount of premia;

Name of the insurant;

The reasons for non-recovery of subscription in any particular case, or for recoveries for broken periods;

In the event of an insurant being transferred to another audit area, the designation of the audit officer to whose jurisdiction

the insurant has been transferred and the date up to which recovery has been made from him prior to his transfer; and

The period of leave granted to a Government servant and the date up to which his premium has been or will be recovered in the event of his death.

The credit, in an Exchange Account, of Postal Life Insurance should always quote the certified list/schedule in which the amount is shown, thus—vide certified list of (Defence Account Officer) (No. 1234).

Advances and Suspense Items

No "Advance" or other "Suspense" item should be left under Exchange Account pending recovery or adjustment. It should be entered to the appropriate debt head and must be entered in the proper book.

Progress Register

The progress of adjustment of each account should be watched in a register in P.A.F.A. 742, in which the totals of the prescribed items should be entered monthly separately for the inward and the outward account. The outward figures should be entered first for the twelve months and for March final and Supplementary, and the inward figures should be entered similarly below them. Annual totals should be made in the eight columns separately for the inward and outward account and grand totals of the two made with opening and closing balances.

(a) The progress of adjustment under all heads should be checked closely, and that under Heads III and IV being tested in detail monthly.

The unadjusted balance under Heads I and II should ordinarily be cleared as most of the items are cleared during the same month. The balance should, however, be tested from time to time.

For the purpose of arriving at the total of the year's credits and debits the totals of the four heads of each Exchange Account (Inward and Outward) will be posted monthly in P.A.F.A., 743. Transfers from one head to another will be noted on the reverse of the form by plus and minus entries, as transfer adjustments are not permissible in Exchange Accounts.

250. After the March final accounts have been despatched, the balances outstanding under heads II and IV should be communicated to the other party to the account. As soon after the close of March supplementary adjustments as possible but not later than the 15th August, an Annual Consolidated Abstract of the Progress Register should be sent to the Auditor-General and to the other party to the account in P.A.F.A. 744 with detailed explanations, on the reverse of that form of the balances outstanding under Heads II and IV. A copy of the Annual Abstract of Progress Register should also be submitted to the Military Accountant-General.

251. The lists of outstanding items should bring out only such items as despite all efforts, remain unadjusted and which, consequently will be thrown into the accounts of the subsequent year. As far as possible, no item should appear in these lists, unless from their very nature delay may be unavoidable, e.g., uncashed cheques; and except in cases when the cause may be obvious, the reasons for non-adjustment should be stated in such a manner as to show where the responsibility for the delay is to be found. Vague remarks such as "under correspondence/reference" etc., are forbidden.

252. On receipt of similar Abstracts from the Civil Account Officers the figures shown therein will be checked with the outward Abstracts, and discrepancies, if any, reconciled.

Objections.

253. (i) Objections raised on the audit of Inward Exchange Account transactions will be noted by the Audit Section and the Unit Accountant (M.E.S.) concerned in the Schedules—P.A.Fs. (C.M.A.) 338-B—when returning them to the Account Section (*vide* paragraph 230). Action for the settlement of the items rejected by the Audit Sections and the Unit Accountants (M.E.S.) will be taken by the Account Section through correspondence with the Civil Account Officers concerned as soon as the Inter-Departmental Schedules are received back from the Audit Section. Replies to such references will be watched through remainder cards. The final clearance of the outstanding items including these referred to in paragraph 222 will be watched through the Progress Register—P.A.F.A. 742

(ii) In the case of items provisionally accepted, the Audit Sections or the Unit Accountants concerned, as the case may be, will address the Civil Account Officers concerned direct for the wanting information and/or documents, the receipt of which will be watched by them through reminder cards.

254. On receipt of objection statements on the outward Exchange Accounts, extracts from them will be sent to the Audit Sections and the M.E.S., Unit Accountants concerned, who will enter their replies on the extracts and return them to the Accounts Section without delay. The replies, if accepted by the Controller, will be transcribed into the original objection statements, which will then be returned to the Account Officers concerned. No copies of these objection statements need be retained, the extracts mentioned above serving the purpose of office copies.

255.

256.

CHAPTER 13

Special procedure applicable to Military Exchange Accounts

Adjustments between Defence Account Circles.

262. All receipts and charges pertaining to a Defence Account Circle will, with the exception of the following which will be passed on to that Circle through the medium of I. D. Schedules P.A.F. (C.M.A.) 338-A, be finally compiled in the accounts of the Circle in which they are realised or incurred:—

- (i) Transactions pertaining to other than Service heads [but see clauses (ii) to (iv) below].
- (ii) Receipt and Charges which are auditable by a particular Defence Account Officer.
- (iii) Transactions relating to Air Forces, Navy and the Military Engineering Services (excluding recoveries on account of rent, water and electricity, payments on account of advance of pay and T. A., payments on account of pay and allowances whether due or remaining undischarged up to the date of transfer and works transactions on account of Air Forces, Army Ordnance and Clothing Factories and Navy for which Army Controllers act as Sub-Audit Officers for which see paragraph 263.)

Note.—Bills on account of Rail charges falling under Major Head 58—Defence Services—Effective (other than those pertaining to locally controlled heads in respect of Auxiliary and Territorial Forces and M.E.S.) preferred by the North Western Railway and the Eastern Bengal Railway will be finally adjusted by the Controllers of Military Accounts, Lahore and Dacca respectively in their own accounts against the appropriate service heads. Sea and Inland Water charges as well as charges on account of Road Warrants falling under 58—Defence Services—Effective (excluding M.E.S. and the locally controlled heads in respect of Auxiliary and Territorial Forces) will be finally adjusted by the Controllers incurring the charges in their own accounts against the appropriate service heads. The Controllers will, however, send to each manufacturing establishment except bakeries and butcheries, by the 15th of the month following each quarter a statement showing particulars of the charges so compiled by them against the accounts of the establishment concerned during the preceding quarter. The figures for bakeries and butcheries will be intimated annually to the Controller in whose audit area they are situated.

Rail charges audited and authorised for payment on P.A.F.A. 468, etc., by, and recoveries effected at the instance of, the Cs.M.A., Lahore and Dacca will be finally compiled by the Controllers in their own books under the heads indicated therein. The D.A.M.A.G., in charge Holicrith Section will furnish the Cs.M.A., Lahore and Dacca monthly with extracts of all Pakistan Compilation in respect of Head 7-A (d)—Rail Charges—to enable them to take into consideration the total amount booked under the head, while framing his periodical estimates.

Note.—Amounts paid by Controllers to units in respect of an office allowance, on account of stationery supplied by those units to Unit Accountants attached thereto, will be finally adjusted in the accounts of the Controllers who pay the amounts.

Works Transactions on Account of the Air Forces, Army Ordnance and Clothing Factories and Royal Pakistan Navy.

263. Works transactions on account of the Air Forces, Army Ordnance and Clothing Factories and the Royal Pakistan Navy will be audited by Army Controllers as sub-auditors of the Controller of Accounts Air Forces, the Controller of Army Factory Accounts and the Controller of

the receipts and expenditure in connection with the works will be passed through the Remittance heads but will be described below:—

All such receipts and expenditure will be adjusted by the Army Controllers direct, under the relevant detailed heads of Main Heads X 10, 11/3 C and XI/11 as the case may be.

To enable the Controller of Army Factory Accounts/Controller of Naval Accounts to watch expenditure against allotments and to prepare, where necessary, statistical returns, periodical estimates, etc., for submission to the Administrative and Financial Authorities, the Unit Accountants attached to G.E.'s Offices will render to the above Controllers quarterly, on behalf of the Controller compiling the expenditure or receipts, a detailed statement of revenue and expenditure relating to Factory Works/Royal Pakistan Navy Works finally booked by them under the sub, minor and detailed heads of Main Heads 11/3-C and XI/11 as the case may be; (in the case of factories, the statement will be furnished showing figures by each factory). These statements will be prepared in duplicate by the G.E.'s Unit Accountants from the Construction Accounts maintained by the M.E.S. authorities. The original will be sent direct to the C.A.F.A./C.N.A., so as to reach him not later than the 10th of the first month following the quarter to which the statement pertains and the duplicate to the C.M.A., in whose compilation the expenditure and receipts are compiled. The figures in these statements will be verified by the Unit Accountant and the C.M.A. concerned on receipt of the machine printed lists of M.E.S., vouchers and sectional compilation from the Holicrith Sections. Corrections, if any, will be intimated by the Cs.M.A., concerned to the C.A.F.A./C.N.A., without delay, so as to enable the latter to incorporate them in their statements of actuals etc., for that quarter if time permits; otherwise in those for the subsequent quarter.

If, however, a particular work/works is/are completed in a month which does not coincide with the last month of a quarter, an additional statement will be rendered by the Unit Accountant concerned to the C.A.F.A./C.N.A., by the 10th of the month following that in which the work/works is/are completed.

- (b) A similar procedure will be followed in the preparation of the statement of expenditure and revenue relating to Air Force Works except that the statement will be rendered to the Controller of Accounts Air Forces, by the Controllers of Military Accounts concerned by the 25th of the second month following each quarter after verification of the figures with those appearing in the printed lists of M.E.S., vouchers for the quarter concerned.
- (c) All transactions for March relating to Factory/R.P.N./Air Force works as also any unadjusted transaction of the year will be finally adjusted, as far as possible, by the Controllers in their March (Final) Accounts and no transaction should ordinarily appear in their Compilations for March (Supplementary). Separate statements for the amounts compiled in these accounts will be rendered by the unit accountants

of the G.E.'s offices or Cs.M.A. as the case may be, to the C.A.F.A./C.N.A./C.A.A.F., as soon as possible after the close of these accounts.

Note 1.—The statement should be reconciled with the compiled actuals before submitting them to the C.A.A.F./C.A.F.A./C.N.A.

Note 2.—Transactions on account of receipts and expenditure in respect of Air Forces and Naval Works executed by the agency of the Public Works Department as a standing arrangement, will be booked by the various Civil Accounts Officers finally as sub-audit officers of the Controller of Accounts, Air Forces, of the Controller of Naval Accounts, and will not be passed on through the exchange accounts to the Controller of Military Accounts, in whose audit area the work is located. An account of the expenditure incurred and receipts realised during a month will together with a classified abstract be furnished to the Controller of Accounts, Air Forces, or the Controller of Naval Accounts by the Civil Accounts Officers in their capacity as sub-audit officers, and will be incorporated in their accounts. In cases, however, where there is no standing arrangement and the work is undertaken occasionally by the Public Works Department, the expenditure will be debited to the Controller of Accounts, Air Forces, or the Controller of Naval accounts through the Exchange Account of the Civil Accounts Officers concerned.

Procedure in Originating Controller's Office.

264. Defence inter-Departmental Schedules—P.A.F. (C.M.A.)-338-A will be prepared in quadruplicate by the Accounts Section of the originating Controller's office for original items only, from the duplicate copy of the Punching Media embracing the credits and debits passed by the various Audit Sections in respect of items which are adjustable in the books of other Controllers. The duplicate copies of the Punching Media will be passed by the Audit Section to the Account Section, as soon as they are prepared.

Note.—I. D. Schedules in respect of remittance transactions originating in M.E.S. accounts will be prepared by the respective Unit Accountants and forwarded in quadruplicate to the Account Section of the Main Office along with the duplicate copy of the relevant Punching Media, office copies of the schedules and Punching Media being retained by the Unit Accountant.

265. The duplicate and the triplicate copies of the Schedule—P.F.A. (C.M.A.) 338-A will be forwarded by the Account Section to the respective Audit Section, or the M.E.S. Unit Accountant, under the control of the responding Controller, in batches, the first and the second batch being despatched on the 12th and the 25th of each month and the third batch as soon after the close of the month as possible, but not later than the 3rd. of the following month.

266. The original copies of the P.A.Fs. (C.M.A.) 338-A will be grouped together monthly and despatched to the Central Compilation Office ('H' Section) within seven days of the receipt of the detailed list of vouchers. Before despatch to the 'H' Section the amounts entered in the Schedules will be agreed with those given in the detailed lists of vouchers.

The quadruplicate copies of the P.A.Fs. (C.M.A.) 338-A, will be recorded serially in the Account Section of the originating Controller for reference by that section as well as the various Audit Sections.

267. The Schedules will be numbered consecutively. For this purpose the Central Compilation Office will annually allot separate series of five digit numbers to each Controller. The Account Section of the originating Controller will maintain a Schedule Register from which numbers will be assigned to each Schedule within the allotted series, brief particulars of the Schedule being entered against each item.

268. Write-back of original items in the Military Exchange Accounts is not permissible. In the event of the whole or a part of an item having been incorrectly passed to another Controller, the latter should adjust it in full and initiate an original debit or credit for the whole or a part of the item against the Controller who erroneously passed it in the first instance.

Procedure in responding Controller's Office.

269. Immediately on receipt of a batch of the Defence Interdepartmental Schedules—P.A.Fs. (C.M.A.) 338-A, in a Controller's Audit Section, the Schedules will be examined to see that they correctly pertain to the responding section indicated thereon. In case any of the schedules have been incorrectly passed to the receiving audit section, the Schedules will be immediately transferred to the appropriate audit section of the Controller concerned, a suitable note being made in the I. D. Schedules as well as the I. D. Schedule Register. The transfer of such I. D. Schedules will also be notified to the 'H' Section simultaneously.

Note.—Audit Section includes the Accounts Section of an M.E.S. Division placed under the charge of a Unit Accountant of the M. A. D.

270. Schedules which are found to have been erroneously passed to a Defence Account Circle, as a whole, will be responded to, in full, by the responding Controller indicated thereon, in the first instance. Original debits or credits will then be passed by the said responding Controller to the Controller in whose books the items are correctly adjustable.

271. Formal response will be recorded by the audit section concerned on the I. D. Schedules adjustable by that section, by *per contra* credit or debit to the originating Controller. One copy of each Schedule duly enfaced with the classification code heads involved, will then be passed to the 'H' Section along with the periodical batches of Punching Media, the other copy being retained in the audit section concerned.

Outstandings.

272. A statement showing full details, including date of origin, of all original items remaining unresponded to in respect of each audit section as well as a summary of the progressive totals of the outstanding items for each Defence Account circle as a whole will be prepared mechanically by the 'H' Section and forwarded to the respective responding Controller by the 5th of the second month following that to which the statement pertains. The list of outstandings and the connected summary will be shown by the Account Section to the Controller, in the first instance, for his information and suitable remedial action, where necessary. The Account Section will then pass the extracts of the relevant outstanding items to the respective Audit Sections with a view to their expediting clearance thereof.

Progress of Adjustment.

273. The progress of adjustment in respect of the exchange transactions between the Defence Account Officers will be centrally watched by the 'H' Section through lists of outstanding items referred to in paragraph 272. Annual abstracts of Progress Register in P.A.F.A.-744 together with lists of items remaining unadjusted at the end of March Supplementary will also be prepared by the 'H' Section in respect of each Controller and submitted to the M.A.G., through the Controller concerned on the 15th August each year.

Objections.

274. The procedure contained in paragraphs 253 and 254 of this code in regard to the Civil Exchange Accounts will apply *mutatis mutandis*.

276.

277.

278.

279.

280.

CHAPTER 14

Account current between Pakistan High Commissioner in England
and Military Accountant-General

281. The Accounts Current sent from the Military Accountant-General, Pakistan, to the Chief Accounts and Audit Officer to the Pakistan High Commissioner in London are termed "Outward Accounts", the accounts sent by the latter to the former being styled "Inward Accounts".

Note.—For facility of reference the accounts sent to and from England, as explained in the above paragraph are described in this and other chapters of this code as London Accounts.

Scope of the Account Current.

282. All Defence Services transactions in the United Kingdom of the Central Government of Pakistan (with the exception of those representing genuine sterling assets and liabilities of the Defence Services which are finally brought to account in the accounts maintained by the High Commissioner for Pakistan in the United Kingdom) and all remittances through the agency of Government on behalf of third parties (*e.g.*, recoverable expenditure incurred in Pakistan on behalf of certain departments of the Government of the United Kingdom, such as War Office, Admiralty and Air Ministry and Defence Service expenditure incurred in England on behalf of the Central Government of Pakistan) shall be included in the Remittance Account between the Chief Accounts and Audit Officer to the High Commissioner for Pakistan in London and the Military Accountant General, Pakistan. Defence Services transactions of the Central Government which are passed on to the Military Accountant-General through these accounts shall eventually be incorporated in Defence Services Accounts kept in Pakistan.

Note.—All those classes of transactions which used to appear in the Account Current between the old Secretary of State for India in London and the Military Accountant-General of the undivided India, shall be adjustable through the Account Current between the Pakistan High Commissioner in London and the Military Accountant-General Pakistan.

283. Transactions, if any, arising in the Defence Services accounts which are adjustable with Foreign Governments not in direct account with Government of Pakistan and who have not established diplomatic relations with the Government of Pakistan and whose representatives are, therefore, not stationed in Pakistan but are functioning in London, as also Defence Services transactions of the Central Government arising in the accounts of such Foreign Governments which are finally adjustable in Pakistan accounts will also be passed through the Account Current between the Chief Accounts and Audit Officer to the Pakistan High Commissioner in London and the Military Accountant-General.

283. A. attached. *Inward Accounts.*

284. Classification of items in the Inward Accounts:—

Monthly totals of transactions passed on to the Military Accountant-General will be exhibited in the Account Current under the following heads:—

- (a) Revenue and Capital transactions of the Central Government relating to the Defence Services.
- (b) Remittance: Miscellaneous Accounts between the C.A. and A.O. to Pakistan High Commissioner in London and Military Accountant-General.

The details of the Revenue and Capital transactions of the Defence Services under appropriate heads of account will be given in subsidiary monthly statements of receipts and disbursements working up to the totals in the Account Current. These statements will be transmitted by the C.A. and A.O. to the High Commissioner in London, to the Military Accountant-General.

Note.—In order to enable the Accounts Department of the Pakistan High Commissioner in London to classify the transactions under proper heads in the monthly statements referred to in the preceding paragraph, all authorities for payment in the United Kingdom including leave salary certificates, pension payment orders and indents for stores should furnish the following particulars:—

- (i) The major and minor heads of account;
- (ii) The particular Government to which the payment is debitable;
- (iii) Whether the expenditure "is charged" (non-voted) or "voted";
- (iv) Full classification of any deduction to be made from the payment.

285. The Inward Accounts Current of Defence Services transactions relating to the head "Remittance: Miscellaneous Accounts between the C.A. and A.O. and the M.A.G." will be sent to the Military Accountant-General in detail through separate schedules. These accounts shall contain only original items, i.e., items adjustable in Pakistan. No general rule of classification of an item as "Original" or "Responding" can be laid down, but the principle to be observed, where possible, should be that items should be treated as "Original" in the country in which the first cash transaction takes place.

286. A list of sub-heads appearing in the Inward Accounts is given in the Pamphlet of Revenue, Debt and Remittance heads. No new sub-head shall be added to the list without the approval of the Military Accountant-General, who will intimate it to the C.A. and A.O. to the Pakistan High Commissioner in London and to the Auditor-General.

Treatment of Inward Accounts.

287. On receipt of the Defence Services portion of the Inward London Account by the Military Accountant-General, original transactions which can be properly classified centrally by that office will be adjusted under the appropriate heads and a copy of the Punching Medium sent to the Controller concerned through the Hollerith Section. The details of these transactions will be intimated to Controllers separately by each Audit Section in M.A.G. 2-A, in duplicate. On receipt in Controller's offices, these extracts will be audited and the classification checked and recoveries or payments made, where necessary. If, in any case, the classification entered in any of the extracts is found to be incorrect, necessary readjustment will be made by the Audit Section concerned of the Controller's office through a transfer entry Punching Medium and the fact recorded on the M.A.G. 2-A. The duplicate copy of the M.A.G. 2-A, will be returned by the Audit Section concerned to the M.A.G., with the necessary audit certificate endorsed thereon.

288. In the case of original transactions which cannot be properly classified centrally by the Account Section of the M.A.G.'s office for want of sufficient particulars, extracts in M.A.G. 2-A (in duplicate) will be sent to Controllers separately by each audit Section. After necessary adjustment of the items scheduled in the M.A.G. 2 one copy thereof will be returned to the M.A.G. direct by the Audit Section concerned after endorsing thereon against each item the rupee equivalent of the sterling amount, the classification code number and the month's account in which adjustment has been made.

289. Items, if any, in the extracts (M.A.G. 2) which are found to be pertaining to a Defence Account Office other than that to which they have been scheduled, will be communicated to the Account Office concerned under intimation to the Military Accountant-General. In the case, however, of an item being found to be adjustable in the accounts of a Civil, Posts and Telegraphs or Railway Account Officer, it shall be passed on for adjustment to the Account Officer concerned direct through the Exchange Accounts, an intimation being sent to the M.A.G.

290. Defence Services Sterling transactions of the Central Government shall be adjusted on the Defence Services books under the proper heads of classification at the conventional rate of exchange by debit or credit to the London Account Current, the difference between the rupee equivalents at the average rate and the conventional rate of exchange in respect of Revenue and Capital transactions being taken to the minor head "Loss or Gain by exchange" under the relevant major heads by *per contra* credit or debit to the Deposit head "Exchange on Remittance Accounts".

Note 1.—For the purpose of adjustment mentioned in this paragraph the sterling transactions shall be converted in Pakistan currency to the nearest anna.

Note 2.—No adjustment on account of loss or gain by exchange in respect of sterling transactions relating to debt, deposit and remittance heads should be included under those heads. The difference between the rupee cost of such transactions at the average rate of exchange and the value of booked transactions at the conventional rate of exchange should be adjusted under the head "XLVI—Miscellaneous" on "net gain by exchange on Remittance transactions". If in any year the net result of the adjustments under this head is a loss it should be adjusted as a minus receipt to avoid unnecessary appropriation of funds.

Note 3.—No adjustment on account of exchange should be made under the minor head "Loss or Gain by exchange" in respect of the cost of English stores purchased for the Military Engineering Services. The cost of such stores should be adjusted in the regular accounts as well as the accounts of works or stock at the average rate of exchange for the month in which payments are made in England. This rule shall apply also in the case of other services where the value of stores purchased in England has to be included in the accounts of works or stock.

291. Formal response in bulk shall be recorded in the Defence Services Books to the Revenue and Capital transactions in England of the Defence Services transactions of the Government of Pakistan, but shall not be passed through Outward Accounts. The only items in respect of which schedules of responding credits and debits shall be furnished by Controllers to the Military Accountant-General, will be those which are passed through the head "Remittance Miscellaneous Accounts between C.A. and A.O. to High Commissioner for Pakistan in London and the Military Accountant-General".

Dates of Despatch.

292. The Inward Accounts Current of the High Commissioner for Pakistan in London, the monthly statement of Receipts and Disbursement and the subsidiary Account current relating to Miscellaneous Remittance Transactions will be despatched to the M.A.G. by Air Mail not later than the 21st of the month following that to which the transactions relate. The statement and the account for March (Preliminary), however, will be sent a week later than the usual date. The final Account Current for March will be sent by the last Air Mail in May. A Supplementary Inward Accounts Current for March advising any corrections in the accounts will also be forwarded to the Military Accountant-General in the first week of July by Air Mail. This account will normally contain responding entries only.

L1 MAG

Outward Accounts.

293. The monthly Outward Account will contain only the transactions relating to the head "Remittance: Miscellaneous Accounts between High Commissioner in London and Military Accountant-General". The sub-heads appearing in this account shall be as given in the pamphlet of Revenue, Debt and Remittance Head. The instructions in paragraph 286 shall apply *mutatis mutandis* to this account also.

294. The Outward Account shall be consolidated by the Military Accountant-General and despatched to the High Commissioner for Pakistan in London. To enable the Military Accountant-General to do so, each Audit Section of a Controller's office shall submit to the former by the 15th of the month following that to which the transactions relate, schedules in P.A.F.A. 635/640 embracing the original debits and credits booked by them under the head "Items adjustable in England". The following instructions will be followed in the preparation and submission of the Schedules:—

- (i) Schedules will be prepared, in triplicate, by carbon process, separately by each sub-head of the London Account Current, the original and the duplicate copies being despatched to the M.A.G. and the triplicate being retained as office copy.
- (ii) Each credit schedule will be assigned a distinguishing credit item letter and debit schedule, a distinguishing debit item number.
- (iii) Unless they have been sent in advance under paragraph 297, the original supporting vouchers or certificate of payments (where vouchers in original cannot be furnished) will accompany the Schedules, or their absence fully explained. Vouchers received subsequent to the despatch of the Schedules will be forwarded to the Military Accountant-General with utmost expeditiousness. When reference is quoted to a Government letter or some other document, which may not be in possession of the High Commissioner, a copy thereof will either be sent to him with the advance intimation where prescribed or furnished in duplicate along with the relevant schedule sent to the M.A.G.
- (iv) The supporting vouchers will also be numbered to correspond with the relevant items in the Schedules.
- (v) The monthly Schedules will be submitted by each Audit Section of a Controller's Office, in one batch, direct to the M.A.G.
- (vi) When the several items in a schedule involve separate receipts or payments in England, fractions of a penny will not be shown in the Schedules, fractions of less than a half penny being omitted and a half penny or more being shown as a penny; when the whole schedule involves only one receipt, or one payment in England, the fraction shall be omitted only in the total of the Schedule.
- (vii) The amount in Pakistan currency adjusted under the Outward London Account Current heads will be worked out to the nearest anna at the official rate of exchange.
- (viii) In order to avoid omission of any one or more items from the schedules, the transactions will be entered in the relevant schedules simultaneously with the preparation of the Punching Media in which the London Account Current heads are operated.

(ix) The following example illustrates how entries are made in a Schedule supporting the Outward Account:—

Item No.	Particulars of transactions	Received or paid in Pakistan in Pakistan currency	Exchange debited (—) credited (+)	Net amount credited or debited in the Accounts current		Rate of Exc.	Remarks
				In Pakistan currency	In British Currency		
	Credit Items.	Rs. A. P.	Rs. A. P.	Rs. A. P.	£ s. d.	2 s.	
1		185=8=0	0=3=6	185=4=6	20=0=0	1 7/8d	
	Debit Items.					2 s.	
2		700=4=6	0=13=5	699=7=1	75=10=0	1 7/8d	

The figures given are those appertaining to a credit item of £20 and a debit item of £75 and 10s. the equivalent of which at 2s. 1 7/8d.—per rupee (supposing this to be the rate of exchange at which such items are required to be adjusted) is Rs. 185|8|- and Rs. 700|4|6 respectively. The rupee amount to be debited or credited in the Outward Account is thus the equivalent of the sterling amount at 2s. 129|32 d. per rupee (supposing this to be the uniform or conventional rate of exchange) the difference between this amount and the amount actually received or paid is treated as exchange and taken to Exchange on Remittance Accounts.

Note.—The rupee amount shown in the first money column of the Schedule under the heading "Net amount credited or debited in the 'Accounts Current'" should represent the exact equivalent in rupees, annas and pies of the sterling total given in the second money column.

295. As soon as the printed Sectional Compilations are received from the Hollerith Section, the total amount shown in the Office copies of the Schedules will be verified by the Audit Sections of the Controller's offices with the compiled actuals. Discrepancies, if any, detected will be immediately reconciled and Schedules in respect of any omitted items urgently despatched to the M.A.G.

Note.—The Hollerith Section will furnish monthly to each Controller a printed detailed list of actuals compiled in the R.D.R. Heads compilation under the London Account Current heads. An extract from the consolidated R.D.R. heads compilation of London Account Current heads in respect of each Controller will also be furnished to the M.A.G., (Accounts Section) every month.

296. Where items of a Miscellaneous or unusual nature are expected to result in the debit of large sums through the Outward Accounts, an advance intimation of the debit, supported by relevant vouchers, where necessary, will be sent to the Accounting Department of the High Commissioner in London, a reference to the number and date of the advance intimation being quoted in the relevant Schedule rendered to the Military Accountant-General.

Outward Accounts for March.

297. In respect of all original debits and credits to be included in the Outward London Account Current for February and March (Preliminary), advance schedules in P.A.F.A. 635 with supporting vouchers,

where necessary, shall be despatched direct to the Chief Accounts and Audit Officer to the Pakistan High Commissioner in England, so as to reach him before 1st and 7th May, respectively, without fail, duplicate copies thereof being sent simultaneously to the Military Accountant-General. Adequate steps shall be taken to ensure that no original items are left over for inclusion in the March Final or Supplementary Schedules, if any items are unavoidably left over, they shall be included in the Schedules for the following year. Thus, the Outward Accounts for March Final and Supplementary will contain only responding entries for which no advance schedules need be sent.

298. The Outward Account for ^{June} March (Final) together with Schedules of receipts and payments and supporting vouchers, should be despatched by the Defence Account Officers so as to reach the Military Accountant-General punctually on the 1st July annually. The consolidated Outward Account for March (Final) will be forwarded by the Military Accountant-General so as to reach the C.A. and A.O. to Pakistan High Commissioner in London by the end of July each year.

As soon as the compiled Accounts for March (Supplementary) have been received by the Controllers from the Hollerith Section, a comparison should be made of the London Accounts for all the months of the year with the corresponding totals in the printed compilation, as modified by correction accounts if any known to them. In the event of any difference being discovered, a supplementary Account Current and Schedules should be forwarded to the Military Accountant-General.

299. Before despatch to the Chief Accounts and Audit Officer to the Pakistan High Commissioner in London, the amounts shown in the consolidated Outward Accounts will be agreed by the Accounts Section of the Military Accountant-General with those shown in the printed consolidated compilation of Revenue, Debt and Remittance heads.

Direct Remittances to England.

300. As a general rule, no money should be paid in England on account of the public service, except through the High Commissioner in London. Payments for articles obtained by a direct order from private firms and individuals in the United Kingdom should, however, be made by means of bank drafts. The officer making the purchase should report the transaction to the Controller of Accounts concerned, with the necessary vouchers. The Controller shall preaudit the payment and at the close of the month prepare a consolidated statement of payments to be arranged in England in respect of direct purchases of stores. The Controller will then purchase a sterling draft in favour of and forward it to the High Commissioner in London with necessary details of payments to be made to the suppliers, the payments being brought to account directly in the Defence Services books.

In urgent cases, however, the Controller will authorise the High Commissioner telegraphically to disburse the amount subject to its being included by the former in his monthly sterling draft referred to above.

Particular care shall be taken to ensure that no double payment is authorised in respect of the same claim. The Controller, when making remittance to the High Commissioner in the manner described above, shall also advise the officer concerned in Pakistan of his having done so.

Stores, etc., supplied to British and Colonial Governments.

301. The value of stores supplied for the use of the U.K. or Colonial Governments, and the incidental expenses and freight charges thereon shall be debited to His Majesty's Government through the Outward London

Account, with the least possible delay. In such cases, the invoices showing the cost of stores including freight and incidental charges, etc., with the duplicate packing account, and receipt and delivery vouchers duly receipted by the consignee, will be forwarded direct to the High Commissioner in anticipation of the debit, the item number and the month's schedule of the Outward London Account in which the debit will appear being quoted.

302. Freight, incidental and other charges, incurred in one Defence Account area in connection with the supply of stores to H.M.G., by another, should be passed on to the former account area for debit through his Outward London Account current Schedules. Such charges should on no account be debited to H.M.G., direct by the latter Defence Account Officer.

Custom duty, incidental charges, etc., incurred by the Civil Department in connection with the issue of stores by the Defence Department are debited by them to the Controllers concerned for adjustment with His Majesty's Government together with the value of stores supplied. Conversely such charges incurred in the Defence Department should be debited to the Civil Account Officers concerned for adjustment by them together with the cost of stores issued.

303. The value of Europe stores, which are found unsuitable and returned to England, will not be debited through the Outward London Account; such cases will be disposed of by the High Commissioner.

Special Items in Outward Accounts, Navy Bills.

304. All transactions in respect of—

- (i) Charges relating to the supply of stores or of work done for the H. M. Royal Navy;
- (ii) Pay and allowances, Hospital charges, Railway Warrants, etc., relating to H. M. Royal Navy personnel, and
- (iii) Charges on account of capitation fees, in respect of Naval Ratings detained in Military Prisons and Detention Barracks, incurred in Pakistan on account of the H. M. British Royal Navy including those incurred in other Military Audit Areas, will be adjusted by the Controller of Naval Accounts by means of Navy Bills to be obtained in duplicate from the Captain in Charge H. M.'s British Naval Office, Colombo, for realisation through the London Account. The Navy Bills, in duplicate, should be sent to the Military Account-General in advance of the Outward London Account Current for onward transmission to the High Commissioner for Pakistan in U. K. The Controller of Naval Accounts while forwarding the Navy Bills should state the month's Outward London Account Current in which the debit will be raised.

To enable the Controller of Naval Accounts to effect the necessary adjustment, transactions relating to the Royal Navy appearing in the Books of the other Controllers (including the Controller of Army Factory Accounts) will be passed on to the Controller of Naval Accounts through their Exchange Accounts, after audit, complete and correct in all respects. When charges relating to Hospital treatment or detention of the H. M. British Royal Navy Personnel appear in the Accounts, the Controller of Naval Accounts will take urgent action to verify that the cost of the Railway Warrants relating to the journeys by each one of those individuals is intimated by the Controller of Army Factory Accounts to him, for adjustment. With a view, however, to ensuring the prompt and correct recovery of the cost of Railway Warrants relating to their onward

and return journeys, particulars of such individuals admitted into and discharged from hospitals or detention barracks and Military Prisons in Pakistan will in all cases be intimated by the Controllers concerned to the Controller of Army Factory Accounts.

305. When stores are supplied or work is done for H. M.'s British ships by the Civil Departments, Navy Bills, in duplicate, endorsed in favour of the High Commissioner for Pakistan in U.K. together with supporting vouchers (e.g., receipts signed by the responsible officers of the ships for stores supplied, etc.) are forwarded by them to the Controller of Naval Accounts for adjustment and transmission to the Military Accountant-General for necessary action.

306. The value of stores made over to, or received from, any of His Majesty's British Vessels, by the Military Department, will not be debited or credited to the Imperial Government, London, but will be dealt with as under :—

(i) To Royal British Navy Vessels—The value of Military Stores, the property of the Pakistan Government, supplied to these vessels and the cost of all work executed by the Military Department for His Majesty's (British) ships on the Pakistan stations, will be debited to the Navy department in London. Such debits will be subject to alterations found necessary on audit by the Accountant-General of the Navy in London, when the amounts are communicated to him through the Naval Accounts or by authorities in Pakistan.

(ii) From Royal British Navy vessels—when stores are received from His Majesty's (British) ships, it will be seen that they are accounted for as serviceable, and are of a kind which can be utilised for early re-issue by the receiving Department. The value of such stores will be credited to the Navy Department. On receipt of such credits the Controller of Naval Accounts will pay the amount to the Assistant Pay Master, Royal Naval Depot, and debit the Military Department.

307. As an exception to the above rule, in the case of stores supplied or work done, for the Royal British Naval Reserve, all the transactions will be included in two separate bills, one for work done and the other for stores supplied, and the total amounts will be debited direct to the Imperial Government, London. The bills, with the supporting vouchers, will be forwarded by Controllers in advance of the debits appearing in the accounts.

Pensions paid on behalf of Government of the United Kingdom.

308. The monthly statement of payments to Imperial pensioners on account of pensions authorised by the War Office, London, and the Paymaster General (including Chelsea pensioners) in P.A.F.A.-338 will be forwarded, in duplicate, direct to the High Commissioner for Pakistan in London, supported by the usual vouchers, in anticipation of the entries in the Account Current.

309. Payments on behalf of the Ministry of Pensions, London, will be adjusted through the Outward Account Current Schedules of the C.M.A. (Pensions) Lahore. These will be supported by a summary statement of account on Form M.P.F.-283 which should be prepared in duplicate by the C.M.A. (Pensions) and forwarded to the Assistant Director of Audit (D.S.) Lahore, together with the relevant pension vouchers and the monthly casualty return, etc. The Assistant Director of Audit will record on the M.P.F.-283 the certificate of the Auditor on behalf of the Director of Audit, Defence Services, and return to the C.M.A. (P.) both copies of the M.P.F.-283 together with the supporting documents. The

C.M.A. (P.) will then forward the original copy of the M.P.F.-283 completed as above direct to the C.A. and A.O. to the High Commissioner for Pakistan in London, together with other monthly returns (casualty return, etc.) and retain the duplicate copy together with the pension vouchers, etc., in his office. Transactions on this account arising in the account areas of other Controllers will be passed on for adjustment to the C.M.A. (P.), Lahore, through Military I. D. Schedules.

All expenditure incurred in Pakistan, which is chargeable to the Ministry of Pensions, London, as also any readjustment found necessary on that account after the close of the accounts for March (Preliminary) should be incorporated in the following year's accounts. No transaction of the above nature should be adjusted in March (Final) and (Supplementary) accounts.

Note.—The net amount paid after deduction of Imperial Income-tax will be shown in the column for payments; other recoveries or writes-back will be shown in the column for credits, details of which will be given in a separate schedule. The net amount of M.P.F.-283 will be shown in the London Account Current.

National Health Insurance and Widows, Orphan's and Old Age Pension Contributions

310. Recoveries from the British officers serving in Pakistan on account of National Health Insurance Contributions, and from British officers and Other Ranks under the Widow's, Orphan's and Old Age Contributory Pensions Act, if any, shall be credited to His Majesty's Government through the Outward Account with the Pakistan High Commissioner in the United Kingdom.

310. A ~~allied~~ Write back entries in London Account Current

311. Write back of erroneous debits and credits in the London Account Current shall be effected by minus debits and minus credits if they are made in the accounts of the year in which the original transactions appeared. If the writes-back are made in the accounts of subsequent years, they shall be made by fresh credits and debits.

In the event of a change in the conventional rate for conversion of sterling transactions into Pakistan currency, and *vice versa*, write back entries relating to transactions of previous years, effected in the London Account Current Schedules of the month in which the change takes place or in subsequent months, will result in the exchange head being debited or credited with an amount differing from that credited or debited to that head when the original transaction was adjusted. In such cases an adjustment shall be made cancelling the original debit or credit on account of exchange by contra credit or debit to the head "P—Deposits, and Advances—Miscellaneous Government Account" of the sum or difference, as the case may be, of the two amounts appearing in the second money column of the schedule.

Outstandings

312. Each Defence Account Officer shall be responsible for the expeditious adjustment of transactions in the Inward London Accounts extracted out to him. Similarly, in respect of transactions included in the Outward London Accounts the responsibility for the clearance thereof shall devolve on the Accounts Department of the Pakistan High Commissioner in London. To ensure the incorporation in the accounts of all

items reported from England to Pakistan and *vice versa* and the reconciliation of the detailed balances with the totals outstanding, the balances of the Outward Accounts (i.e., items adjustable in England) should be worked out by the Accounts Department of the Pakistan High Commissioner in England and those of the Inward Accounts (i.e., items adjustable in Pakistan) by the Military Accountant-General.

313. The Accounts Section of the Military Accountant-General shall maintain a Progress Register to watch the progress of adjustment of the Inward Account transactions passed through the head "Remittance Miscellaneous Accounts between the C.A. & A.O. to the Pakistan High Commissioner in London and the M.A.G." and at the end of each year shall communicate to each Controller the amount outstanding in respect of his account circle.

314.

315.

PART III

CHAPTER 13

Compilation and consolidation of accounts

316. A monthly classified account will be compiled mechanically on Hollerith Tabulating Machines, by the Central Compilation Office, on behalf of each Defence Account Officer. The monthly account of each Defence Account Officer will embrace all Revenue, Service, Capital, Debt and Remittance head transactions adjusted on his books during the month.

317. To enable the C.C.O. to mechanically compile the monthly account on his behalf, all transactions arising in the account circle of each Defence Accounts Office will be classified by the several sections of his office and the Unit Accountants attached to units and formations stationed within his accounts jurisdiction, under Revenue, Service, Capital, Debt and Remittance heads of account as will be appropriate. The classification of all transactions will be noted on P.A.F. (C.M.A.)-336 Punching Medium to be prepared in duplicate, the original being furnished to the C.C.O. as described in paragraph 329 and the duplicate securely attached to the respective bills and vouchers, etc., from which classification has been made.

Note.—In the case of Defence Services Inter-Departmental Schedules—P.A.Fs. (C.M.A.) 338-A (Paragraphs 264-271 refer), the classification may be made on the schedules themselves in which case the classified schedules will be treated and disposed of as Punching Media.

318. All transactions including those communicated through the Exchange Accounts by other account officers, will be compiled in the accounts for the month in which they have arisen or have been communicated.

319. Charges, which, in the absence of the necessary information, cannot at once be compiled to the appropriate service head, will be provisionally compiled to the head to which it is likely that the expenditure or the greater portion thereof, is chargeable, and will, if necessary, be subsequently readjusted by transfer to the correct head or heads concerned, in the compilation of the month then open. Such readjustments will not be made if the accounts for the year in which the charges appeared have been finally closed.

Similarly receipts adjustable under revenue (or service receipts) heads will be credited to the head to which they appear to pertain, or if such head be not apparent, to the head 'Miscellaneous' of the sub-head concerned.

320. All entries involving exaggeration in the Public Accounts must be avoided. As regards classification of charges due to refunds of *bona fide* receipts and receipts due to credits afforded on account of recoveries of over-payments and recoveries of expenditure, see Chapter 7 of this Code.

321. No figures will be classified for incorporation into the Compilations, except those obtained through the recognised channels, i.e., from the accounts inter-departmental schedules, vouchers or transfer entries, nor will any readjustment of figures appearing in compilations, which have already been closed, be effected, except through transfer entry punching media.

Treasury Receipts

322. When payments are made into Civil Treasuries of sums due to the Defence Department, the treasury receipts are forwarded to the Defence Account Officer concerned for adjustment. Each treasury receipt will be encased with the head of account to which the credit is due, and with the code number of the Civil Accounts Officer against whom a debit for the amount has to be raised. The adjustment of the amount of a treasury receipt should be made, if possible, in the compilation of the month in which payment was made into the treasury.

Note 1.—In the case of receivable orders issued by Units, the treasury receipts will be adjusted in the classified abstracts of the units concerned.

Note 2.—Adjustment of treasury receipts in the Controller's Office will be made through transfer entry punching media.

Note 3.—To ensure that all treasury receipts, for receivable orders issued by the Controllers office, have been received and adjusted, the counterfoils of receivable orders should be examined monthly, and a note should be made on them when treasury receipts are received and when they are adjusted.

Transactions with other Account Officers

323. All transactions which are required to be adjusted inter-departmentally, will be included by the sections concerned in Schedules in P.A.F.A-725 which with the supporting vouchers will accompany the compilation. This Schedule will be prepared in duplicate (by carbon process) for transactions relating to Civil Departments under Head I and III.

Note.—Separate schedules will be furnished in respect of cheques or R.T.Rs. drawn, or cancelled in P.A.F.A. 129 and 133.

324. Transactions appearing in (i) Extracts from the Inward London Account, and (ii) Exchange Accounts received by Controllers, are either centrally adjusted and compiled in their account sections or are scheduled in duplicate to the audit sections and M.E.S. Unit Accountants concerned in P.A.F. (C.M.A.) 338-B for audit and classification (*see* para. 230). The items will be classified to the credit or debit of the appropriate head of account by contra debit or credit to the other account officer concerned. In the case of Defence I.D. Schedules P.A.F. (C.M.A.) 338-A, the classification will be noted on both copies of the Schedule, the one to be retained by the adjusting section and the other being forwarded to the Central Compilation Office ('H' Section) for inclusion in the mechanically compiled accounts. Schedules of such debits or credits to other account officers will also accompany the P.M. and should be kept separate from the original debits or credits to other account officers (*vide* para. 323).

Accounts for March

325. In order that all transactions of the year may be brought into the years' accounts two compilations for March (one final and the other Supplementary) will be prepared in addition to the usual monthly compilation for that month.

Note.—The accounts are kept beyond the 31st March for the definite purpose that as far as possible all the transactions of the year may be entered in the accounts of the year, but it is not essential that transactions relating to earlier years should be booked in the accounts of the latest year which are still open. If it is impossible to have any expenditure booked in the account of the year to which it relates, owing to the fact that the actual incidence of the expenditure is under dispute, it ought to be charged to the accounts of the year in which the final decision is taken, though, at the same time, all possible efforts should be made to expedite the decision as far as possible. On the other hand, adjustments should not be made in the accounts of the past year if the disbursements could not have been reasonably anticipated

in time for a grant being obtained. This implies that suitable provision should always be made for anticipated liabilities, and the provision that adjustment should not be made in the previous year's expenditure in certain circumstances should not be used as a cloak to conceal the results of defective budgeting. The onus of proving that disbursements could not be anticipated should be on the controlling officer. In all cases where the expenditure could have reasonably been anticipated, as for example recurring payments from one Government or Department to another and payments which, though not fixed in amount, are of a fixed character, etc., the Controllers will automatically make the adjustments in the accounts before they are finally closed.

326. In the final and supplementary compilations for March, the following inter-departmental transactions only will appear in addition to any adjustments under heads or accounts not involving inter-departmental transfers.

Final Compilations.

1. Responding items on account of all other Account Officers.
2. Original debits and credits to other Account Officers; but in the case of Account Officers, other than Civil, only when the consent of the other party to the account has been obtained.

Supplementary Compilation

1. Responding items on account of all other Account Officers.
2. Original debits and credits to other Account Officers, when the consent of the party to the account has been obtained. As regards Military Account Centres this consent will not be withheld if their accounts have not been closed.

327. The detailed instructions for the preparation of the punching media—P.A.F. (C.M.A.) 336 referred to in paragraph 317 are contained in appendix III.

328. Every Punching Medium will be assigned by the respective Audit Section or the Unit Accountant, as the case may be, a distinguishing class number and a serial Voucher No. a separate series of voucher numbers being allotted to each class.

The following are the various classes of the punching media and the distinguishing class numbers assigned to each:—

Class of P.M.	Distinguishing No.	Class of P.M.	Distg. No.
Cash vouchers (Cheque drawn)	1	Abstract of Receipt and charges.	4
Transfer adjustments	2	Cash Book-Defence Services.	5
Inter-departmental Schedules (Civil)	3	Disbursing Officers.	
		Store Issues against allotments.	
		Inter-departmental schedules (Defence).	8

329. The original copies of the Punching Media for each month together with the Daily Payment Sheets and Schedules III in respect of cheques drawn during the month, will be submitted direct by the respective audit sections in three batches so as to reach the C.C.O. not later than the dates specified below:—

First batch	15th of month.
Second batch	25th of the month.
Third batch	3rd of the following month.

To avoid the rush of work in 'H' Section towards the close of the month the Controllers should ensure an even flow of P.M. by submitting the batches or uniform size punctually by the prescribed dates.

Note.—In the case of M.E.S. Unit Accountants all the transactions of a month will be included in the Abstract of Receipts and Charges and one consolidated punching medium will be prepared on the close of the monthly accounts.

In regard to the Punching Media relating to the month of March (including final and supplementary) the due dates of submission of the several batches will be annually notified by the M.A.G. sufficiently in advance of the ensuing March.

330. Before despatch to the C.C.O. each batch of Punching Media will be carefully scrutinised to see that it is complete in all respects, any break in the continuity of the numerical series of each class of Punching Media being explained. It will be ensured that the Punching Media are entirely free from any erasures and interpolations, the entries are legible and alterations, if any, have been duly attested.

331. Since errors in Punching Media are bound to cause unnecessary confusion in the mechanical compilation of accounts, they shall be avoided at all costs. The extent of check on the classification of transactions, as prescribed in paragraph 344, shall be rigidly applied. In addition the correctness of all the entries on the top of the Punching Media will be ensured.

332. From the material furnished by the controllers' offices *vide* paragraph 329 the C.C.O. will mechanically compile and print on Hollerith tabulating machines, in respect of each Defence Account circle a monthly classified account which will be in two parts. The first part of the account shall exhibit against the appropriate classification code heads in the Revenue (including Service Receipts and Charges), Capital, Debt and Remittance divisions, separately in respect of each section of the Controllers' main office and each group of M.E.S. Unit Accountants serving within the same Army district under the accounting control of the Controller, all financial transactions adjusted and classified within the respective Defence Account circle, and shall be known as the sectional compilation of the Controller concerned. Similarly the second part of the account shall show all the figures appearing under Revenue, Debt and Remittance divisions as distinct from Service heads separately for each account circle and will be called the book compilation (R.D.R. heads compilation). A copy of each of these compilations will be rendered to the respective controllers on the 20th and 27th, respectively, of the month following that to which they relate.

Note.—The portion of the sectional compilation relating to M.E.S. transactions shall be prepared in detail giving the classification code number(s) and the amount in respect of each individual voucher.

333. The accounts of the several Defence Account circles will be consolidated month by month, by the C.C.O. into one consolidated account of the Defence Services. The Service and Capital portion of the consolidated account shall be known as the All Pakistan Consolidated Compilation of Defence Services Receipts and Charges and will show side by side the compiled actuals for, and the progressive compiled actuals up to the end of the month of the financial year to which it relates. The Revenue, Debt and Remittance portion of the account will be called as consolidated R.D.R. heads compilation of the Defence Services which will also show consolidated figures of Service receipts and charges appearing in the All Pakistan consolidated compilation.

334. A copy of each of the two compilations referred to in the preceding paragraph shall be submitted to the Military Accountant-General on the 25th and 30th respectively of the month following that to which they relate.

335. A copy of the All Pakistan consolidated compilation of Receipts and Charges (Defence Services) shall be rendered by the C.C.O. to the Ministry of Finance (Military) simultaneously with its submission to the M.A.G.

A copy of the R.D.R. heads consolidated compilation for the months of June, Sept., December, and March will be sent by the C.C.O. to the Ministry of Finance (Military).

336. In regard to the compilations for March (including Final and Supplementary) the due dates of their submission will be notified, annually, by the M.A.G. sufficiently in advance of the ensuing March.

337. A copy of the consolidated R.D.R. heads compilation showing progressive figures booked to the end of March Supplementary including corrections, if any, communicated by the several Defence Account Officers after the Mechanical closure of the annual accounts shall be furnished to the Ministry of Finance (Military) by the M.A.G.

338.

339.

340.

CHAPTER 16

Check of classification and review of compilations

341. It is of utmost importance to verify that all financial transactions are properly recorded in the accounts and that they are allocated to the proper heads of account.

342. Cases in which, in the absence of necessary information, a particular transaction cannot at once be classified under the appropriate head of account, and has, thus, been provisionally compiled to the head to which it is likely that the transaction or the greater part thereof, is classifiable, will be kept under close review. Such particulars of the transaction as will enable the final classification head being determined will be promptly ascertained from the parties concerned and the provisional allocation, made in the first instance, revised without avoidable delay.

A suitable record of each transaction provisionally adjusted as above will be kept under the initials of the Section Officer concerned who will watch that no avoidable delay occurs in the readjustment of the amounts to the proper heads of accounts.

343. All entries involving exaggeration in the Public Accounts must be avoided and to this end the rules regulating the exhibition of recoveries of expenditure, refunds of recoveries and losses of Public moneys and stores in Government accounts as laid down in the relevant chapters of this code must be strictly followed.

Check of Classification

344. The following general instructions will be observed as prescribing the minimum check to be exercised over the classification of Defence Services Receipts and Charges. It shall, however, be remembered that the more complete the check the better and that any other steps which it is possible to take to secure correct classification, without entailing extra expense, shall be taken :—

- (1) The classification of all items under the Revenue, Debt and Remittance heads in each punching medium, and of every item exceeding Rs. 500 under each detailed head of service receipts and charges should be checked by the Superintendent. Items exceeding Rs. 500 under each Revenue, Debt or Remittance head and those exceeding Rs. 5,000 under each Service detailed head should also be checked by the Gazetted Officer.
- (2) Gazetted Officers and Superintendents, when reviewing audit, shall also review Classification and see that the vouchers reviewed by them have been correctly and promptly classified and brought to account.

Note 1.—The term "Superintendent" used in this paragraph means an Accountant or a member of the Superintending Staff in charge of a section or sub-section in a Defence Account Office.

Note 2.—For the purpose of this paragraph, the classification entered on the vouchers which the Superintendent and the Gazetted Officer have checked as part of their concurrent review may be treated as checked for the purpose of this review.

In the case of these vouchers the audit of which is permissible after compilation of the accounts, this check may be exercised at the time the vouchers are reviewed.

Review of Compilations

345. Before transmission to the Central Compilation office (Paragraph 329 refers) each batch of Punching Media shall be generally scrutinised to see that the Punching Media are in the consecutive serial order, explanation being given or any break in the series, and are free from irregularities such as over-writings, erasures, interpolations. Items, if any, of an unusual character shall be critically examined to see that full justification exists for their appearance.

346. As soon as the Accounts for the month are printed by the Central Compilation office, a copy of the printed sectional compilation will be forwarded to the respective Defence Account Officers' Account Section. The Account Section shall be responsible to scrutinize intelligently the sectional compilation for the Defence Account circle as a whole. The figures appearing against the several main heads of the Defence Services receipts and charges, both effective and non-effective, shall be critically examined with reference to the facts known in regard to the commitments on the Defence Services expenditure, composition of the Armed Forces and policy decisions of the Government, and their correctness established. In addition, the compiled actuals shall be compared with those of the preceding month. If as a result of this comparison the figures against any particular head or heads of account are found to be so abnormally high or low as to arouse a doubt about their correctness, the account section will immediately take steps to reconcile the abnormality in collaboration with the audit sections concerned, the detailed list of vouchers being promptly called for from the Central Compilation office, if necessary. Readjustment of misclassifications as also the adjustment of the omitted items disclosed by this review shall be carried out at once through the months account then open.

347. In view of the importance attached to it, the review prescribed in the preceding paragraph should engage the personal attention of the Group and the section officers concerned. References or queries, if any, made by the Account Section, in this connection, shall be accorded the highest priority by the Audit Sections concerned, verbal queries being attended to instantly and the written references being disposed of within two days of their receipt in the Audit Section.

348. Within ten days of the receipt of the Sectional Compilation from the Central Compilation Office, the Account Section shall submit to the Military Accountant-General a monthly appreciation of the compiled accounts briefly explaining the salient features disclosed by the scrutiny exercised over them and the factors associated with any abnormal rise or fall in expenditure. The appreciation will be submitted over the signature of the head of the office.

349.

350.

CHAPTER 17

Military Ledger

351. Every controller is responsible for maintaining the Military Ledger exhibiting the transactions which pass into his accounts under the following divisions :—

- (i) Revenue heads—Receipts and payments on account of Revenue and Expenditure of Government.
- (ii) Capital heads—Expenditure outside the Revenue Account.
- (iii) Debt heads—Receipts and Payments in respect of which Government becomes liable to repay the moneys received or has claim to recover the amounts paid.
- (iv) Exchange Account heads—Receipts and payments to be passed on to the Accounts of other Accounts Officers and debits and credits passed by other Accounts Officers and brought on the accounts.

352. The Military Ledger shall comprise statement of receipts and charges and balances under the Revenue Capital, Debt and Remittance heads to be prepared in P.A.F. (C.M.A.) 361 & 361-A showing balances closed to Government and Balance Accounts respectively.

353. P.A.Fs. (C.M.A.) 361 & 361-A shall show the heads and details of balances closed to "Government" and "Balance Account" respectively. The heads to be shown in these statements have been grouped together in the standardised forms to facilitate the preparation of the annual Review of Balances.

354. The entries in the Military Ledger—Statements of Receipts and Charges and balances under the heads closed to "Government Account" and "Balance Account" respectively will be made annually. As soon as orders of the Auditor-General are received through the M.A.G. for the final closure of the books of the previous year, the closing balances of the account closed to Balance Account in the previous year will be brought forward in the statements of the current year. After the close of the compilation for March Supplementary and corrections thereto, if any, the actual receipts and charges will be posted in the statements and balance struck for the preparation of the Review of Balances. The closing balances in the statement will be verified with the balance worked out independently in the Debt head and Progress Register.

355. The Auditor-General maintains a Central Journal and Ledger, which is posted from the accounts of the year received from the Military Accountant-General and other Audit Officers. The Exchange Accounts are each posted from the accounts of both the original and responding officers and are closed to balance. A copy of the Central Journal and Ledger when closed is sent to each Controller who should see that his own closing balances agree with those in the Central Ledger.

Note.—The Military Accountant-General sends a consolidated Balanced Account to the Auditor-General for the year.

356. Each Controller is responsible for maintaining the details of the amounts due to or by Government, working up to the balance on his own books. He is further responsible for reviewing these balances in the manner laid down in Chapter 18 at the end of each year and for submitting a copy of his review to the Auditor-General.

357. The amounts under the heads "Service Receipts and Expenditure", viz., " XLVII-58 Defence Services, Effective, and XLVIII-59-Defence Services, Non-effective, 86-Defence Capital outlay " and " Revenue Receipts ", viz., Income-tax and Interest, etc., will be closed by Debit or Credit to Government account.

358. The debt heads and personal accounts will be closed to balance but the other heads, viz., the Remittance heads will be closed to Government. The reason for this difference lies in the fact that the books of each office show only one side of these Remittance Accounts, so that the true balance can be shown only on the Central books of the Auditor-General where both sides are brought together. The head, "Transfers between Military Engineer Services Officers" will, however, be closed to balance.

Note.—The head "Deposits—Exchange on Remittance Account" and the head "Deposits and Advances—Miscellaneous Government Account" will be closed to Government and the balance should not be carried forward to the subsequent year's book.

Write-off from balanced heads to Government.

359. Ordinarily all amounts due to Government which are found irrecoverable shall be written off from the Debt heads of Accounts concerning to an expenditure head as a loss to Government. Similarly any amount due by Government remaining unclaimed for such time as may be prescribed by Government may be credited as revenue of the Government concerned by debit to the Debt or Deposit head concerned.

Note.—The writes off are shown in a separate entry under the head Government in the annual Review of balances referred to in para. 356.

360.

CHAPTER 18

Verification of Balances

General

361. The accounts of the year are not complete until the balances upon the ledger under the Debt and other balanced heads have been verified. Accordingly after the books of the year have been closed an explanatory statement of closing balances, called the Review of Balances, will be prepared in the form of a general report, which will take up each of the heads in succession. The report which should be typed should contain:—

- (i) A statement of each ledger—balance which is to be explained.
- (ii) An explanation of the nature and conditions of the liability involved in it.
- (iii) A statement of the nature of the detailed accounts kept of the transactions connected with it; and how far the final results of these detailed accounts work up to, and agree with, the balance on the ledger.
- (iv) Information as to whether the person or persons by whom the balance is owned or from whom it is due, admit its correctness, and, if they do not, where the difference lies. This would not apply to such items as Deposits.

Part of the explanations under heads (ii) and (iii) would necessarily be the same year after year and there is no occasion to repeat every year the same information, for which reference may be given to a previous report.

362. Details of the sub-heads of the heads "Deposits", "advances", "Suspense accounts" and "loans and advances" by Central Government should be given separately in the review.

363. The review which will contain final figures of the year, will be subjected to test audit by the test audit staff and will bear an audit certificate by the Assistant Director of Audit, Defence Services, concerned. To enable the Assistant Director of Audit, Defence Services, to furnish the certificate, the draft of the review should be made over to the Test Audit Accountant of Controller's Office not later than the 15th September of the year following that to which the review pertains. The Test Audit Accountant will return the review to the Controller as early as possible to admit of its despatch to all concerned on the date referred to in paragraph 364 with the necessary audit certificate signed by the Assistant Director of Audit, Defence Services, concerned.

364. On receipt back of the review from the Test Audit Accountant, it should be typed on the paper of foolscap size. Two clear copies typed on one side of the paper should be forwarded to the Accountant-General, Pakistan Revenues, so as to reach him by the 15th October positively each year, one copy being sent at the same time to the Auditor-General, Military Accountant-General, to each of the other Controllers, and Financial Adviser, Military Finance, Budget Section.

Although the report is due on the 15th October, a large part work can and should be done even before the completion of the account for March. It should be taken up by the Controller per

365. As soon as the review has been issued, a list should be up of all the cases in which any action is still required, and the General and the Military Accountant-General should be informed

of January following, of any subsequent reconciliation which may be effected and acknowledgements which may be received subsequent to the date of issue of the review, references being invariably made to the paragraphs of the review affected.

Note.—Discrepancies that may remain unsettled after the submission of the supplementary report should be carefully watched and their reconciliation reported to the Auditor-General and the Military Accountant-General on the 1st of April and the 1st week of July of the second year following that to which they relate. As a rule discrepancies reported in the Review of Balances of the year should be settled before the review of the next year is submitted. In the rare case of any discrepancies remaining unsettled even then, the review of the next year should differentiate between the discrepancies of the year and those relating to previous year and should mention separately the action taken in respect of each. A similar differentiation should be made between the outstanding balances relating to the year of review and those relating to previous years, and any delay in the recovery of old items should be specifically explained.

Details to be recorded in review of balances

366. The Controller is responsible that details, working up to the balanced heads in the ledger and agreeing with them, are maintained of the amounts due to, or by, Government. He will, therefore, review the closing balances upon his books, and ascertain if they agree with recorded details.

367. The Controller will clearly state in the review that he has ascertained by personal inspection that the balance on the books agree with the aggregate of the details recorded, and that the recoveries of house building and other advances have been regularly effected. He will also state against each item under "Permanent advances", "Advances repayable" and all the sub-heads under "Loans and Advances by Central Government" that the balances exhibited on the 31st March have been accepted as correct by the parties concerned, and that proper acknowledgements have been obtained from each. In every case in which it has not been found possible to obtain such acknowledgement, the reasons for the failure must be explained.

Note.—A note should be inserted in the Review of Balances under Advances and Suspense to the effect whether the balances are finally adjustable under Head 58—Defence Services—Effective or 59 Defence Services—Non-Effective.

368. An annual statement of Review of Balances under the head "Loans and advances" in the following form will be rendered by each Military Accounts Officer on the 1st August each year to the Deputy Financial Adviser, Military Finance (Budget). The statement should contain full details as laid down in paragraph 322-A, Military Audit Code.

Statement showing the results of review of balances on account of Loans and Advances bearing interest outstanding in the books of the Controller of Military Accounts..... on 31st March

Sr. No.	Nature of Advances.	Total No. of items outstanding.	Amt. outstanding on 31st March.	Particulars of irregularities, Special features.		Nature of irregularity, action taken by CMA to prevent recurrence thereof, special feature, etc.
				Total No. of items.	Amount of each item.	
			Rs.		Rs.	

369. The Controller will take steps to obtain the necessary acknowledgements annually from each individual against whom there is any balance outstanding under the heads "Advances Repayable" and all the sub-heads under "Loans and Advances by Central Government" in time to admit of the fact being stated in the review. In regard to "Permanent Advances" such action should be taken early in April of each year.

370. Under the heads "Advances Repayable" and "Regimental and other loans (Military)," the authority for each advance or loan, and the precise method, of verification of the balance in each case will be given. In the case of "Regimental and other loans (Military)" it should also be stated whether the conditions of each loan have been fulfilled. All items which are outstanding at the end of a year but which have been adjusted in the year following and prior to the submission, of the review, must be indicated in a footnote connected with these items.

371. In the case of Provident Funds it should be stated in the review whether the balances were communicated to the subscribers.

372. At the close of the year, the Stores (Contract) Section will work out from the compiled actuals, the total amount outstanding on account of Security Deposits and after effecting an agreement between the figures appearing in the printed compilation and those shown in the register (P.A.F.A.-525) maintained by that section will furnish to the Accounts Section the necessary (agreed) figures for incorporation in the "Review of Balances".

*M. E. S. Transactions under the Head "P.—Deposits and Advances—
Suspense and Miscellaneous Deposits"*

373. Each Unit Accountant, G.E.'s office, will prepare an annual statement, showing in detail, the transaction recorded in the "Register of Suspense Account" P.A.F. (C.M.A.) 258, maintained by him, and forward it direct to the Accounts Section of the C.M.A.'s office. One copy of the statement will, simultaneously be submitted to the L.A.O. concerned who will after personal inspection of the registers in question, record on the statements a certificate of correctness and transmit them to the Accounts Section.

The Accounts Section will consolidate these statements and after agreement of these figures with the compiled actuals, and if necessary in direct communication with the Unit Accountants, incorporate them in the Review of Balances.

374. On receipt of the Finance Accounts of the Central Government and audit report on these accounts each Controller will verify the figures included therein with the figures recorded in his office, so far as they relate to the Account for which he is responsible, and any instructions or observations contained in the report will receive attention.

*B.—Verification of balances under Sub-heads 'C', 'G' and 'Q' under
Main Head 8—M. E. S.*

375. The balances are in respect of Accounts subordinate to Sub-Heads C.—Maintenance and Operation Installations "G" Stores and "Q" M.E.S. Advances viz., (i) Manufactures, (ii) Workshops, (iii) Stocks, (iv) Stores Purchased in Pakistan, (v) Stores Purchased in England, and (vi) M.E.S. Advances.

376. Monthly debits and credits to the Accounts referred to in para. 375 are verified month by month with the compilation. At the close

of the year the balance under each account should be worked out independently, by adding to and deducting from the balance of the previous year the total debits and credits of the year as shown in the Consolidated Compilation, and the resultant balances should agree with the balances worked out in the Relevant Expense Ledgers and Register in P.A.F. (C.M.A.) 258.

377.

378

379.

380.

6/12/77

PART IV

Miscellaneous

CHAPTER 19

Budget Estimates

381. A statement of the estimated annual revenue and expenditure of the Governor-General, together with all other receipts and disbursements of the Central Government, arising both in Pakistan and abroad is prepared by the Finance Department and presented to the Central Legislature. This statement is generally known as the "Annual Financial Statement" or the "Budget".

382. The material on which the Budget and Demands for Grants in respect of the Defence Services are based is obtained by the Military Finance Department in the form of detailed estimates submitted by heads of departments, administrations, etc., who in their turn depend for the material on heads of offices and other officers who collect the revenue or incur expenditure. The Controller of Accounts is responsible for rendering such assistance in the preparation, check and consolidation of Budget Estimates and Demands for Grants as may be settled by the Military Finance Department in consultation with the Military Accountant-General.

383. The detailed rules for the preparation and submission of Defence Services Estimates are laid down in the Financial Regulations (Defence Services).

Budget Estimates under Head "II[2]I-Military Account Offices".

384. In their capacity as heads of the Military Accounts Offices, Controllers shall prepare the estimates of receipts and charges in respect of Head "II[2]I-Military Accounts Offices" under Major Head "XLVII[58-Defence Services, Effective" and submit them to reach the Military Accountant-General on the dates specified below:—

- (a) Budget Estimates for the ensuing year:—
 (i) Forecast, 20th October, *20th Oct.*
 (ii) Budget Estimate (1st Edition) 10th November, *10th Nov.*
 (iii) Budget Estimates (2nd Edition) 10th December, *10th Dec.*
 (b) Budget Estimates for the current year:—
 (i) Preliminary Report or three monthly estimate, 1st August, *1st Aug.*
 (ii) Preliminary Revised Report or six monthly estimate, 15th October, *15th Oct.*
 (iii) Revised Estimate (1st Edition) 1st December, *1st Dec.*
 (iv) Revised Estimate (2nd Edition) 1st January, *1st Jan.*

385. The estimates submitted by the Controllers will be consolidated in Military Accountant-General's office after due scrutiny and forwarded to reach the Ministry of Finance (Military) on the dates indicated below:—

- (a) Budget Estimates for the ensuing year:—
 (i) Forecast, 15th November, *15th Nov.*
 (ii) Budget Estimate (1st Edition) 5th December, *5th Dec.*
 (iii) Budget Estimates (2nd Edition), 5th January, *5th Jan.*

- (b) Budget Estimates for the current year:—
 (i) Preliminary Report or three monthly estimate, 15th August, *15th Aug.*
 (ii) Preliminary Revised Report or six monthly estimate, 5th November, *5th Nov.*
 (iii) Revised Estimate 1st Edn. 20th December, *20th Dec.*
 (iv) Revised Estimate 2nd Edn. 20th January, *20th Jan.*

Cash requirement estimates

386. The Military Accountant-General and the Controllers are also responsible for the preparation of Defence Services Cash Requirement estimates in P.A.F. (C.M.A.) 645 in respect of the heads detailed in paragraph 387 and despatch so as to reach the D.F.A. (Budget) on or before 25th November. These estimates will be prepared on very broad lines avoiding meticulous details and with the absolute minimum of labour. The estimate in respect of other heads will be prepared centrally by the D.F.A. (B) on the basis of the latest compiled actuals. To enable him to do so:—

- (a) The 'H' Section of the M.A.G.'s office will furnish to the D.F.A. (B) the all Pakistan progressive actuals under all the R.D. and R. Heads for the first four months of the year (viz., to end of July) and monthly from October to March (including final and supplementary) as soon as each compilation is ready.
 (b) The Controllers should intimate to him annually by the date mentioned above any extraordinary and abnormal transactions included in the past actuals or likely to come forward in the year to which the estimates pertain and should also furnish any other information which the D.F.A. (B) may require.

Note.—The provision required to be made under the head "P—Deposits and advances—Advances Repayable" and "Q—Loans and advances by the Central Government—Advances to Government Servants" (Voted) for payments of loans and advances to members of (i) Army and M.E.S., (ii) A.F., (iii) R.P.N. and (iv) M.A.D. are intimated to the F.A.M.F. by the Q.M.C. in Pakistan, the A.O.C. in C. Air Forces in Pakistan, Naval Headquarters and the M.A.G. respectively.

387. The estimates will be prepared by the following officers in respect of the heads mentioned against them:—

By Controllers

Charges—Head 22-Interest on debt and other obligations:—

B. Interest on Unfunded Debt.

Interest on other Miscellaneous Provident Funds

Interest on Contributory Provident Fund

Interest on P. O. D. Provident Fund

Interest on M. E. S. Provident Fund

Head 'O' Unfunded Debt.

Contributory Provident Fund

P. O. D. Provident Fund

M. E. S. Provident Fund

Other Miscellaneous Provident Funds

Figures should be provided for by all controllers (including Controller of Military Accts. and Pensions Lahore) in respect to the funds the accounts of which are dealt with by them.

Receipts—Head 'O' Unfunded Debt:

Defence Service Officers Provident Fund

C. M. A. & P., Lahore.

Charges—Head 22—Interest on Debt and other obligations.

B.—Interest on ordinary debt.

Deduct—Interest portion of equated payments out of revenue in respect of commuted value of pensions under Civil Rules.

Deduct—Interest portion of equated payments out of revenue in respect of commuted value of pensions under Military Rules.

Deduct—Interest portion of equated payments out of revenue in respect of Capitalised value of pensions under Civil Rules.

Deduct—Interest portion of equated payments out of revenue in respect of capitalised value of pensions under Military Rules.

Head 83—Payments of commuted value of Pensions Civil Rules.

Payments in Pakistan and in England

Deduct—Receipts from other departments or Governments on account of commuted value of pensions.

Deduct—Capital portion of equated payment out of Revenues.

Military Rules

Payments in Pakistan and in England.

Deduct—Receipts from other Departments or Governments on account of commuted value of pensions.

Deduct—Capital portion of equated payments out of Revenues.

Payments of Capitalised value of pensions.

Civil Rules.

Capitalised value of Pensions.

Deduct—Receipts from other Departments or Governments on account of Capitalised value of pensions.

Deduct—Capital portion of equated payments out of Revenues.

Military Rules.

Capitalised value of pensions.

Deduct—Receipts from other Departments or Governments on account of capitalised value of pensions.

Deduct—Capital portion of equated payments out of Revenues.

C. M. A. & P., Lahore
and Controller of
Naval Accounts Karachi
(and C. A. A. F.
only so far as interest
and capital portions
of equated payments
out of revenue are
concerned.)

C. M. A. & P. Lahore
and Controller of
Naval Accounts, Karachi.
C.A.A.F. only so far
as interest and capital
portion of equated
payments out of revenue
are concerned.)

Head 'O' Unfunded Debt.

Head 22—Interest on debt and other obligations.

B.—Interest on Unfunded Debt.

Interest on Defence Services Officers Provident Fund. } C. M. A. & P., Lahore

Exchange Account between P. and T. and Defence Services

As the figures on account of Exchange Account between Posts and Telegraphs and Defence Services are communicated by the Accountants General, Posts and Telegraphs, to the Military Finance Department (Budget) direct, the debits and credits proposed by the D.A.G., P. & T., need not be concurred in by the Controllers. The figures that are likely to be passed on by Controllers will be intimated to the respective D.A.G. P. & T., if the latter ask for it.

II. By the M.A.G.'s office (Centrally on all Pakistan Basis) Receipts—Head 'O' Unfunded Debt.

Contributory Provident Fund.

P.O.D. Provident Fund.

M.E.S. Provident Fund.

Other Miscellaneous Provident Funds.

Remittance Account between the Military Accountant-General and the High Commissioner for Pakistan in London.

Items adjustable in England.

Items adjustable in Pakistan.

Charges—Exchange Accounts.

10 Exchange Accounts between Civil (including Railways, but excluding Posts and Telegraphs) and Defence Services.

III. By the 'H.' Section of the M.A.G.'s office.

Receipts—Head 'O' Unfunded Debt—

General Provident Fund.

Defence Saving Provident Fund.

Charges—General Provident Fund.

Defence Savings Provident Fund.

Head 22—Interest on Debt and other obligations.

Interest on Unfunded Debt.

Interest on General Provident Fund.

Interest on Defence Savings Provident Fund.

388. The revised estimates will be prepared on the same lines and submitted on the same date as the original estimates except the figures will be based on the actuals for the first six months of the current year. Extraordinary transactions if any should be considered in making the provision.

389. Corrections to original and revised cash Requirement Estimates shall be furnished by the controllers so as to reach the D.F.A. (B) by the 31st January and "Further corrections" to the revised estimates under Head "22-Interest on Debt and other obligations" and Head "83-Commuted value of Pensions" by the 28th February. Nil reports, where necessary, shall also be sent.

Control over expenditure and reappropriation

391. The detailed procedure for the exercise of budgetary control, the list of control heads and the authorities forming the chains of control, exercisable under each controlled head of expenditure, are set out in the Financial Regulations for the Army and Air Forces Pt. I.

392. The ultimate responsibility for seeing that the Defence Services expenditure does not exceed the corresponding budget allotment rests on the senior officer at General Headquarters within whose general administrative control the relative activities fall. This responsibility is usually undertaken on his behalf by the Director or the other officer of corresponding status who directly administers the activities concerned. Thus the Director of Military training is responsible, under the Chief of the General Staff, for controlling expenditure on specialised training institutions and schools; the Director Medical Services, under the Adjutant-General, for controlling that on hospitals—the Director Ordnance Services, under the Quartermaster-General, for controlling that on Ordnance Depots; and so on. It is to these officers that the amounts provided in the Defence Estimates, for expenditure subject to their respective controls, are allotted for distribution.

393. The fundamental rule on which the whole system of budgetary control may be said to rest is that no item of public expenditure may be incurred unless provision exists to meet it in the sanctioned budget estimates of the year concerned. This rule applies as regards the nature of expenditure as well as the amount; in other words the provision in the budget must have been made for the purpose of meeting the particular kind of expenditure involved. Certain authorities are invested with limited powers of "reappropriation"—i.e., transfer of funds from one budget head to another—but with this exception the rule referred to above is absolute. It follows that each individual officer to whom any portion of a grant provided in the budget to meet a specified class of expenditure is allotted, is responsible for seeing that the allotment is utilised solely for that class of expenditure and is not overspent. In case the expenditure unavoidably proceeds at a rate unwarranted by the sanctioned allotment, it is the duty of the officer in question to apply for additional funds through the medium of periodical estimates submitted by him.

394. To enable the authorities concerned to exercise an effective and continuous control over the expenditure for which they are responsible they will be furnished each month by the D.A.M.A.G. in charge Hollerith Section, Statements prepared by accounting machines showing the expenditure booked in the official accounts for, and upto the end of the immediately preceding month under the heads with which they are respectively concerned for purposes of budget control. Certain depots, units and formations will be grouped together according to areas or sub-areas for accounts purposes, and the statements showing the expenditure booked in the official accounts for each group will be furnished to the controlling authority concerned.

395. Should the authority receiving a statement of the compiled actuals of expenditure find a serious discrepancy between his own and the official record which that authority is quite unable to account for, it may, on application to the D.A.M.A.G. in charge, Hollerith Section, obtain a supplementary statement (also prepared mechanically) giving details by individual items of the totals compiled in any particular month. Such applications shall, however, not be entertained unless the discrepancy

is large or of a recurrent nature, and so likely to interfere with the proper utilization of the allotment administered by the authority concerned.

396. Notwithstanding, however, that the ultimate responsibility for exercising budgetary control rests on the administrative and executive officers of the Defence Services, the Defence Account Officers must also, as a part of their normal accounting functions, exercise a close and independent watch over the progress of expenditure against the sanctioned allotments notified to them and in the event of any apparent failure on the part of the administrative authorities to recognise that the expenditure is being incurred at a rate likely to exceed the sanctioned provision or allotment, the Defence Account Officer concerned should prominently bring the fact to the notice of those officers with a view to their applying for additional funds through the central controlling authorities. Conversely, if the expenditure against any head of account is found to be relatively so low as to lead a Defence Account Officer to the conclusion that the allotment is unnecessarily large, the fact should be reported to the authority concerned with a view to his arranging surrender of the excess allotment.

397. In the case of those heads of expenditure in respect of which budget allotments are not notified to the Defence Account Officers, the expenditure should be examined by them month by month with a view to ensuring that it is proceeding at a fairly uniform rate, any abnormal fluctuations, for which sufficient reasons are not on record in the Defence Account Offices, being brought to the notice of the expenditure control authority concerned.

398. Excesses over modified allotments under locally controlled heads will be brought to the notice of the local authorities by the Defence Account Officer concerned. The local authority concerned shall report such cases to the central controlling authority through the respective Defence Account Officer. This requirement having been satisfied the Defence Account Officer may remove his objection to the excess.

Loans and Advances

399. The Q.M.G.'s Branch will make allotments of funds to cover payments of "Advances Repayable" and "Loans and Advances by Central Government" grants for which are voted by the Legislative Assembly, addressing all the sanctioning letters to the C.M.A., Lahore and endorsing copies of those letters only to such other controllers as are directly concerned in each case. These letters shall indicate (in addition to the particular allotment sanctioned on that occasion) the running totals of the amounts transferred to date to the C.M.A./Cs.M.A. affected by each letter.

400. Controllers should, on receipt of each such letter, verify that the total amount shown as transferred to their areas is correct with reference to the payments already made by them and other sanctions already received, payments against which are still to be made. They should also see that the units concerned are taking action to surrender their allotments when the amounts are not likely to be drawn during the financial year. When payments are made in anticipation of allotments, the Controller will ensure that an intimation of the amount paid is sent to the Q.M.G. and definite allotments are obtained subsequently.

Similarly the C.M.A., Lahore, should watch detailed allotments made by the Q.M.G. against the bulk allotment placed at his disposal by the Military Finance Department.

401. The Defence Account Officers will render an annual statement of appropriations and actuals, including figures to end of March, Supplementary, in P.A.F. (C.M.A.)-235 to the Deputy Financial Adviser, Military Finance (Budget) so as to reach him on the 25th June. The figures on account of transfer of balances from one Controller to another shown in the statement under the heading book-keeping adjustments will be agreed upon by the Controllers concerned in consultation with each other.

A statement of corrections to the above statement will also be submitted to the D.F.A. (B) on the 10th August each year. In case there are no corrections a 'NIL' statement will be submitted.

Note.—The transfer of balance from one Controller to another, or to a Civil Account Officer, will be made by a deduct entry under the relevant head.

Note 2.—When units are transferred from one account area to another before claiming the advances for which funds have been allotted, the controllers concerned should take action to have the total allotments for their respective account area modified suitably in communication with the Q.M.G.

Reappropriations

402. In the case of Defence Estimates the rules governing reappropriations, i.e., the utilisation of savings in the budget provision under one head to meet excess expenditure under another head are contained in the Financial Regulations Defence Services*. An authority can, of course, only reappropriate in respect of savings arising out of allotments placed at his disposal.

403. Every effort should be made to find funds to meet excess expenditure from sanctioned Budget provision. Whenever a Controller finds that the provision under any head is likely to be exceeded, the amount of the probable excess, the cause of such excess and the source from which it can be met will be brought to the notice of the authorities responsible for controlling the expenditure with a view to enabling them to sanction reappropriations, if within their powers, or to report the excess to the authorities at G.H.Q. as indicated in para. 392, *ante*. Controllers will be responsible for watching that orders by competent authorities sanctioning reappropriations or additional allotments are received to meet excess expenditure under any head. In cases where applications have been made to G.H.Q. or other competent authorities through the Controller for such sanction, the Controller will remind such authorities, after a reasonable interval, that their orders are awaited.

Note.—The above rule will apply to only those heads of account the estimates for which are prepared or checked by Controllers.

404. Proposals for additional allotments as well as for re-appropriations from existing allotments should in no case be submitted to G.H.Q., etc., later than the 1st March, and must always be forwarded in time, to admit of orders on them being passed before the close of the year in the account of which the charges will be compiled.

405. In February each year the Controller of Naval Accounts will prepare a reappropriation statement covering all probable excesses over Budget provisions, which have not already been covered by sanctioned reappropriations and submit it to the Government of Pakistan, Navy Department.

406. The procedure to be observed in regard to reappropriation of savings in the Military Engineering Services is indicated in the Regulations for the Military Engineering Services.

*Until further orders the normal procedure of reappropriation is subject to the modifications described in the Ministry of Finance (Military) letter No. 013/B, dated 14th January, 1950.

407.

408.

409.

CHAPTER 21

Miscellaneous

Cash Assignments

410. Payments on behalf of the Defence Services are ordinarily made either at a treasury or at the Bank by means of cheques drawn by the Military Accounts Department. In certain cases, however, disbursing officers of the Defence Services are allowed cash assignments at Civil treasuries against which drawings are made by those disbursing officers. Requisitions for cash assignments showing the amounts allotted to the several disbursing officers for each month of the year are issued by the Defence Account Officers on the several treasuries by the 15th March yearly.

411. At the close of ^{December} September and at the end of each subsequent month of the financial year, the balances standing at the credit of the disbursing officers will be scrutinised by the controllers and if it should appear that the amounts allotted are likely to prove must in excess of requirements, they will be reduced in communication with those officers. At other times also, reductions may be made, if necessary.

412. Drawings against cash assignments will be watched by means of a register in P.A.F.A. 277. In the event of the amount placed at the credit of a disbursing officer having been overdrawn, the officer concerned will be called upon to explain the cause of the overdraft, the treasury officer concerned being also asked to state why the over-payment was allowed.

Encashment of cheques during March

413. Early in March, annually, controllers will take action to have division and Brigade orders issued instructing officers commanding all units and formations to ensure that all claims (including those from contractors and private individuals) are presented to controllers by the 15th of March, at the latest, to admit of cheques being issued and cashed and payments made by the 31st March; and further directing that claims submitted after the 15th of March must be accompanied by a statement from the officer concerned explaining the reasons for non-compliance with the above requirement. Should such cases prove to be numerous the Controllers will report the matter to the Adjutant-General through the M. A. G. a copy of the report being sent to the G.O.C. of the Division.

As an additional safeguard, a red slip—P.A.F. (C.M.A.) 123 will be attached to each cheque or Government Draft issued during the month of March when it is sent to the payees.

Receivable Orders

414. When Receivable orders in P.A.F.A. 507 are issued by Defence Account, or Disbursing Officers, to enable officers and others, not in direct account with them, to make payments into the local treasury, the particular Defence Account Circle to which the amount is creditable must be noted on each order. The Officer who issues the Receivable Order is solely responsible to watch that no delay occurs in his receiving treasury receipt for the amount of the order and that it is promptly adjusted in his accounts.

Receipt of Cash, Cheques, Government Drafts etc.

415. It is not the function of an Account Office to receive money in the shape of cash, cheques or Government drafts in settlement of public claims. When, however, money is sent to an Account Officer, its receipt

and disposal will be recorded in a cash register in P.A.F.A. 616. All money so received will be paid into the local treasury or the Bank on the day of receipt or on the following day at the latest.

H. E. the Commander-in-Chief's Sanctions

416. The Controller of Military Accounts, Rawalpindi, shall be responsible for watching that the limit of Rs. 50,000 up to which H. E. the Commander-in-Chief may sanction expenditure, is not exceeded. The Commander-in-Chief's sanctions will be communicated in P.A.F.A.-497 to the Controller of Military Accounts, Rawalpindi, as well as to the Controller in whose audit area the expenditure will be incurred.

Interest on other obligations

417. An annual statement showing expenditure under different minor heads under "22-Interest on other obligations" to end of March, Supplementary, will be rendered by the Controller of Military Accounts, Lahore and the Controller of Army Factory Accounts to the Deputy Financial Adviser (Budget) so as to reach him on the 25th July each year with brief explanations for variations between the actuals and the original and modified allotments. The figures will be carefully checked by Controllers Offices with the compilations before the despatch of the statement.

A statement of corrections to the above should also be sent to reach the D.F.A. (B) on the 20th September. In case there are no corrections to be intimated, a nil statement should be submitted.

The other controllers will furnish a certificate to the D.F.A. (B) showing the rates of interest which have been applied in the case of the various funds. The certificate will be rendered so as to reach the D.F.A. (B) by the 25th July each year. The Controllers will also furnish any information that may be specially required by the D.F.A. (B) for purposes of the appropriation accounts.

Payments of Commuted Value of Pensions

418. The annual adjustments on account of equated payments of commuted and capitalised value of pensions both under Civil and Military rules will be carried out by the Controllers concerned in the accounts for December each year. The table for the calculation of the equated payments is given in Appendix VI of this code.

419. An annual statement showing the figures of actuals under different minor heads under "83-commuted value of Pensions" will be rendered by the Controller of Military Accounts (Pension) Lahore, the Controller of Accounts, Air Forces, Lahore and the Controller of Naval Accounts, Karachi, in the prescribed form to the D.F.A. (B) so as to reach him on the 25th July each year.

A statement of corrections to the actuals reported in the above statement should be submitted to the D.F.A. (B) on the 20th September each year. In case there are no corrections to be intimated a "nil" statement should be submitted.

Adjustment of Freight Charges

420. Freight charges on Stores paid by the Civil Department will be adjusted by the Defence Account Officer in whose payment lies the unit, formation, etc., which received or dispatched the stores, as the case may be.

Note.—Freight charges on stores for persons or bodies financially independent of Government will be recovered direct by the Civil Department from the parties concerned.

Adjustment of landing and shipping charges by Agent for Government consignments.

421. The landing and shipping charges incurred by the Agent for Government consignments on account of Defence Stores will be adjusted by the Defence Account Officer shown below :—

- (1) Charges on account of all Stores Defence Account Officer in whose sent from a Store Depot or payment lies the depot or manufacturing establishment to a unit, facturing establishment by which the Stores are sent.
- (2) Charges on account of other Defence Account Officer in whose payment lies the Unit formation, Store Depot or manufacturing establishment to which the stores are consigned.

Uniform rates of Exchange

422. The uniform (or conventional) rates of Exchange in respect of foreign currencies are fixed by the Governor-General for converting transactions in the respective foreign currencies into rupees and vice versa in Government accounts.

Average rates of Exchange

423. These are monthly rates advised by the Finance Department of the Central Government and will be applied for the purpose of adjustment of transactions of the Government of Pakistan appearing in the inward accounts received from its diplomatic representatives functioning in foreign countries.

Adjustment of gain or loss on Exchange

424. All exchange in respect of remittance between Foreign countries and Pakistan shall be brought to account in the first instance under the Deposit head "Exchange on Remittance Accounts" in the accounts of the Defence Services. The gain or loss by exchange on all Revenue and Capital transactions of the Defence Services in the Foreign countries shall be eventually transferred from this head to the appropriate Revenue, Service or Capital heads concerned in the accounts of the Defence Services in the manner described in paragraph 290. These adjustments shall be made monthly by the Defence Accounts Officers concerned on the basis of the average rate of exchange (Paragraph 423). The balance left under the deposit head after making these adjustments shall be transferred at the end of each year to a separate minor head "Net gain/loss by exchange on Remittance transactions" under the major heads "XVI—Miscellaneous" or "57—Miscellaneous" as the case may be, in the accounts of the Central Government. This final adjustment under the revenue or expenditure head shall be carried out by a closing transfer entry prepared in the office of the Auditor-General.

425. If the surplus of the estate of a person who dies, deserts, is officially reported missing or becomes insane, while subject to the Indian Army Act, 1911 (as adapted for Pakistan), is not paid to his representative under Section 114 (5) of the Act, it will be disposed of as under :—

- (a) In the case of a Pakistan Commissioned Officers, the Standing Committee of adjustment will credit the amount in the Civil treasury and forward the Treasury Receipt, together with the necessary details of the amount, to the Controller of Military Accounts, Officers' Accounts Branch, Rawalpindi.

- (b) In the case of a Junior Commissioned Officer, Pakistan Other Rank or non-combatant, the Officer Commanding of the Corps detachment or department will credit the amount in the Civil treasury and forward the treasury receipt together with necessary details of the amount.

- (i) If the individual was paid under the war system of Pay Accounting, to the Field Controller of Military Accounts (Other Ranks), Lahore, for transmission to the Pay Accounts Officer of the Field Pay Office concerned for credit in the I. R. L. A. of the individual concerned ;

- (ii) If the individual was paid under the peace system of accounting to the Controller of Military Accounts concerned through the Unit Accountant of the Unit in which the individual was serving.

On receipt of the Treasury receipt by the Controller the amount will be held in deposit pending the receipt of disposal instructions from the Defence Department. Where it is decided to pay the credit balance, (comprising of Pay and Estates elements), to the heir of the deceased, etc., personnel, the voucher on which the amount is claimed should invariably show the two elements separately to admit of the "Estates" element being charged to the Deposit head which was credited in the first instance.

If it is decided that the money should lapse to Government, the amount will be credited as a "Miscellaneous receipt".

Adjustment of charges on account of Flight of Foreign Aircraft through Pakistan

426. The following procedure should be adopted for the recovery of charges on account of supplies and services rendered to the Aircraft of the Foreign Governments flying en-route through Pakistan :—

- I. (a) *Aircraft of Foreign Governments who have diplomatic representatives in Pakistan.*—The C.A.A.F. will render bills on account of the cost of stores issued and the charges for housing and landing direct to the diplomatic representatives concerned, who will issue cheques for the amounts due, in favour of the C.A.A.F. The claims should be supported by, in copies of bills or issue vouchers duly receipted by the pilots of the visiting aircrafts.

- (b) *Aircraft of Foreign Governments who have no diplomatic representatives in Pakistan.*—The C.A.A.F. will send the claims in duplicate to the High Commissioner for Pakistan in London, duly supported by all relevant bills and vouchers. The High Commissioner will effect necessary recoveries from the Foreign Governments concerned and pass necessary credits through his Account Current with the N.A.C.

II. *Recoveries on account of cost of Special Flights and Scheduled Services provided to civilians.*—Debits on account of Special flights and scheduled services provided to civilians of the Central and Provincial Governments will be raised by the C.A.A.F. against the Government concerned on the authority of the letters issued by the Government of Pakistan in respect of each case giving full details of the amounts recoverable.

In the case of individuals financially independent of the Government, the recoveries involved will be effected from them in cash.

Corrections in Documents

427. Erasures in accounts and vouchers are strictly forbidden; all corrections must be made in ink and must be attested by the initials of the officer who signs the document in which the alterations are made. Corrections in registers, office copies of statements, or other documents, if made before submission to the Officer-in-Charge should be initialled by the clerk or the accountant making them, if subsequently, by the officer by whom the register or documents were originally dealt with.

428.

429.

430.

APPENDIX

APPENDIX I

ANNUAL CLOSING OF ACCOUNTS

The importance of timely action in carrying out the annual adjustments as also review of compilations for the closing months of the financial year cannot be over-emphasized, as the rectification of errors occurring in those compilations not only unavoidably involves a good deal of correspondence between the Controllers and the Military Accountant General, and the submission of a number of corrections to the March (Supplementary) Compilations, but also retards the closing of the accounts of the financial year and submission thereof to the Government.

As soon as the last batch of the punching Media for March (Preliminary) has been despatched to the Hollerith Section the Account Sections of Controllers offices should institute adequate measures to ensure that the review of compilations and the annual and other deferred adjustments are completed before the submission of the last batch of March (Supplementary) Punching Media to the Hollerith Section, positively. For this purpose the Controllers are well advised to manage, without entailing extra cost, to set up a separate special group in their Account Sections, preferably under the direct supervision of a Superior Service officer. This Special group should, of course, obtain necessary data and reports from the Audit Stations concerned to watch that none of the outstanding and deferred adjustments is overlooked.

The more important points to be seen by Controller's Offices during the course of review of compilations for the closing months of the financial year are set out in Annexure 'A' to this Chapter.

ANNEXURE 'A'

The more important points to be seen by Controllers' Offices during the course of review of the compilations of the closing months of the financial year.

1. No amount should, as a rule, appear under a fictitious or deleted code head.

2. 'Minus' figures should not ordinarily appear under a head other than a 'deduct' head. Similarly, 'plus' figures should not ordinarily appear under a 'deduct' head.

Note.—If in any case 'minus' figures under other than a 'deduct' head and 'plus' figures under a 'deduct' head unavoidably appear in the compilations, satisfactory explanation in support of such unusual entries should be furnished to the Military Accountant General.

3. The Code heads specifically reserved for particular Controllers should not be operated upon by other Controllers.

4. Outstanding balances under the Civil and Defence Exchange Accounts should be reduced to the absolute minimum. All transactions in respect of Inward London Account current scheduled to controllers should, however, be adjusted by them before the accounts of the year are finally closed.

5. The amounts compiled under Major Head "83—Payment of commuted Capitalized value of Pensions—Deduct—Capital portion of equated payments out of revenue" and Head "22—Interest on debt and other obligations—Deduct Interest portion of equated payments, etc." should agree with that compiled under Major Head "59—Defence Services—Non-Effective—Equated payments of commuted/capitalised value of pensions".

6. The receipts and payments complied by Controllers under the various Provident Fund heads during the course of the year should be transferred to the Controller of Military Accounts, Lahore, through the Defence Exchange Accounts for March (Final). Transactions, if any, arising thereafter will be booked direct in the books of the C. M. A., Lahore.

7. The figures under the heads "Advances Repayable" and "Q Loans and Advances" representing transfer of balances from one Controller to another should be agreed by the Controllers concerned in communication with each other before the compilations for March (Supplementary) are closed.

8. 'Nil' figures should appear in the compilation of the Controller of Military Accounts, Lahore, for March (Supplementary) under the heads "Indian Military widows and Orphans Fund" and "Indian Military Service Family Pension Fund" (transferred—Sterling Account) and (untransferred—rupee account).

9. No amounts should be compiled by Controllers of Military Accounts under English heads of Service expenditure, as the adjustment under these heads is made centrally by the Account Section of the Military Accountant General.

APPENDIX II

(See paragraph 36)

PRINCIPLES AND RULES REGULATING THE DISTRIBUTION OF CERTAIN CHARGES AND RECEIPTS BETWEEN GOVERNMENTS.

A.—Introductory.

B.—Pay, Allowances, Pensions, etc.

I. Incidence of Pay and Allowances, other than Leave Salaries.

II. Incidence of Leave Salaries.

III. BLANK.

IV. BLANK.

V. Incidence of charges for Bonus in respect of Government servants who are employed on Bonus terms and who serve under more than one Government.

VI. BLANK.

VII. BLANK.

C.—Other Charges.

VIII. BLANK.

IX. Incidence of Grants of Land and Alienations.

X. Incidence of the Cost of Police functions on Railways including the cost of Protecting Railway Bridges.

XI. BLANK.

XII. BLANK.

D.—Receipts.

XIII.—Incidence of Leave salary and Pension contributions recovered in respect of Government Servants lent on Foreign Service.

A.—Introductory.

The rules regulating the incidence of Pay Leave and Pensions, etc., charges of Government servants as well as of certain other charges and receipts between Governments which are set out in this Appendix are based on arrangements agreed between the different Governments and are therefore binding on all of them.

B.—Pay, Allowances, Pensions, etc.

1. Incidence of Pay and Allowances, other than Leave Salaries.—Subject to any other arrangements which may be settled mutually between the Governments concerned, the incidence of transit Pay and allowances including travelling allowances of a Government servant transferred from one Government to another, will be regulated in accordance with the following principles:—

(i) When a Government servant is transferred permanently from one Government to another, his transit pay and allowances including travelling allowances shall be borne by the Government to which he is transferred.

(ii) When the services of a Government servant are lent by one Government to another the transit pay and allowances including travelling allowances while he is joining and leaving the new service shall be debited to the borrowing Government. This principle applies even in cases where the Government servant lent takes leave either before joining the borrowing Government or before rejoining the lending Government and holds good even in respect of joining time admissible to a Government servant returning from leave out of Pakistan of more than four months duration; the term "four months" being interpreted to mean 90 days in the case of Government servants subject to Revised Leave Rules.

(iii) In the case of an officer in a joint cadre serving two Governments, his transit pay and allowances including travelling allowances on transfer from one office to another shall be debited to the office to which he is proceeding.

2. When a Military or Medical Officer holding a Civil Post on consolidated pay which is less than his Military Pay is allowed to draw the difference between them, he draws it from the department—Central or Provincial—from which he receives his consolidated pay.

3. The following rules govern the incidence of the cost of troops lent to Civil Departments of the Central Government and to Provincial Governments. The words "Military" and "troops" are used to include Royal Pakistan Navy and the Royal Pakistan Air Force as well as the Army.

(1) When troops are required on duties of a "Military" nature (e.g., ceremonial purposes and provision of escorts or guards of honour in circumstances not covered by instructions 771, 772 and 775 of the Regulations for the Army in India (1937 Edition) and flag marches when they fall into the category of cases involving duties of a military nature and when they are not connected with the maintenance of law and order) the extra cost, if any, of supplying the services required (e.g., in the way of transport, equipment, etc.) will be met by a contribution from Provincial Revenues or the revenues of the Civil Department concerned of the Central Government to the Defence Services Estimates.

Note.—The cases in which flag marches come within the scope of this rule will be decided by the Central Government.

(2) When troops are employed by civil on duties of a non-military nature (e.g., on occasions of public calamities or emergencies, such as fires, earthquakes, floods, famines and strikes) the Provincial Governments or the Civil Departments concerned will be liable to bear the following charges unless they are waived by the Central Government for any exceptional reasons:—

(a) In strikes, etc., for carrying on essential public services, the complete cost of the force including ordinary pay and allowances extra cost of transport, equipment (including loss and repair expenses, etc.) and extraordinary charges in the shape of special pay or transport of stores to the personnel engaged at the rates laid down in paragraphs 397 to 399 Pay and Allowances Regulations, Part I and rule 491 Regulations for the Army.

(b) In fires, floods, famines, earthquakes, and other calamities of nature. All extra cost involved in the way of transport, equipment etc., and all extra ordinary expenses in the shape of special pay or the supply of stores to the personnel engaged at the rates laid down in paragraphs 397 to 399 Pay and Allowances Regulations, Part I and rule 491 Regulations for the Army.

Note.—In addition, when troops are employed on duties falling under either clause (a) or (b), the Provincial Government or the Civil Department concerned of the Central Government will be liable for all loss or damage to property (including military) and also for all pensionary awards made in respect of casualties arising directly out of the employment.

(3) The full cost of employing troops in aid of the Civil power for the prevention or suppression of disorder will be met by the Central Government from Defence Service Estimates; but it will be open to the Civil Department of the Central Government or the Provincial Government concerned to contribute towards the cost, if they wish to do so. The Provincial Governments or the Civil Department concerned will nevertheless be liable for the payment of any compensation that may become payable in respect of any damage done when troops are employed in aid of the civil power.

(4) Rewards for proficiency in oriental languages paid to a Military officer from the Defence Services Estimates during the three years preceding his transfer to other Departments of the Central Government or to Provincial Governments will be recovered by the Controller of Military Accounts (Pensions), Lahore from the Department of Government concerned or confirmation of the officer in his Civil appointment.

Rewards to Military Officers in temporary Civil employ under the Central or Provincial Governments for proficiency in oriental languages are paid by the Controller of Military Accounts (Pensions) Lahore, from the Defence Services Estimates in the first instance. On confirmation of an officer in the civil department, the Controller of Military Accounts and Pensions, Lahore will recover from the Department or Provincial Government concerned, the amount of any language rewards paid to the officer from the Defence Services Estimates.

The amount recoverable from the civil department of the Central Government or from the Provincial Government in these cases is the civil rate of language reward as published by the Department of Education, Health and Lands; but in the case of officers of the category referred to in sub-clause 1 above the difference between the military and the civil rates of awards is recoverable from the officers themselves in instalments of Rs. 50 per mansam.

Note.—Rewards for passing the Lower and Higher Standard examinations in Urdu by officers in temporary civil employ are not refundable to the Defence Services Estimates.

(5) When soldiers, either British or Pakistani are sent under military escort from one station to another to stand trial on a Criminal charge, they will travel like any other party of soldiers on duty, under a warrant furnished by the Military authorities, the charge being met from the Defence Services Estimates. When the soldier is conducted by a Police escort, the charge will be civil. The warrant issued in such cases should include the accused as he is a soldier proceeding to a certain place under the orders of his Military Superior and therefore on duty.

(6) Subject to any separate agreements they have been or may be arrived at between the various Governments, the pay and allowances, including travelling allowances of a Government servant summoned to give evidence in his official capacity in a criminal court or in a civil court in a case in which Government is a party are, during the period of his absence, debited to the Government under which he is employed. Actual expenses under the rules of the Court, if admissible, are, however, payable in the court and debited to Court contingencies.

II. Incidence of Leave Salaries

The following rules govern the incidence of leave salaries of Government servants who have served under two or more Governments:

For the purposes of these rules:—

(1) Service under the Defence Department and Commercial Departments within the same Government should be regarded as service under a separate Government;

(2) A lending Government is ordinarily a Government under which a Government servant first obtains permanent employment;

(3) Leave salary does not include a house-rent allowance or other compensatory allowance drawn during leave.

1. Save as otherwise provided in these rules, when a Government servant is transferred to service under a Government other than that under which he was first employed, the leave salary drawn by him during any leave taken after the date of transfer should be debited to the borrowing Government until the entire leave earned under that Government has been exhausted, irrespective of whether the leave is taken while the Government servant is actually serving under the borrowing Government or not.

Note 1.—In cases in which a Government servant while in permanent service under one Government is transferred to equally permanent service under another Government e.g., officers of the Pakistan Army Medical Corps and Royal Pakistan Engineers transferred to Permanent Civil employment and members of the Pakistan Administrative Service transferred to permanent employment in Central Departments such as the Imperial customs service or the Pakistan Audit Department, the Government to which such a Government servant is permanently transferred should not be regarded as a borrowing Government but should be regarded as occupying the same position as the original lending Government. In other words, for the purposes of these rules, it is to be regarded in respect of that Government servant in future as a lending Government. This principle shall not, however, apply to cases in which a Government servant is transferred from one Government to another to fill a permanent post for limited period e.g., a Secretaryship in the Central Government's Secretariat.

An important corollary of this principle is that when an officer of the Pakistan Army, Pakistan Army Medical Corps, or Royal Pakistan Engineers in permanent Civil employ is re-transferred temporarily to the Defence Department for War Work etc., the Defence Department should be regarded as a borrowing Government.

Note 2.—In the case of Government servants, borne on joint cadres, service under a Government, other than the Parent Government, will be treated as service under a borrowing Government, but see Rule 9 below.

Note 3.—No share of the leave salary of a civilian Government servant belonging to the Army in Pakistan Reserve of Officer or the Pakistan Territorial Force for the period he is called out for military training will be debitable to the Defence Services Estimates.

2. The liability of a borrowing Government should be taken in all cases (including those of Government servants whose leave is regulated by the leave rules in the Civil Service Regulations or any other leave rules) in terms of leave

on average pay, at 5/22nds of duty in the case of Government servants subject to the special leave rules of the Fundamental Rules or the European Service Rules; Rules of the Civil Service Regulations or any other corresponding leave rules and at 2/11ths of duty in the case of others, without regard to the maximum limit of leave that can be earned or granted to the Government servant on the leave rules to which he is subject. This principle applies also in the case of Military Commissioned officers, Departmental officers and Warrant and N Commissioned officers whose leave is regulated under the Military Leave Rules and/or Fundamental Rule 100. For the purpose of determining the liability leave salaries, these officers should be considered to have earned leave follows:—

(a) military commissioned officers—5/22nds of duty performed;

(b) others 2/11th of duty performed.

3. When the leave salary of a Government servant has to be allocated under these rules between an original lending Government and a second lending Government (*vide* Note 1 under Rule 1), it should, save as provided in Rule 1, be debited first to the second lending Government to the full extent of the leave earned under it and a debit to the first lending Government will be made only when all leave earned under the second lending Government has been exhausted. Similarly if the leave salary has to be allocated among three lending Governments, the leave earned under the third or the last lending Government will first be exhausted, then the leave earned under the second and finally the leave earned under the first or original lending Government. This principle of debit leave salary according to the reverse order to that of employment shall apply, subject to the provisions of Rules 1 and 4, when leave salary has to be allocated among two or more borrowing Governments, and in respect of different periods of service rendered by a Government servant under a particular Government. In the latter case, the leave salary in respect of the leave earned in each period of service under the particular Government will be dealt with separately.

The example given below illustrates how the principle laid down in Rule 1 should be applied in practice:—

Suppose a Government servant has rendered service under different Governments as follows:—

Permanently employed under Government 'A'.	On the 1st April 1930.
Lent to Government 'P' —	From the 1st April 1931 to July 3 1931.
Reverts to Government 'A' —	On the 1st August 1931.
Transferred permanently to Government 'B' (Second lending Government).	On the 1st April 1932.
Lent to Government 'Q' —	From the 1st June 1932 to 3 August 1932.
Lent to Government 'P' —	From the 1st September 1932 to 30th September 1932.
Reverts to Government 'B' —	On the 1st October 1932.
Transferred permanently to Government 'C' (third lending Government.)	On the 1st December 1932.
Proceeded on leave for 28 months from Government 'C'.	On the 1st April 1933.

The leave salary of the Government servant will be debited to the different Governments in the following order:—

Firstly.—Government 'P' in respect of leave earned under it for the period 1st September, 1932 to 30th September, 1932.

Secondly.—Government 'Q' in respect of leave earned under it for the period 1st June, 1932 to 31st August, 1932.

Thirdly.—Government 'P' in respect of leave earned under it for the period 1st April, 1931 to 31st July, 1931.

Fourthly.—Government 'C' in respect of leave earned under it for the period 1st December, 1932 to 31st March, 1933.

Fifthly.—Government 'B' in respect of leave earned under it for the periods 1st October, 1932 to 30th November, 1932 and 1st April, 1932 to 31st May, 1932.

Sixthly.—Government 'A' in respect of leave earned under it for the periods 1st August, 1931 to 31st March, 1932, 1st April 1930 to 31st March, 1931 and in respect of leave earned under it by service prior to 1st April, 1930.

3.A. When a Government servant is granted an extension of service and the whole of the leave at his credit on the date of the compulsory retirement lapses under F. R. 86 (a) or any other corresponding leave rule and no leave is carried forward on extension of service, the Government for whose benefit the extension is sanctioned will bear the entire charge for leave salary in respect of the leave earned by him during the period of extension, any liability of any Government on that date as shown in his subsidiary leave account being automatically cancelled. When, however, such a Government servant carries forward any leave on extension of service, such liability continues, but only in respect of the leave actually carried forward.

4. When a military Commissioned Officer claims under Note 2 Fundamental Rule 90 the privilege of drawing the minimum leave salary fixed by military rules in respect of any period of leave earned under those rules before coming under civil leave rules, such portion of the leave as was actually earned by military service should be debited to the Defence Department.

5. The Government which sanctions "leave not due" will bear the charge on account of such leave in the first instance in all cases, but in cases where the Government servant on return from such leave is transferred to another Government before the "leave not due" taken by him is completely earned by duty, such readjustment of the charge may be made as may be agreed upon by the two Governments concerned.

6. Leave salary in respect of Special Disability Leave granted to Government servant will be borne by the Government which sanctioned the leave, provided that where a Government servant has served under more than one Government and is granted Special Disability Leave on average pay under Fundamental Rule 83(7) (b), half of which is debitable to his leave account under Fundamental Rule 78(b), the debit for such leave should be made both in the main and subsidiary leave accounts and the actual amount of leave salary drawn by him for the whole period of such leave will be apportioned among the Governments concerned in the proportion in which that leave is debited to his leave accounts with those Governments.

7. The allowances paid to Government servant during study leave will be borne by the Government under which he was employed when the study leave was granted.

8. The Government which received or remitted the contribution for leave salary of a Government servant in Foreign service should bear the charges for his leave salary in respect of the leave earned by him during such service.

9. In respect of Government servants subject to the Central Government's Revised Leave Rules, 1933, or similar rules issued by other Governments which make the calculation of leave in relation to the period of duty impossible, contribution for leave salary is recovered from borrowing Governments. The liability of a borrowing Government to pay contributions to the lending Government ceases when a Government servant is permanently transferred to the former, but the lending Government remains responsible for the leave salary of the Government servant in respect of "earned leave" at credit on the date of his permanent transfer to the borrowing Government. This amount of "earned leave" should be exhausted first by the Government servant before any leave in respect of service after permanent transfer to the borrowing Government is taken by him. The leave salary in respect of any other kind of leave which may be taken by the Government servant after his permanent transfer to the borrowing Government under the leave rules of that Government will be borne by that Government.

Note.—In the case of officers borne on joint cadres, allocation of leave salary will be made in accordance with the arrangement mutually agreed upon by the Governments concerned.

10. No adjustments against Defence Services Estimates will be made on account of leave contribution in respect of leave earned for the period spent in Army and Naval training by Pakistan Army and Royal Pakistan Navy Reservists respectively in Civil employ.

III. Incidence of charges for bonus in respect of government servants who are employed on bonus terms and who serve under more than one Government

The Government to which a subscriber to a special Provident Fund originally belongs is primarily responsible for payment of bonus and interest on his subscription to the Fund. When the services of a subscriber to such a fund are lent to another Government, the borrowing Government may be required to pay the bonus contribution to the lending Government under such arrangements as may be settled between the two Governments concerned.

The recoveries from the borrowing Government shall be classified as reduction of charges.

In the case of Commercial Departments or Undertakings in which the payment of bonus to Special Provident Funds is debited to working expenses, the recoveries should be adjusted as reduction of charge under the appropriate head of account concerned.

C.—OTHER CHARGES

IX. Incidence of Grants of Land and Alienations.

Provincial Governments receive compensation from the revenues of the Central Government for all grants of land and assignments or remissions of land revenue sanctioned in favour of officials and non-officials in recognition of exceptional services rendered by them to the Central Government.

1. The value of compensation for grants of land, etc., by the Defence Department should be debited against the Defence Services Estimates.

2. All special pensions and Jagirs in the form of assignments of land revenue sanctioned for Military Officers under the special War Rewards Scheme should also be debited to the Defence Services Estimates.

X. Incidence of the cost of Police Functions on Railways including the cost of protecting Railway Bridges.

Police functions in Railways are divided into three categories.

(a) Crime—for which Civil Governments are entirely responsible and the expenses of which these Governments have to pay.

(b) Order—for which Civil Governments are responsible but the expenses of which Railways have to pay and

(c) Watch and Ward—for which Railways bear both responsibility and cost.

2. The following rules regulate the incidence of the cost of protecting railway bridges:—

(i) Railway bridges, in common with railway goods and premises, will ordinarily be protected by watchmen in the employ of the Railway concerned.

(ii) In the event of the replacement of these watchmen by Military Guards,

(a) When the services of the Military guards are placed at the disposal of the Railway at the request of the Railway Administration, the cost of guards will fall upon the Railway.

(b) If the substitution is made on general grounds of state policy and the service is taken over by the Defence Services as part of their regular duties, the charges will fall upon the Government and will be debited to Defence Services.

D.—RECEIPTS

XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign service

Contributions towards the leave salary and pensions of Military Officers and others in permanent Military employ, including those in temporary Civil employ, should be adjusted in the Defence Services accounts, while the contributions in respect of such officers in permanent Civil employ should be credited to Civil Estimates. When a Government servant on whose behalf the contributions are received belongs to the Posts and Telegraphs Department or Railways the credits should be passed on to the Department concerned.

APPENDIX III

DETAILED INSTRUCTIONS FOR THE PREPARATION OF PUNCHING MEDIUM IN CONTROLLER'S OFFICES. (REFER TO PARA. 327).

1. A Punching Medium is an extract of certain data pertaining to a voucher which is sent by audit sections of Controller's offices to the Hollerith Section to serve as a medium from which cards may be punched.

2. It should be prepared in duplicate in the form a specimen of which is given in Annexure 'A' by carbon process, one for each separate voucher. The original will be sent to the 'H' Section and the duplicate pasted on to the vouchers to serve as a record of classification. As an exception to the general rule vouchers on which P.M. form is already printed, that portion should be utilized to serve as an office copy.

3. The punching medium must contain in the form of code numbers all the data pertaining to every item of a voucher which are essential for compilation purposes. These are:—

- (i) Month, (ii) C. M. A., (iii) Section, (iv) Kind of voucher, (v) Voucher Number, (vi) Classification, (vii) Amount.

Of the above mentioned items only month (i), voucher number (v) and amount (vii) are expressed in figures; all the others are expressed in code numbers allotted to the various details contained in (a) Code list issued by the 'H' Section reproduced as Annexure 'B' and (b), in the "Classification Hand Book", and the 'Pamphlet of Revenue, Debt and Remittance Heads' issued by the Military Accountant-General (for item vi).

4. Though all the essential data relating to each item of each voucher are required to be punched in each card it is not necessary to record all these against each item separately in the Punching Medium. For example, suppose in a Pay bill dealt with by the officers section there are four items on the Receipt Side and four on the Charge Side. A separate card has to be punched for each of these eight items and each card must contain all the essential data pertaining to each item. But in preparing the Punching Medium for that voucher the clerk who audits the voucher will record the data common to all the items of that voucher viz., "month", "C.M.A.", "Section", "kind of voucher" only once, i.e., on top of the punching media form in the space provided for the purpose. Also, the common data mentioned above will apply not only to the several items contained in a voucher but to several vouchers dealt with in a section.

5. *Code Numbers of variable data.*—Of the three items of variable data, viz. "Classification", "Voucher Number" and "Amount", the last two being already expressed in figures, the only item that will have to be separately coded every time a punching medium is prepared will be the classification.

6. *Coding of Classification.*—The code numbers of the classification heads are printed in the Classification Hand Book and the Pamphlet of Revenue, Debt and Remittance Heads. The Code numbers have been so allotted as to make it possible for each auditor to commit to memory the numbers pertaining to his portion of work easily and quickly. In order to avoid the unnecessary waste of time and labour involved in having to turn over the leaves of the Classification Hand Book and the Pamphlet every time he has to code a classification head, he should jot down on a separate slip of paper the classification heads and the code numbers which he is likely to use most often in his particular portion of work and refer to this slip instead of to the Classification Hand Book. In the Officer's Section, the code number of the minor head to which each officer's pay and allowances are debitable should be recorded on top of the folio allotted to him in the Audit Register/Ledger, and the code number of the detailed heads should be recorded against the relevant headings in the Audit Cage containing rates of pay, etc., so that the code numbers can be easily traced when the pay bill is being audited and classified.

7. *Writing of Punching Media.*—The Punching Media should be written up by the auditor when he classifies the voucher. This work should on no account be postponed till the end of the month. It is of utmost importance that the figures should be written neatly and legibly. If it appears that there is ever so slight a possibility of a figure being read differently from what it is intended to be, it should be scored out, and rewritten clearly and legibly. Over writing of figures should be strictly avoided.

8. *Entries in Punching Medium Form.*—The figures for common data such as month, kind of voucher, etc., should be entered first. The Audit Sections will show the code numbers allotted to the M.E.S. District against "Section" in the Punching Medium of M.E.S. vouchers audited by them but to be compiled in the M.E.S. Section Compilation.

9. *Classification.*—The next column that should be filled in is the "Classification". The code number of the classification head should be ascertained from the typed slip in the possession of each auditor (vide paragraph 5) and put down neatly in the appropriate column taking care not to omit the stroke between the minor head and detailed head codes. It must be remembered that the classification code is a five-digit (six including the initial zero or 1) number; when writing it special care should be exercised to see that all the five digits and no more are entered and the initial zero or 1 is not omitted.

10. *Treatment of Cheques Drawn Items.*—There is only one exception to the rule that all the classification items of each voucher should be coded and the code numbers recorded in the classification column of the Punching Medium, viz., the cheques drawn items appearing on the Receipt side of Cash vouchers etc., on account of cheques and R.T.R.s. drawn by the Military Accounts Department on Civil treasuries and Military Treasure Chests. These items will not be coded. Instead of the code number of the relevant remittance head, the letters "C.D." will be entered in the classification column of the Punching Medium in respect of such items. How the C.D. items are finally brought to account will be seen from the subsequent paragraphs.

11. The cheques and R.T.R.s. drawn by Military Officers against their own separate assignments which are included in their Cash Accounts are not covered by the above exception. The relevant remittance head code numbers should be shown in such cases. Nor is the exception applicable to cases where Head II of the Exchange Accounts is debited with the amount of the Cheques cancelled.

12. The next item to be filled in is the "Amount" of each classification head. This is entered in one of four columns—Receipts, Minus Receipts, Charges or Minus Charges. After the amounts pertaining to all the Classification heads have been recorded, the amounts on each side of the account should be totalled up separately and the totals recorded on the Punching Medium. The two totals should agree if the allocation had been done correctly. Special attention should be paid to the amount shown against "C.D." in the classification column; this amount must agree with the amount shown in the Daily Payment Register or the Cheque statement, as the case may be. Too much emphasis cannot be laid on the importance of writing the figures in the Amount columns neatly and legibly.

13. *Voucher Number.*—When inserting the voucher number no letters should be affixed or suffixed to it, as, for example, "526-A" or "T-318". Nor should the month be written immediately after the voucher number as, e.g., "T-34 of 4/50". Only the bare number should be recorded.

14. *Fixed Series of Voucher Numbers.*—Ordinarily the voucher numbers of each month in each class of vouchers should run consecutively commencing from 1. In certain cases, however, where in the same class of vouchers one set of vouchers has to be distinguished from another, or two or more D.P. Registers have to be used in the same section, separate series of voucher numbers should be used. Fixed series of voucher numbers are used, for example:—

- (i) to distinguish M.E.S. vouchers dealt with in the M.E.S. Section from those dealt with in 'O', 'T', 'E' and 'M' and Store Section;
- (ii) to distinguish the M.E.S. vouchers of each G.E. from other etc.

A list of such fixed series of voucher numbers is furnished to the Controllers concerned by the Hollerith Section and no amendment should be made to this list without the previous concurrence of that section.

15. *Voucher Numbering of Cash Vouchers.*—The voucher number will be filled in, after the bill is passed by the Officer-in-Charge, by the clerk who writes up the daily payment sheets. He will allot a number to each voucher included therein and record it on both copies of the P.M. and on the voucher itself. A separate book of daily Payment sheets should be used for each series of fixed voucher numbers.

16. *Voucher Number of Transfer Entries.*—Each Transfer Entry will be numbered by the clerk who writes it in the T.E. Book. The Superintendent will see that the numbers run consecutively and brief particulars of each T. E. is given in the T. E. Book. A separate book/register will be used for each fixed series of voucher numbers.

17. *Numbering of Abstracts of Receipts and Charges, Cash Accounts—(Grass Farms, Remount Depots, Reorg. Officers, etc.)*—As no disbursement voucher number is given to these, each unit or formation in respect of which an abstract of Receipts and Charges is prepared should be given a code number and that number recorded as voucher number. Each Controller will prepare a code for the above purpose and forward a copy of the list to the Hollerith Section. When a Unit leaves a Controller's Audit Area, its name and code number should be scored out from this list and when a new Unit arrives, it should be allotted the next available code number. Such amendments should also be communicated to the 'H' Section. The C.N.A. will similarly allot a distinctive number to each Cash and Ledger account dealt with in his office and furnish a list to the Hollerith Section intimating changes when they occur.

SECTION B

18. *Special Instructions regarding certain items.—Petty Cash Payments:* As vouchers on which cheques are drawn by Controllers in their own favour for providing themselves with the necessary funds for disbursement of petty cash are not compiled to any head of account, in the first instance, no Punching Medium should be prepared in respect of any such voucher. These vouchers should be included in separate Daily Payment Sheets and allotted voucher number from the fixed series assigned to them. The Daily Payment Sheets in which these vouchers are included should not be sent to the Hollerith Section as there will be no Punching Media to accompany them.

19. When a Bill included by the Audit Section in the Daily Payment Register is paid, not by cheque or R.T.R., but out of the petty cash, a Punching Medium will be prepared for the bill according to the ordinary rules of procedure laid down in these instructions. On the credit side, the actual cash paid will be shown as a Cheque drawn item (C.D.) though a separate cheque is not actually issued for that particular voucher.

20. At the end of the month the unexpended balance of petty cash which is required to be remitted into the treasury should be adjusted in that month's accounts by a Transfer Entry for which a Punching Medium should be prepared in the usual manner. In this T.E. the Civil Department concerned will be debited and credited with the unexpended balance refunded into the treasury under Head II of the Civil Exchange Accounts (Remittances from Civil to Military). The Code number of the classification head will be inserted in the Punching Medium and not the letters "C.D." as the transaction does not pertain to a "Cheque Drawn" item.

21. *Cheques Cancelled:* When a cheque or R.T.R. issued by a Controller is cancelled either in the month of issue or in any subsequent month the transaction should be adjusted by means of a T.E. debiting the Civil Department (or the C.M.A. in the case of cheques or R.T.Rs. drawn on Military Treasury Chests) and crediting the Service or other head which was originally debited. A separate Punching Media should be prepared for each such T.E. in accordance with the usual procedure. The Remittance head code number will be used for the debit item—not the letter C.D. When a fresh cheque or R.T.R. is issued in lieu of a cancelled cheque or R.T.R. a fresh P.M. also will be prepared even though the payment endorsement may be made on the original Voucher itself. The P.M. should be prepared in exactly the same manner as the P.M. of any other cash voucher, the amount of the cheque or R.T.R. being shown against the letters C.D.

22. *Store Section—Cash Accounts of Grass and Dairy Farms and Remount Depots.*—On receipt of telegraphic information from the Farms and Depots regarding the total amount of cheques drawn by them in the course of the month P.M. should be prepared crediting the amount to the Civil Department (full classification code of the Remittance head to be shown and not merely the letters C.D.) and debiting it to the relevant "unclassified charges" under the service heads. It should be despatched so as to reach the Hollerith Section not later than the 3rd of the month following that to which it pertains. On receipt of the Cash accounts from the Farms and Depots, it should be verified that the amount telegraphed agrees with the actual amount shown therein and a P.M. should be prepared for inclusion in the next month's accounts debiting the amount to the correct service heads and relieving the "unclassified charges" head. This P.M. should be despatched to Hollerith Section in usual course. Great care must be taken to see that the net amount compiled to the "unclassified charges" head in the accounts for March Preliminary is fully readjusted in the March Final or Supplementary accounts.

23. *M.E.S. Sections:* Only one Punching Medium will be prepared for each G.E.'s cash book. Separate series of fixed voucher numbers will be allotted to the vouchers pertaining to each G.E.

24. *Pension Section—C.M.A., Lahore.*—As under the existing orders the classification of Pension Vouchers is done before the audit is completed, the P.M. will be prepared by the compilation sub-section of the Pension Section before the vouchers are handed over to the Audit Section for audit.

In the case of Treasury Schedules and Post Office Journals and Abstract will continue to be prepared as heretofore and the P.M. will be prepared for each Abstract. The abstract will be coded as "I.D. Schedules" (Code No. 3).

SECTION C

Check and Despatch of Punching Media.

25. *Disposal of Punching Media by Auditors:*

Having completed the writing of the P.M. in duplicate by Carbon process (except voucher number which is filled in the last) the Auditor should attach both the copies to the audited voucher before submitting the latter to the Superintendent.

26. *Check of P.M. By: Superintendents:* The Superintendent will exercise a cent per cent check on the correctness of the Punching Medium in all respects before he submits the voucher to the Officer-in-Charge. He will pay particular attention to the coding of the classification heads, the "C.D." amounts, and the legibility of the figures. When any amendment is made to the amount or classification of a voucher by the Superintendent or the Officer-in-Charge in any respect, it must be seen by the Superintendent that both copies of the Punching Medium are amended.

27. *Check of P.M. Officer-in-Charge Sections:* The extent of check to be exercised by the Officer-in-Charge on the correctness of the Punching Media will be the same as what is prescribed for the check of classification, both in the matter of general responsibility for the work done in the Section as well as for accuracy of particular items. An important item that should be seen by the Officer-in-Charge is that with every voucher submitted to him a neatly and legibly written P.M. is invariably attached in duplicate. A voucher should not be passed by him unless a P.M. is submitted with it.

28. *Despatch of Original Copies of P.M. and Filing of Office Copies.*—After the vouchers are returned to the Section by the Officer-in-Charge, and after voucher numbers have been allotted, the original copies of the Punching Medium will be handed over to the clerk responsible for despatching them and duplicate pasted on the vouchers. After receipt back of the Daily Payment Register from the Disbursement Section it will be verified that the original copies of the P.M. in respect of all the vouchers included therein, and of none else are despatched to the Hollerith Section. This is a most important matter and this check should be exercised very carefully.

In order that Hollerith Section may not be flooded with work at one time and may not keep the machines under-loaded or over-loaded at any time, Punching Media will be despatched by Audit Sections to Hollerith Section in three batches. First batch should reach 'H' Section by the 15th of the month to which it relates, 2nd on 25th and the third on the 3rd of the following month. Before despatch of the last batch it will be ensured, with reference to the numbering books maintained for each class of vouchers, that all the vouchers have been despatched. The batches will be despatched with a forwarding memo. in the following form and should be marked "Immediate" to ensure that it is posted by the Record Section on the day the memo. is signed by the Superintendent or the Officer-in-Charge as the case may be.

Subject:—Punching Media for the month of of Section.

Punching Media as per details noted below are forwarded herewith:—

- (i) Total No. of sheets:—
- (ii) Voucher Numbers:—
 - Cash Vouchers to
 - I. D. Schedules to
 - Transfer entries to

Daily Payment Registers and Schedule III in support of Cash Vouchers are also enclosed herewith.

Superintendent for D.A.C.M.A.

29. When there is a break in the continuity of voucher numbers in one batch of Punching Media or between one batch and another a remark should be made in the forwarding memo, to explain the missing voucher number or numbers.

30. Amendments to Punching Media: Errors discovered in Punching Media will be amended as stated below:—

- (i) Errors in classification : A T. E. will be put up writing back the wrong classification and showing the correct one, and a P.M. will be prepared for the T.E. in the usual course and despatched to 'H' Section.
- (ii) Other Errors : Corrections will be intimated to the 'H' Section by memos. e.g., (a) amounts being shown wrongly (b) "C.D." being inserted where Remittance head code number should have been inserted (c) Remittance head code number being shown instead of "C.D." (d) kind of voucher and voucher number being shown wrongly etc.

31. All corrections required to be carried out in the P.M. of the vouchers of a particular month should be despatched so as to reach the 'H' Section not later than the date on which the monthly certificate is due. No action will be taken on amendments received after this date.

SECTION D.

Despatch of Subsidiary Documents to the 'H' Section.

Besides the punching media the following documents will also be sent to the Hollerith Section in accordance with the procedure detailed below :—

32. Daily Payment Sheets : Original copies of all Daily Payment Sheets should be attached to the punching media of the relevant cash vouchers which are included in the sheets. No P.M. will be forwarded in respect of vouchers on which the C.M.A. draws cash for his petty cash requirements, the D.P. sheets in respect of those vouchers will not be forwarded to 'H' Section. The D.P. sheets will be returned to the Controller concerned after they are done with.

33. Before the D.P. sheets and P.M. are despatched it should be verified that the C.D. amounts shown in the latter agreed with those given in the former, and that the total of each batch of D.P. sheet is given on the last sheet of that batch.

34. Corrections if any to the totals shown in D.P. sheets should be carried out in words and figures neatly and legibly, and should be attested by a Gazetted Officer.

35. *Abstract of Schedule III of each Section.*—This should be prepared by the "D" Section in the specimen form shown in Annexure 'C' and submitted to 'H' in three batches as prescribed for the P.M. in order to enable that section to punch the necessary cards for the total amount of credit on account of cheques and R.T.Rs. drawn against the various Accounts Offices.

36. Monthly Certificate : After the despatch of the last batch of Punching Media pertaining to a particular month's accounts of each section, a certificate to the effect that all P.M. required to be included in that month's accounts have been forwarded, should be furnished so as to reach the Hollerith Section not later than the 3rd of the following month. A specimen form of the certificate is given in Annexure 'D'. Great care must be exercised to ensure that the last voucher numbers of a month given in the certificate are correct.

37. All the debt and Remittance Heads Schedules (original or duplicate copies as convenient) should be forwarded with an abstract of the same showing the total amount compiled against each head for which schedules have been prepared so as to reach the 'H' Section by the 10th of the succeeding month. Great care should be exercised in preparing the schedules. If the classification of a voucher as recorded by the Audit Section is found to be wrong by the clerk who prepares the schedule he should direct the Audit Section to correct the error by means of a T.E., a P.M. which should be sent to 'H' Section. A specimen abstract is given in Annexure 'E'. The schedules will be returned to the Controllers immediately after the figures are verified.

38. *Statement of Opening Balance.*—Each Audit Section in the Accounts of which a "Closing balance" appears will prepare and forward a statement showing the "Opening balance" in the subsequent month. "Opening balance" as given in the statement must agree with the "Opening balance" given in the P.M. of the Unit or formation. It should be verified in the case of each unit or formation that the opening balance of the current month shown in the above statements is the same as the closing balance shown in the P.M. of the previous month.

ANNEXURE A.

Punching Medium

[illegible]

ANNEXURE B

1. Code Numbers for Controllers.

(i) C. M. A., Rawalpindi ...	01
(ii) F. C. M. A. (O. Rs), Lahore ...	02
(iii) C. M. A. (O & CH), Rawalpindi ...	03
(iv) C. M. A., Lahore ...	05
(v) C. M. A. (Pensions), Lahore ...	06
(vi) C. A. A. F., Lahore ...	08
(vii) C. M. A., Karachi ...	15
(viii) C. M. A., Dacca ...	19
(ix) C. N. A., Karachi ...	20
(x) C. M. A., Bahawalpur ...	21
(xi) C. A. O. (Plebiscite), R'pindi ...	22

2. Sections.

(A) C. M. A's. Office, Rawalpindi.

(i) Clearing Section ...	01
(ii) T. A. ...	02
(iii) M. ...	06
(iv) Pay ...	07
(v) Store ...	08
(vi) Accounts ...	10
(vii) C. H. ...	13
(viii) O. ...	20
(ix) Factory ...	21
(B) C. M. A., Lahore.	
(i) Pay ...	01
(ii) T. A. ...	02
(iii) Misc. ...	06
(iv) Store ...	09
(v) Accounts ...	10
(vi) N. R. Compilation ...	11
(vii) Pension ...	12
(viii) Air Force ...	13
(ix) Fund ...	15
(x) Passage ...	17
(xi) Railway claims ...	18
(xii) Fund (G. P.) ...	23,
(xiii) Clearing ...	29

(C) C. M. A., Karachi.

(i) Pay ...	01
(ii) T. A. ...	02
(iii) Misc. ...	06
(iv) Store ...	09
(v) Accounts ...	10
(vi) Clearing ...	29

(D) C. M. A., Dacca.

(i) Pay ...	01
(ii) T. A. ...	02
(iii) M. ...	06
(iv) Store ...	08
(v) M. R. C. ...	18

(E) C. N. A., Karachi.

(i) Accounts ...	10
(ii) Bill ...	81
(iii) Civil Establishment ...	83
(iv) Misc. pynt. ...	87
(v) Pension ...	91
(vi) Store ...	92
(vii) T. A. ...	93
(viii) Imprest ...	96
(ix) I. R. L. A. Officers ...	97
(x) I. R. L. A. Rating ...	99

(F) C. M. A., Bahawalpur.

(i) T. A. ...	02
(ii) Pay ...	07
(iii) Store ...	08
(iv) Accounts ...	10
(v) O. ...	20
(G) C. A. O. (P), Rawalpindi.	
(i) Plebiscite ...	22
(H) F. C. M. A. (O. Rs), Lahore.	
(i) N. R. Section ...	11
(I) C. M. A. (O. & CH), Rawalpindi.	
(i) T. A. ...	02
(ii) C. H. ...	13
(iii) O. ...	20

(1) C. M. A. (Pensions), Lahore.

(i) Accounts ..
(ii) Grant ..
(K) C. A. A. F., Lahore.(i) Pay ..
(ii) T ..
(iii) Store ..
(iv) Accounts including Works ..
(v) Imprest and CH. ..

3. M. E. S.

(i) Peshawar District ..
(ii) Rawalpindi District ..
(iii) Waziristan District ..
(iv) E-in-C Branch ..
(v) Web Branch ..
(vi) Lahore Branch ..
(vii) Baluchistan Branch ..
(viii) Karachi Branch ..
(ix) Balawalpur Branch ..
(x) Dacca ..
(xi) Chittagong ..
(xii) M. E. O. ..

4. Code No. of Receipts and charges.

(i) Receipts ..
(ii) Minus Receipts ..
(iii) Charges ..
(iv) Minus Charges ..

5. Months.

April ..
May ..
June ..
July ..
August ..
September ..
October ..
November ..
December ..
January ..
February ..
March (Pre) ..
March (Final) ..
March (Supply) ..

ANNEXURE C.

Form of Monthly Certificate.

Dated

Monthly Voucher Certificate.

Section

CMA

Month ..
Certified that punching Module in respect of all Vouchers required to be included in the completion for the month of have been despatched to the D. A. M.A.C. 'H' Section, Rawalpindi.

The last voucher numbers of each series of vouchers are given below :--

Last Voucher Numbers.

Nature of voucher

1st batch

2nd batch

3rd batch

1. Cash

2. Transfer entries

3. I. D. Schedules

4. Class IV Abstract of R/C

5. Cash Account Class IV

D. A. C. M. A.

1. To arrive at the cost of production of articles manufactured in the Ordnance and Clothing Factories, and for the preparation of the Annual Account of those factories, a set of PROFORMA Journal and Ledger—called the Principal Journal and the Principal Ledger—is maintained by the Accounts Offices attached to the Factories.

The issues made to the Defence Services and the services rendered to Factory Stock and Capital are valued at actual cost of production and services rendered to other Governments, Departments and private bodies are valued at prescribed rates. The value of all issues or services rendered is credited to the Head "Production Accounts" through its various subsidiary heads. The difference between the amounts to the credit and the debit of the "Production Accounts" represents the profit or loss.

4. The indirect charges on manufacture are mainly divided into two classes viz., (i) Fixed Charges. (ii) Variable Charges. The variable charges are further sub-divided into (a) Power and Machinery (P. & M.) and (b) other shop Charges (N.P.) and (c) Store-keeping Charges (see note below).

Other variable indirect charges (P. & M. or N. P.) are first allocated to various shops; these charges are levied in turn as a percentage on the value of direct labour or on the number of man/machine hours spent on the work orders. These percentages are determined on the basis of past actuals.

These percentages may be revised if the differences between the actual expenditure and that charged to production is considerable.

These percentages may be revised if the differences between the actual expenditure and that charged to production is considerable.

Note 1.—In the case of the Clothing Factories, the variable indirect charges, other than store-keeping, are allocated on a pre-arranged basis to individual shops, and no distinction is made between R. & M. and N. P.

Note 2.—Amounts on account of Leave Allowances, Deputation Pay and Sterling Overseas Pay paid in England as intimated by the High Commissioner for Pakistan will have to be added to the Indirect Charges of the Factories. These amounts will on receipt from England, be communicated by the C.A.F.A. to the Branch Account Offices. Similarly figures on account of general administration and Central Accounts debitable to each factory will be worked out by the C.A.F.A. at the end of each year and intimated to the Branch Account Offices for inclusion in the Indirect Charges. In the meantime an estimated amount should be taken into account for compiling to 'Indirect Charges'.

Note 3.—The amount of Superannuation charges debitable to the Indirect Charges of the Factories during a year on account of pensionable establishment employed in factories and in the Accounts Offices attached thereto should also be worked out separately by the Accounts Offices and accounts offices at the end of each month. As regards the share of superannuation charges relating to Central Administration—Factories and Accounts—an estimated amount based on past actuals should be adopted. The subject to readjustment on receipt of actual figures from the C.A.F.A. at the end of the year. The rates at which the Superannuation charges are to be calculated for the various kinds of pensionable establishments employed in the Factories and Accounts Offices are given below:—

Categories of Officers and Subordinates	Military Officers	Rates for Superannuation Charges
1. Pakistan Commissioned Officers	For each officer, monthly at the rates given in Schedule (a) (i) of A. I. (I) No. 51 of 1933, for contribution towards superannuation charges. The length of Service of the officer for this purpose should be obtained from the Pakistan Army List.	
2. Departmental Officers of the P. U. L. and the P. A. M. C. and the British N. C. Os. and men.	For each person, monthly 1/6th of monthly pay with reference to schedules (b) and (c) of A. I. (I) No. 51 of 1933.	
3. J. C. Os., P. O. Rs. and others.		
<i>Civil Officers</i>		
4. Gazetted Officers of the Ordnance and Clothing Factories and Superior Service Officers of the Military Accounts Department of non-Asiatic Domicile.	For each Officer monthly at £ 18-3-7 3/5	
5. Gazetted Officers of the Ordnance and Clothing Factories and Superior Service Officers of the Military Accounts Department Pakistan Domicile.	For each officer monthly at Rs. 176-2-8.	
6. Deputy Assistant Controller of Army Factory Accounts.	For each Officer monthly at 11 2/15 percent of the maximum monthly pay of the grade substantively held by him.	
7. Non-Gazetted personnel of Ordnance and Clothing Factories and of the Military Accounts Department.	For each individual monthly at 9. 1/2% of the maximum monthly pay of the grade substantively held by him.	
8. Inferior servants	For each individual monthly at 1/16th of his monthly pay.	
5. An Annual Account of the Ordnance and Clothing Factories is prepared by the Controller of Army Factory Accounts soon after the Production Accounts of the year have been closed. The annual account consists of following sections:—		
1. Report on the main features of the working of the Factories. 2. Production Account. 3. Finished Stock Account. 4. Statement of Assets and Liabilities. 5. Store Accounts. 6. Capital Account. 7. Indirect Expenditure Statements.		
6. The Production Statements published with the Annual Accounts show articles, etc., manufactured for or services rendered to the Army, non-Military Departments, etc., and private bodies, including articles manufactured on account of Capital, Stock or for other Ordnance and Clothing Factories.		

7. Separate Block Registers are maintained by the Accounts Offices attached to the Factories for the Capital Assets of the Factories, e.g., Buildings, Machinery, etc. It shows the value of each item in the beginning of the year plus additions minus depreciation and issues and write-off etc., during the year and the value at the close of the year.

The items in the Block Registers are depreciated at the percentages given below on the diminishing value of each asset:—

	Per cent. per annum.
Plant and Machinery (Plant includes Machine Tools).	6½
Building	1½
Furnaces (expensive)	30
Furnaces Electric	10
Sewing Machines	20
Sewing Machines in reserve	6½
Electrical mains and meters also electrical installations and fans in industrial buildings and on the factory estate other than quarters, and telephones and telephone mains.	6½
Electrical installations and fans in factory quarters	1½

Station Wagons, Motor Lorries, Vans and Trucks, Motor Cars (including Staff Cars).

30 per cent. for the 1st year.

20 per cent. for the 2nd year.

15 per cent. for the 3rd year and onwards.

Steel furniture, fixtures and fittings:—

Percent. per annum.

(i) In the cases of individual item consisting of Rs. 400 or over, and items which individually cost less than Rs. 400 but which in the aggregate exceed Rs. 1,000 in value in a single purchase.

12½

(ii) Steel furniture, fixtures and fittings classified as "fixtures" will be treated as part of the building irrespective of the monetary value.

(a) Depreciation on assets acquired by factories during the course of a year will be charged as follows:—

(i) In the case of buildings, from the first of the month following that in which the building is ready for occupation.

(ii) In the case of machinery and plant, with effect from 1st of the month following that in which the machine is ready for use.

(b) In the case of capital assets lost or discarded by sale or by break up, or transferred to other Military Formations or to the Inventory or to Stock or other factories, the residual book value after deduction of proportionate depreciation for the period in use in the factory is written off the books.

In the case of inter-sectional transfers of capital assets, depreciation is charged to the section in which the asset is borne up to the end of the month in which the transfer takes place and thereafter to the section to which it is transferred.

To break up of all capital assets requires the sanction of the D.O.F. In the case, however, of the break up of unserviceable fans, telephones, and any other capital assets of a similar nature replaced at the expense of the Renewals Reserve Fund Grants, the D.O.F.'s sanction is not necessary, provided sanction for replacement exists.

Items of Capital assets with residual value of negligible amount will be written off and shown as of 'NIL' values in the Block Registers until finally disposed of. For this purpose an asset will be treated as of negligible value when its residual value reaches or falls below Rs. 500 or an amount equivalent to the first year's depreciation at normal (Peace) rates of depreciation, whichever is less.

APPENDIX V

COST ACCOUNTING—ROYAL PAKISTAN NAVAL DOCKYARD.

1.—General.

1. The Cost Accounting Section of the office of the Controller of Naval Accounts in which the cost accounting of works carried out in His Majesty's Pakistan Naval Dockyard is conducted, is divided into four sub-sections:—

- (a) Wages;
- (b) Labour Record;
- (c) Material; and
- (d) Costing.

2. The wages section takes the muster of labourers employed in the Dockyard, prepares the Muster and Pay Book and disburses the wages. The Labour Record Section prepares the allocation abstract of labour by work orders. The Material Section maintains the Priced Ledgers of stores of the Dockyard and prepares the abstract of materials issued to the workshop allocated by work orders. The Costing Section works out the cost of work done and issues claims for the value of work done for the Royal Navy, other departments, etc., and watches the recovery of adjustment of such claims.

II.—Wages Subsection Muster.

3. Muster Clerks are told off for attendance at the Muster Shed. Labourers on entering the Dockyard are required to pass through the Muster Shed and take the numbered discs (bearing the numbers allotted to them) off the boards provided for the purpose, and on leaving work to replace them on the boards. The muster clerks will see that no labourer takes off, at the time of entry, or replaces, at the time of departure, more than one ticket.

4. Immediately the morning muster is completed, the muster clerk will note down the numbers of the discs remaining on the board, which will represent the absentees and mark the other labourers as present in the Muster and Pay Book. An Absentee or Presentee statement will also be sent to the Labour Record Section, showing the ticket numbers of labourers absent on the day (or those present, if this number is less than the absentees).

5. If a labourer leaves work before the usual closing time, the muster clerks will note the time at which the labourer has left and mark in the Muster and Pay Book against him the number of hours worked. A labourer leaving work during working hours is required to produce a pass signed by the head of the department concerned. The Muster clerk will initial the pass when the number-disc is deposited on the board. Labourers leaving work at midday meal time are not required to produce passes.

6. A statement is received from heads of departments showing the ticket numbers, and hours worked, for men who have worked for less than the full day. These statements are checked with the entries made in the muster and pay books, and a statement (Absentee/Presentee statement) is prepared showing the fractions of a day worked by the labourers of the various classes and sent to the Labour Record Section together with the statements received from the Dockyard.

7. In the case of men working over-time, the muster clerk will, for morning over-time work, note the time at which the men lifted their discs off the board, and, for evening over-time work, note the time when the discs were redeposited. Over-time statements are received daily from heads of departments, and after these are checked with the notes made by the muster clerks, necessary entries will be made in red ink in the muster and Pay Book, and the overtime statements sent to the Labour Record Section.

8. At the end of the day the muster clerks will see that all the discs have been replaced; if not, a report will be made to the head of the department concerned for necessary disciplinary action being taken.

9. The attendance shown in the daily "Allocation" sheets (see paragraph 25 below) will be verified, so far as the attendance in the shops is concerned, with the actual numbers working in the various shops, by the muster clerks, with the permission of the Flag Officer Commanding, Royal Pakistan Navy any one day in the week as may be decided by the Controller at a time most suitable and convenient after receipt of the allocation sheets for the day. All discrepancies will be noted in the allocation sheets and immediate action taken with heads of departments concerned to reconcile the discrepancies.

L1 MAG

Muster and Pay Book.

10. Separate Muster and Pay Books are maintained for the different classes of labourers or departments in which employed. A Change Book, showing the entertainment, discharge, promotion or reduction of labourers, is received monthly from the Dockyard, and necessary notes of entry, discharge and changes in rates of pay are made in the Muster and Pay Book, and the Change Book forwarded to the Labour Record Section for note and return to the Dockyard.

11. Accident reports are received along with the Change Book, and a report countersigned by the Medical Officer, Royal Pakistan Navy, is received monthly showing the men who were unfit for duty and the period for which they were so unfit. Necessary entries are made in the Muster and Pay Book on account of "Hurt Pay" to be allowed to the men. A statement is prepared from the medical officer's report showing the period for which "hurt pay" is admissible, and sent to the Labour Record Section.

12. The Wages earned by each labourer is worked out in the Muster and Pay Book and the book totalled. The Muster and Pay Book is reconciled with the Work Book maintained in the Labour Record Section twice a month, once during the course of the month and again at the end of the month.

Daily Hired Labour.

13. Muster, as in the case of regular labourers, is not taken of daily hired labourers who are paid daily at the end of the day. Statements of such labourers employed, countersigned by heads of departments and showing the work order to which they are chargeable, are received in the Wages Section for disbursement of the wages. After payment in the presence of a representative of the departments, the statements are sent for countersignature to the head of the department in token of disbursement of the wages, and on receipt back they are sent to the Labour Record Section for note and return.

Outside Labour.

14. Outside labour bills, countersigned by the head of the department concerned, and showing the work orders to which chargeable, are received and paid in this section. A statement is prepared showing the amount of outside labour by work orders and sent to the Labour Record Section.

Disbursement of Wages.

15. Advances are received from the Pay Section during the course of the month for payment to daily hired labourers, discharged regular labourers, of outside Labour bills and of undisbursed wages. At the commencement of a month when the Muster and Pay Books for the previous month have been completed, the amounts of the Muster and Pay Books, the daily hired labour statements and outside labour bills, less amounts obtained on advances on that account, are obtained from the Pay Section for disbursement of the wages. For the payments during a month of undisbursed wages, a bill is prepared at the end of the month and the amount received from the Pay Section.

16. On pay day, the labourers are furnished with Memos, through the heads of departments, showing the amount of wages due to them. If any labourer disputes the amount he is required to enter his protest before taking payment. The Memos are surrendered by the labourers to the Wages Section at the time of payment. Payment of wages is made in presence of the following officers or subordinates:—

Serial No.	Designation of the officer or subordinate	To witness payment to
1	A Gazetted Officer of the respective branches of the Engineer Manager's Department assisted by a Foreman or leadingman of the respective labourers.	Engineering Workmen, Ship Wrights, Electrical Fitters, etc.
2	A Boatswain	Men belonging to the Commander of the Yard's Department.
3	A Superintending Conductor or the next senior Conductor present, if the former is unavoidably absent.	Men belonging to the Naval Store Officer's Department.

17. The Officer or subordinate, who actually witnesses the payment of wages to the men concerned should sign a certificate at the bottom of the Muster and Pay Book to the effect that all payments shown thereon have been correctly made.

18. Wages not disbursed on the regular pay days are disbursed during the course of the month, and at the end of the month, the amount remaining undisbursed is remitted into the treasury and the treasury receipt forwarded to the Pay (Audit) Section for adjustment. Details of undisbursed wages remitted into the treasury are recorded in a Register of Undisbursed Wages and when payments are subsequently made, necessary notes of payments are made therein.

19. Labourers discharged are paid off the same evening; discharges are notified by memos, from the Dockyard, from which the Muster and Pay Books are completed in respect of such men. The discharge memos, are sent to the Labour Section.

20. A Cash Book (In P. A. F. A. 125) showing all receipts and payments is maintained; the Cash Book is closed and balanced daily and a certificate endorsed by the Section Superintendent at the end of each day's transactions that the book balance agrees with the balance of cash in hand.

21. The Cash Book is to be signed daily by the Officer-in-Charge who will carry out three surprise checks of Cash in the course of each month.

22. The Cash balance is deposited in a safe, one key of which will be kept by the Officer-in-Charge and the other by the Superintendent of the section.

23. An abstract of Muster and Pay Books is prepared and a Labour Bill is prepared from this abstract and submitted to the Pay Section by the 20th of the month following that to which the bill pertains. The Labour Bill is supported by the Muster and Pay Books, statements of daily hired labour and outside Labour Bills. A copy of the Labour Bill is furnished to the Costing Section.

24. For reconciliation of the figures in the Labour Bill and the Abstracts of Labour prepared by the Labour Record Section, see paragraphs 69 to 71 below.

III—Labour Record Section

25. In addition to the documents received from the Wages section, the following documents are received by the Labour Record Section from the heads of departments of the Dockyard:—

- (1) Absentee Presentee statement in the same form as that furnished by the Wages section; and
- (2) Allocation sheets showing the ticket numbers of the labourers employed on the various work orders.

26. The two sets of Absentee/Presentee statements received from the Wages section and the Dockyard are compared with one another and with the Allocation sheets, and any discrepancies settled in consultation with the Wages section and the Dockyard.

27. Work Books, corresponding to the Muster and Pay Books, are maintained in the Labour Record Section, and are records of the attendance, earning and the allocation of the wages of each labourer to the various work orders: entries, discharges and variations in rates of pay are noted in the work books from the Change Book received from the Dockyard through the Wages section. Entries and discharges are also communicated by the Dockyard on separate memos, on the day of employment or discharge; entries of such events in the Work Book are made from these memoranda and checked with the Change Book when received. Attendance, including overtime, is marked in Work Books from the documents referred to in paragraphs 5 to 7 above; and the allocation of the wages to the work orders from the allocation sheets. The total earnings are then worked out for each labourer, and an abstract made of all the totals in a work book. For reconciliation of the Work Book, with the Muster and Pay Books, see paragraph 10 above.

28. The Wages of each labourer allocated to particular work orders are then abstracted in a First Abstract of Labour. Amounts chargeable to the various work orders are totalled, and the grand total tallied with the total of the Work Book. The wages of daily hired labourers are also abstracted by work orders in the same form.

29. The total wages chargeable to various work orders as shown in the First Abstracts of Labour and the statement of outside labour received from the Wages section are then abstracted in a Final Abstract of Labour and the total wages chargeable to the work orders worked out. The grand total of the Final Abstract is tallied with the total of the figures in the several First Abstracts, and the statement of outside labour.

Note 1.—The Final Abstract of Labour is divided into three parts, according to the department for which the work is being done, viz., Royal Pakistan Navy, Royal Navy and other departments.

Note 2.—In the case of certain classes of labour, for the sake of convenience, an Intermediate Abstract of Labour is prepared from the First Abstracts; in the same form, before the figures are transcribed into the Final Abstract.

30. A statement is prepared showing the totals of wages as per work books, daily hired labour and outside labour, and after reconciliation of the total with the totals of the Final Abstracts sent to the Wages section for verification with the Labour Bill. Any discrepancies noticed are adjusted in subsequent months by the section in which the error occurred.

31. The Final Abstract of Labour will be sent to the Costing section by the 1st of the second month following that to which the Abstract relates.

32. From the final and intermediate Abstracts of Labour a statement is prepared for each department of the Dockyard showing the wages pertaining to that department charged to various work orders. The statement has twelve monthly columns (the form of First Abstract of Labour being adopted for the purpose with suitable modifications) in which the figures for the several months are posted. The statement is sent monthly to the head of the department concerned for note and return.

IV—MATERIAL SECTION

Ledger and Stock Account

33. Priced Store ledgers are maintained in the Material Section for all quick stores in the Dockyard. The ledgers are divided into sections corresponding with the classification of Naval Stores given in the Naval Rate Book. All receipts and issues are accounted for in these ledgers.

34. The following classes of vouchers or documents are received from the Naval Store Officer:—

- (1) Local Purchase Orders.
- (2) Supply Notes.
- (3) Return Notes.
- (4) Demands.
- (5) Demand Notes.
- (6) Survey Reports.
- (7) Adjustment Vouchers.

These documents are forwarded with covering schedules and it is seen that all documents enumerated in the Schedules are received.

35. The several classes of documents excepting supply Notes are given separate serial numbers by the Naval Store Officer and the receipt of documents of class (1), (4), and (5) are watched through skeleton index registers. Similar watch over class (6) is exercised by the Stores Section of the Controller's office.

36. The duplicate copies of local purchase orders for stores purchased locally and taken on charge by the Naval Store Officer are on receipt registered in the register of local purchase orders. In the case of contract purchases, the rates given in the orders will be checked with the list of Contract Rates. On receipt of suppliers' bills for the stores, both the original and duplicate copies of the bill will be sent by the Bills Section to the Material Section for verification of credit. The Stores billed for will be checked with the local purchase orders, a note made in the Register of Local Purchase Orders, and the original copy of the bill returned to the Bills Section with a certificate to the effect that credit for the stores has been verified; the duplicate copy of the bill will be filed, with the corresponding local purchase orders.

37. Supply Notes, which are received in original, are on receipt, entered in Register of Supply Notes. They are then rated and valued and the value entered in the appropriate value column.

Note.—For supplies by other departments debits are received through the Exchange accounts. On receipt of the inter-departmental schedule from the Accounts Section the receipt of stores will be verified and the number and date of the schedule marked in the Register of Supply Notes.

38. Return Notes are of three classes:—(1) Stores returned from works, as not required, (2) Stores manufactured in the Dockyard for stock purposes, and (3) Stores manufactured in the Dockyard for supply to ships, etc. Return notes are received in original only. They will be entered in the Register of Supply and Return notes. Return Notes class (1) will be rated and the value entered in the appropriate column of the register. Return Notes class (2) will be circulated to the costing section for note and return and will be valued on receipt of intimation from that section regarding the completion of the work orders referred to therein. The value will then be entered in the Register of Supply and Return notes. Return Notes class (3) will be forwarded to the costing section which section will pass them on to store section noting therein the expenditure incurred. From this register another register will be posted to show the value of return notes class (1) which are to be accounted for in the abstract of materials in the month concerned.

Note.—Return Notes, class (2) for scraps, etc., to be sold, will not be entered in the Register of Supply Notes nor in the Abstract of Materials returned. They will be sent to the Store section to enable it to watch the recovery of the sale proceeds.

39. Demands are received in original. Those relating to issues of expenditure stores to Royal Pakistan Navy and for supplies made to other Departments and to officers, etc., on payment, are received in duplicate. They are forwarded to the Stores Section after valuation (except in case of loan issues) but the duplicate copies of indents for expendable stores issued to Royal Pakistan Navy, are forwarded to the Naval Store officer for transmission to the Commanders of the vessels concerned.

40. Demand Notes are received in original only. They will be entered in the Register of Demand Notes, valued and posted in the Priced Store Ledgers. After posting, the values will be entered in the appropriate columns of the Register of Demand Notes. The same copies will then be used for preparing the abstract of material. After the necessary agreement has been effected between the total of the abstract of material and the total in the Demand Notes Register, the Demand Notes will be filed serially.

41. Survey reports (1) on unserviceable stores of the dockyard and (2) on stores returned by Royal Pakistan Navy Vessels, etc., are received from the Naval Store Officer in original only. Survey reports class (1) are received in the material section and class (2) in the store section. Class (1) Survey reports are entered in the register, valued and posted in the ledgers and then passed on to store section for, watching the disposal of articles shown in the survey reports.

The Stores ordered to be sold or destroyed will be valued at the rates at which they were borne on ledger charge, and the values will be entered in the Register of Survey Reports.

42. It will be seen that the Survey Reports have been approved by the Flag Officer Commanding Royal Pakistan Navy, and in cases where the loss involved exceeds Powers of the Flag Officer Commanding, Royal Pakistan Navy, that the sanction of the Government of Pakistan has been obtained.

43. Adjustment vouchers are sent by the Naval Store Officer when any alterations are necessary in supply and return notes, etc. On receipt of such vouchers, necessary corrections will be made in the Registers, etc., concerned.

44. The priced ledgers will be posted from the vouchers and documents enumerated in paragraph 34 above. Stores received from England will be brought to the ledger at invoiced rates plus the percentages prescribed in Financial Regulations, for the Royal Pakistan Navy, Store purchased locally and obtained from other departments will be brought on at Purchase rates and rates charged by the departments respectively, stores manufactured in the Dockyard will be brought on the ledger at the production rates, and all other receipts at Naval Rate Book rates; if no rate is available in the Naval Rate Book the professional Officer's valuation will be taken. All issues are charged off the ledger at Naval Rate Book rates, unless certain materials are specially purchased for a particular work order or department, when such issues are charged at purchased rates; if no rate is available in the Rate Book the rate given in the ledger is charged.

45. At the end of each year in the case of stores for which rates are available in the Rate Book, an adjustment will be made in the ledger for the difference.

between the rates at which the stores were brought on or charged off the ledger and Rate Book rates. Similar adjustments will also be made for the difference, if any, in the value of stores the Rate Book rates for which were entered during the year. All such adjustments will be entered in a Register of Adjustments.

46. Stock reports in the case of items in which there is difference between the actual stock and the ledger balance will be valued and sent to the Naval Store Officer for explanation, who will obtain and forward the sanction of the Flag Officer Commanding, Royal Pakistan Navy, for the adjustment of the deficiencies found on stock taking, if within his powers. If the adjustment of discrepancies is beyond the competency of the Flag Officer Commanding Royal Navy to sanction, the orders of the Government of Pakistan will be obtained by him through the Controller.

The Material Section watches the receipt of all sanctions to discrepancies. *Note.*—Instead of separate loss statements, sanction of the Flag Officer Commanding Royal Pakistan Navy, to write-off the stores found deficient on the Stock report may be accepted.

47. Before the stock report is forwarded to the Naval Store Officer, the surplus found will at once be brought on ledger charges but in the case of deficiencies they will be entered in pencil only, the entries being inked over on receipt of the sanctions to write off.

48. The ledgers will be balanced yearly. When any item in the bin ledgers is operated on for the first time in the month (whether a receipt or an issue (transaction)) the bin ledger balances, after that transaction, are entered by the Naval Store Officer on the receipt or issue vouchers. These balances will be checked with the ledger balances and any discrepancies reconciled; a note should be made against the ledger entry when the reconciliation is effected.

49. From the various registers enumerated in the preceding paragraphs the stock reports and the Register of Issue Vouchers maintained in the Stores Section, a store control account will be prepared annually as soon as the accounts of that year are closed.

50. At the end of every year an abstract will be made of the balances of the various sub-heads in the Priced Store Ledgers and the total of the balances agreed with the balance as shown in the stores control account.

STOCK VERIFICATION

51. The stock of stores in the Naval Dockyard is verified by a staff of stock verifiers under the Controller. The rules laid down in Financial Regulations for the Royal Pakistan Navy in this connection will be observed by stock verifiers while taking stock.

52. Before the stock verifier commences taking stock of any particular article, a red line is drawn below the last entry in the bin ledger maintained by the Stock holder, and a red line is also drawn in the priced ledger after striking the balance for the article. If the priced and bin ledger balances do not agree, the discrepancy is reconciled. The balance in the bin ledger is initialled and dated by the stock verifier and entered in his stock report. The stock verifier then verifies the stock by actual count, weight or measurement in the presence of the stock holder and enters the actual stock in his stock report and in the bin ledger below the red line; this entry will be initialled and dated by the stock verifier. The stock report will then be signed by the stock verifier and the stock holder.

53. If the actual and ledger balances agree, the stock report in duplicate will be signed by the Gazetted Officer in charge and one copy sent to the Naval Store Officer for information. If the balances differ, action as prescribed in paragraph 52 above will be taken.

NAVAL RATE BOOK

54. Stock book rates of Naval stores are calculated by the Controller according to the rules laid down in Financial Regulations for the Royal Pakistan Navy. These rates are revised from time to time with reference to the subsequent purchase or invoice prices and the necessary corrections are issued quarterly as addenda and corrigenda to the Naval Rate Book.

55. To facilitate the preparation and correction of the Rate Book, a priced Index of R.P.N. Stores is maintained in loose leaf form, arranged by sub-heads and ledger folios. Entries in this index are posted at the end of November,

February, May and August, with reference to several local purchase orders and Supply and Return Notes, relating to stores, of patterns or descriptions already existing in the Rate Book, which are purchased, or obtained from other departments in Pakistan, imported from Europe and manufactured in the Dockyard; revised rates for articles of each pattern or description are picked out according to rule in paragraph 166 F.R. for the R.P.N. from among the transactions noted in each Index form and the rates thus selected entered in the quarterly errata to take effect from 1st January, April, July and October respectively. A register is also maintained in manuscript wherein certificate that the index has been prepared in respect of the above-mentioned vouchers is recorded monthly.

Abstracts of Materials issued to and returned from works in progress.

56. From the Demand Notes and Return Notes of materials returned from works in progress an Abstract of Materials issued to works and an Abstract of Materials returned from works are prepared, in which the values of stores issued on Demand Notes or returned on Return Notes are entered by work orders.

Note.—The abstracts are prepared in three parts: Royal Navy, Royal Pakistan Navy and other departments.

57. The totals of these abstracts are reconciled with the total in the Register of Demand Notes (see paragraph 40) and the total of the column, "stores returned from works" in the Register of Supply Notes (see paragraph 38), and the abstracts forwarded to the Costing section, by the 1st of second month following that to which the abstracts pertain.

58. Original copies of the Abstract of Material Issued (with the figures of the Foundry and Saw Mills Accounts and Coal and Fuel statements as entered by the Costing section incorporated therein) and the Abstract of Materials Returned are sent to the Dockyard to enable the heads of manufacturing departments to note the expenditure of material on each work order. These copies are returned by the Dockyard after note.

V—COSTING SECTION

59. Copies of work orders and Work, Store and Yard Notes in connection with work orders are received from the Navy Office when they are issued.

On receipt of the work orders they will be recorded in an Index of Work Orders according to the vessel or department concerned, and a Cost Ledger will be opened, in which will be posted all expenditure on labour and material on the work and the overhead charges. Recovery claims when issued for work done for the Royal Navy and other departments will also be entered in these ledgers. Cost Ledgers will also be opened for standing work orders.

60. On receipt of Work, Store and Yard Notes in connection with work orders necessary notes will be made in the work orders concerned. If any work order is cancelled by a Work, Store and Yard Notes immediate action will be taken with the heads of departments to have any expenditure already incurred adjusted. The Work, Store and Yard Notes will be sent to the Material and Labour Record sections for note and return.

61. Foundry and Saw Mills accounts for a month are received from the Engineer Manager of the Dockyard on the 15th of the following month. The opening balances will be checked with the closing balances of the previous month's account; the receipt of materials will be checked with the amounts shown in the Abstract of Materials under the respective standing work orders, and the expenditure on labour with the amounts shown in the Final Abstract of Labour. It will be seen that the prescribed overhead charge has been added to the Labour charge. The entries on the issue side, as issues to work orders, will be checked with the detailed schedules accompanying the account, and credit for sales of by-products, e.g., saw dust verified with Treasury receipts. The issues to the various work orders will then be abstracted and the value of total issue on each work order at estimated rates given by the Dockyard officers posted in the Abstract of Materials Issued below the totals given by the Material section; the total of all issues will be entered as a minus figure under the work orders allotted to the Foundry and Saw Mills accounts.

62. Coal and Fuel Statements, showing the receipts of coal and fuel and the expenditure thereof on the various work orders, are received from heads of departments of the Dockyard. The opening balances and the receipts will be checked as detailed in the preceding paragraph and the total issues checked

with the body of the statements. The value of issues to work orders will then be abstracted and posted in the Abstract of Materials Issued as in the case of the Foundry and Saw Mills accounts.

63. Statement showing the units of electrical power consumed during a month by various work orders is received from the Engineer Manager of the Dockyard. The cost of power consumed by each work order, calculated at the prescribed rate per unit will be posted in the abstract of materials issued as in the preceding case; the total cost under labour and material separately being credited to the work orders allotted for the Generating plant, viz., production of Power and General up keep and repairs. The rate per unit applicable during a year is arrived at by dividing the preceding year's expenditure on account of labour and materials, supplied to the work orders allotted to the Generating plant by the total number of units consumed.

64. The rate per unit to be recovered for energy supplied to officers occupying free quarters in the Dockyard will be fixed by dividing the total cost of production of electric current during the preceding year by the total amount of electric energy generated during that year for all purposes, plus the usual overhead charges. The cost of production will include the following items:—

- (1) Annual working expenditure (generation and distribution),
- (2) Interest on capital (generation and distribution).

65. The Abstract of Materials Issued will then be totalled, and the values of materials issued on each work order will be posted in the Material columns of the Cost Ledger. In the case of work orders for Foundry, Saw Mills and Coal, and Fuel accounts, the issues from store will be entered in the Materials column, and the releases to work orders as a minus entry (in red ink) in the 'Total' column, the sale proceeds of by-products, e.g., saw dust, etc., will also be posted as a minus entry in red ink in the cost ledger. The value of materials returned from works will be noted in the cost ledger in red ink in the materials column. The value of labour expended on the work orders will similarly be posted in the cost ledgers from the Final Abstracts of Labour. The overhead charges on Labour and Material will then be worked out and posted in the respective columns.

66. A statement showing the sale proceeds of scrap, etc., returned from works in progress and the work order numbers to which they pertain will be received from the Stores section. The amounts will be posted in the respective cost ledgers as a minus entry (in red ink).

67. If any yard craft is employed on a work and the hire is chargeable to a particular work order, the hire charges as shown in the statement of Hire of Yard Craft, received from the Commander of the Yard monthly, are posted in the cost ledgers in the column "Hire of Yard Craft, Dock Hire and forwarding Charges". A "Docking report" showing the period for which a vessel was in the docks is received monthly from the Engineer Manager, and the dock hire calculated according to Regulations is also charged to the work order and entered in the cost ledger.

68. The charges, etc., entered in the cost ledger as laid down in the preceding paragraphs constitute the cost of the work done or stores manufactured. But to facilitate in determining the amounts which are to be recovered from the Royal Navy, and other departments, shipping, Railway freight and other forwarding and transport charges are also entered in the cost ledgers. If such charges have not already been claimed from the department concerned when the charges were incurred.

A "statement of forwarding charges for articles made on work orders" is received monthly from the Naval Store Officer, and the necessary postings, are made from this statement into the cost ledger.

69. On receipt of Reports of works completed, which are forwarded weekly by Manufacturing departments showing the work order numbers completed during the week, necessary notes will be made on the cost ledgers and the cost ledgers closed. The date of completion will also be noted on the work orders. The value of labour and materials expended and the overhead charges will be entered against the work orders in the reports and the latter will be forwarded to the Flag Officer Commanding, Royal Pakistan Navy.

70. If the actual cost of the completed work differs from the estimated cost by more than 10 per cent. explanations of the heads of departments for the difference will be obtained and entered briefly in the cost ledgers.

71. Completion certificates for works of alterations and repairs on alterations and defect lists signed by heads of departments, as also by the party on whose behalf the work was undertaken, in token of acknowledgment of the work done, are also received from the Dockyard. The numbers and dates of these certificates are entered in the work orders and cost ledgers; and in the case of work done for the Royal Navy and other departments these certificates will be forwarded in support of recovery claims.

72. When stores are manufactured for stock, it will be seen with reference to the return notes concerned that all such stores have been accounted for in the Priced Store Ledgers. Duplicate return notes for such stores will be forwarded by the Material Section from which the number and date of the return note and the quantity will be entered in the cost ledger.

73. When no charges have been coming forward against a work order, which has not been reported as closed, the attention of the heads of manufacturing departments should be drawn with a view to obtaining a completion report or adjustment of charges against the work order.

74. Defects and Alterations Lists, which relate to estimates for repairs to make good defects detailed in Defect Lists, and to alterations and additions specified on Alteration Lists are also received from the Navy Office. On receipt they are entered in the Register of Defect and Alteration Lists and the estimated cost is entered in the Cost Ledger. These lists are also sent in support of recovery claims.

75. Adjustment vouchers are received from the manufacturing departments showing the adjustment of charges incurred from one work order to another, owing either to cancellation of work orders or to a mistake in the original allocation of the charges. These vouchers will be scrutinised with a view to ascertaining that transfers of charges from one work order to another are not proposed merely to reduce the cost of a work order when the expenditure on that order has been high. Adjustment vouchers are also prepared by the Controller's office to correct errors of allocation.

76. The adjustment will be made in the Abstracts of Materials (Issued or Returned) and the Final Abstracts of Labour, before the figures are transcribed in the cost ledgers.

77. A monthly Manufacturing Account of the charges referred to in this section which will be duly classified in respect of items directly adjustable in the 'Cash Compilation' is prepared and forwarded to the 'A' Section by the 20th of the second month following that to which it relates. In order to facilitate the submission of this account in time to the Accounts Section the charges are transcribed in the first instance in a production account direct from the final abstract of labour, abstracts of materials issued and returned, statement of hire of Yard Craft, etc., work orders being arranged in serial order both with reference to number and year according to the Service or departments concerned. The grand totals for labour and material will be agreed with those appearing in the Final abstracts of labour and abstracts of materials issued and returned, the detailed postings being agreed subsequently with Cost Ledgers.

78. Overhead charges levied in connection with work done are divided into two classes:—

- (i) On labour, and
- (ii) On material.

The latter class of overhead charges is also levied in the case of direct issue of stores from the Naval Stores. The percentages at which these charges are to be levied are worked out in the office of the Controller and revised every year.

79. For services rendered by the F.O.C., R.P.N. and the C.M.A., in connection with the administration and the accounts and audit respectively, of the Persian Gulf Lighting Service Fund, overhead charges will be recovered at the rate of 1½ per cent.

80. Statement showing overhead charge connected with labour and material is detailed in Appendix XII of Financial Regulations for the Royal Pakistan Navy. The percentages to be levied during the ensuing year will be based on the overhead charges, pertaining to the first eight months of the current financial year and last four months, including Supplementary accounts, of the last financial year.

81. The total expenditure on direct labour, i.e., labour charged direct to work orders other than indirect work orders will be ascertained, as also the total value of materials issued during the year (excluding materials issued on

indirect work orders). The percentage of overhead charges leviable on labour and that on material in relation to the value of the direct labour and materials issued respectively will be worked out and rounded off and communicated to the Flag Officer Commanding, Royal Indian Navy, not later than the 31st January of the current financial year for obtaining sanction of Government in time for adoption in the ensuing financial year.

82. To enable the Flag Officer Commanding Navy, Royal Pakistan Navy, to exercise an effective control over expenditure on indirect work orders a statement showing the value of labour and material expended on indirect work orders every month will be sent to him for note and return.

83. The cost of work done for Government Departments from whom previous acceptance of charges is not necessary is adjusted monthly (vide paragraph 77), but in the case of the Royal Navy, other Departments, etc., recovery claims are issued. For the Royal Navy, recovery claims are issued (in duplicate) to the Resident Naval Officer, Colombo, only when the work is completed or the stores manufactured and supplied, but in the case of other departments, etc., claims are issued (for Government departments in triplicate and for local funds, etc., in duplicate) monthly for the cost of all labour and material expended plus overhead and miscellaneous charges, irrespective of the fact whether the work has been completed or not. Completion certificates, Defect and Alteration Lists and receipts for stores manufactured will be sent in support of the claims. Recovery claims, when issued, will be entered in the Register of Recovery Claims and also in the Cost Ledgers.

84. The Royal Navy sends Navy Bills in adjustment of the recovery claims against it; other Government departments return a copy of the claim after acceptance, and Local Funds, etc., pay the moneys into civil treasuries and forward the treasury receipts in adjustment of the claims. On receipt of the documents mentioned above, an adjustment entry is made in the Register of Recovery Claims, in the column for the month in which the adjustment is effected in the accounts. A constant watch should be kept over the prompt adjustment of all recovery claims.

85. The Navy Bills are sent to the Accounts Section with a transfer entry crediting the appropriate Naval cash budget heads and debiting His Majesty's Imperial Government through the London Account Current. Adjustment of the Recovery claims countersigned by other Government Departments, and the treasury receipts is carried out by means of transfer entries which will be sent to the Accounts Section for incorporation in the accounts.

86. The figures posted in the Recovery Claim Register as adjustment entries in the column for any month will be totalled and the total tallied with the totals of the classified abstract of the Manufacturing Account and the transfer entries sent to the Accounts Section.

87. All claims remaining unadjusted at the close of a year will be carried forward to the next year's register.

88. A Capital Account Register will be maintained for each of the Capital heads—Land, Buildings, Plant and Machinery, and Docks and Ships. All additions to Capital will be entered in this register and the cost entered both in the column "original cost" as also in the column "value at the end of the year" under the year in which they were brought to account. Depreciation and other writes-off of Capital during a year will also be entered in the register and the book value at the end of the year worked out.

89. An annual statement of work done will be prepared from the Cost Cards and submitted, by the 1st November of the year following that to which it relates, to the Government of Pakistan, Navy Department, copies being furnished to the Flag Officer Commanding, Royal Pakistan Navy, Resident Naval Officer, Colombo and Deputy Financial Adviser (W. and N.). The number of copies to be supplied to each is shown below:—

	Copies
Government of Pakistan, Navy Department ..	2
Flag Officer Commanding, Royal Pakistan Navy ..	5
Engineer Manager ..	4
Commander of the Yard ..	1
Naval Store Officer ..	1
Resident Naval Officer, Colombo ..	1
Deputy Financial Adviser (W and M) ..	1

90. An annual Balanced 'pro-forma' account showing the outgoings on account of the R.P.N. expenditure and the incomings in respect of cost of maintenance of the R.P.N. and the value of services rendered to the R.N., other departments, etc., during the year will be prepared from the Annual Statement of work done and forwarded to the Accounts section by the 10th of November of each year following that to which it relates.

APPENDIX VI

COPY OF LETTER No. D-7190-B/49, DATED 4-11-49, FROM ANWAR ALI, ESQ., DY. SECRETARY, MINISTRY OF FINANCE, TO THE AUDITOR GENERAL OF PAKISTAN, ETC., ETC.

SUBJECT:—Allocation between the two Dominions of the initial liability in respect of Central Pensions.

I am directed to say that enquiries have been addressed to this Ministry from time to time about the allocation between the two dominions of the initial liability for the payment of Central Pensions as had been fully earned by or were in course of payment on the 14th August 1947. In order to avoid any misunderstanding in this respect, the position is stated as follows:—

2. In terms of Article 11(2) of the Indian Independence (Rights, Property & Liabilities) Order, 1947, the initial liability of all Central Pensions falls on the Dominion of India. The provisions of the order are, however, subject to such agreement as may be reached between the two Dominions for the allocation of this liability. In accordance with the inter-Dominion agreements of December 1947 and April 1949, the Government of Pakistan have assumed initial liability in respect of the following Central Pensions:—

- Pensions in course of payment in Pakistan on 14th August 1947, other than those transferred to India up to 31st December 1947 or the provisional payment of which in India was authorised up to 31st December 1947.
- Pensions in course of payment in India on 14th August 1947, but which were transferred to Pakistan by 31st December 1947 or the provisional payment of which in Pakistan was authorised up to 31st December 1947.
- Part-earned pensions up to 14th August 1947 of Government Servants opting for service in Pakistan.

All other pre-Partition pensions not falling under any of the above categories are the initial liability of the Government of India.

3. In regard to Central Pensions which were fully earned up to 14th August 1947, but were sanctioned thereafter, it has been decided that the position may be regarded as being as follows:—

- If the pensions were sanctioned by 31st December 1947, the liability will be that of Pakistan in the case of Pensions authorised to be drawn in that Dominion and of India for Pensions authorised to be drawn there. If, however, any such pensions after having been authorised to be drawn in one Dominion were transferred to the other Dominion by 31st December 1947, the liability for payment of pensions will be of the Dominion to which the pensions were transferred.
- In respect of pensions sanctioned after 31st December 1947, the initial liability will be that of Pakistan Government only in cases where the drawal of pension was in Pakistan and not in India; provided that in the case of a pensioner who had specifically asked for the payment of his pension in India but changed his option to that of drawal in Pakistan after 31st December 1947, the liability will be regarded as being that of India.

INDEX

133-134

133
INDEX
A

Para.

ABSTRACT ACCOUNT OF RECEIPTS AND CHARGES—

By whom prepared	18 (f) & (g)
To whom sent	18 (f) & (g)

ACCOUNTS—

By whom compiled	18 (c) and NOTE
Classification	23—59
Exhibition of losses in Government	134—140
Of receipt and charges, by whom kept— Principles of— with other Audit Circles	18(a), 18(b)
Should be in proscribed forms	NOTE 2 to Para. 2
System of	18
Transactions in one Audit Circle for another	21

ACCOUNTS CURRENT BETWEEN ENGLAND AND PAKISTAN—

Abstract statement with supporting vouchers	294
Accounts for March	297—299
Addition to list of sub-heads	286 & 293
Adjustment of Naval charges incurred by Civil Department	305
Channel of submission	21 & 294
Check exercised by M.A.G.	21 & 294
Claims against H.M.'s Navy	304
Classification of items	284-285
Definition of " Outward " and " Inward " Accounts	281
Direct remittance to England, made by bill of exchange	300
Europe Stores returned as unsuitable, not to be debited	303
Exchange on transactions with London	290
Fractions of a penny should not be shown	Clause VI Para. 294.
Function of the Chief Accounts and Audit Officer to the Pakistan High Commissioner in England	282
Inward Accounts, how disposed of	21, 287—289
Inward Accounts, how received	21, 287—289
Monthly statement of payments to Imperial pensioners	308
Outward Accounts, submission of	21, 293, 294
Particulars required for correct adjustment	284 and NOTE
Particulars to be given in Outward schedules regarding responding items, etc.	294 and NOTE
Preparation of schedules	294
Progress of adjustment, watched by M.A.G.	313
Scope of the Accounts current	282
Stores issued to or left by H.M.'s Vessels (and exception)	306, 307
Value of stores supplied for the Imperial or other Governments	301

ADVANCES AND LOANS

85

ADVANCES REPAYABLE—

Expenditure to be watched	394—400
Annual statement to be sent to D.F.A. (Budget)	401
Field Imprest holder's advances	105

ADJUSTMENT OF CHARGES ON ACCOUNT OF INTER-COMMAND FLIGHTS OF FOREIGN AIR CRAFT THROUGH PAKISTAN

426

ADJUSTMENT OF LOSSES IN GOVERNMENT ACCOUNTS

135—40

ADJUSTMENT—		Paras.
On account of grants of lands and Jagirs sanctioned by Defence Department	238	
APPROPRIATION OF SAVINGS IN THE M.E.S.		406
AUDITOR GENERAL—		
Consolidates annual account of all audit officers	19	
Maintains central journal and ledger	355	
AUDITOR GENERAL'S TECHNICAL REPORT	374	
AUDIT OFFICE		
By whom accounts rendered to	18(c) & 18(d)	
Checks compilation in certain cases	18(c) & NOTE	
Consolidates compilation for the Audit Circle	18(g)	
Makes classification	18(c) and NOTE	
B		
BALANCES ACCOUNT—		
Amounts written off to be shown separately	359 & NOTE	
Consolidated by M. A. G. and sent to Auditor General	NOTE below Para. 355	
No amount will be written off from balanced heads	359	
BOOKS—		
Heads to be opened	351	
Purpose for which maintained	351	
BUDGET (SEE ESTIMATES)—		
Comparison of progressive expenditure with progressive allotment by Administrative and Executive Authorities	394- 396	
Comparison of progressive expenditure with progressive allotment by C.M.A.'s.	397	
C		
CASH—		
Receipt of—by an Account Officer	415	
CASH ASSIGNMENTS—		
Arrangements for—on civil treasuries	410	
Reduction of	411	
Register of	412	
CASH REQUIREMENT—		
Estimates of—(See Estimate)	386, 388	
Revised Estimates of—(See Estimate)	388	
CENTRAL JOURNAL AND LEDGER—		
By whom maintained	355	
Copy sent to each Controller	355	
How posted	355	
CHEQUES—		
Encashment during March	413	
Receipt of—by Account Officer	415	

CLASSIFICATION—		Paras.
Check of	344	
General principles of	24, 37	
CLASSIFICATION AND COMPILATION OF ACCOUNTS—		
Additional compilations for March	325	
All transactions to be classified and compiled	316, 317	
By whom made and checked	18 (e) & NOTE 327	
Check of detailed compilation	341	
Consolidation for all the accounts offices	18 (f)	
Detailed compilations, date of submission to each controller	332	
Detailed instructions for preparation of punching medium	Appendix III	
Exaggeration in accounts to be avoided	330	
Final and Supplementary compilations	326	
Object for which accounts for March kept beyond 31st March	325	
Transactions with other account officers	323—324	
Treasury receipts for sums paid into Civil Treasury	322	
COMPILATION—		
Consolidation by Hollerith Section	332—337	
Review of	345—348	
CONTROLLER OF MILITARY ACCOUNTS—		
Brings to notice when budget provision likely to be exceeded	396, 397	
Collects accounts of all receipts and disbursements	4 (i)	
Duties as accounting officer	4	
Exchanges accounts with other audit officers	5	
Forwards necessary data to Central Compilation Office (Hollerith Section) for compiling detailed account on his behalf	4 (3)	
Maintains details of amounts working up to the balances in books	356, 356	
Responsible for efficient working of department	5	
Responsible for settlement of Government claims and dues	5	
Responsible to the Military Accountant-General, in what respect	6	
Responsible for watching progress of receipts and expenditure	5, 396, 398	
Responsible for watching appropriations or additional grants	403	
Reviews balances on books	356, 356	
Sends copy of review to Auditor General	356, 356	
Should not address Auditor-General direct	9	
Transfers accounts to other Audit Circles	4 (2)	
Verifies figures in Auditor-General's Technical report	374	
CORRECTIONS—		
How made in accounts and vouchers, etc.	427	
CORRESPONDENCE—		
Affecting classification, forms and procedure	9	
Controllers not to address Auditor-General direct	9	

COST ACCOUNTING—R. P. N. DOCKYARD

Appendix V. Paras

Abstracts of materials issued to and returned from works in progress	Appendix V—50, 58
Date of submission to Costing Section	57
Duplicate copies of Abstract of Materials issued and returned	58
How prepared	56
Reconciliation with Register of Demand and Supply Notes	57
	59—65
COSTING SECTION—R. P. N.	
Accounting of labour in cost ledger	65
Accounting of material in cost ledger	65—72
Action required when completion of work report not received	73
Action taken on defects and alteration lists	74
Adjustment of cost of work done for Government and other departments	33, 85
Capital account and balance sheet prepared annually	89
Capital account registers to be maintained	88
Claims remaining unadjusted at close of year	86, 87
Coal and Fuel statements, how checked	82, 84
Cost ledger to be opened on receipt of work orders	59
Costing Section divided into four sub-sections	1
Dockyard orders to be noted on work orders	60
Forwarding—Transport charges recoverable, shown in cost ledger	63
Foundry and Saw Mills accounts, when rendered and how checked	61
Functions of different sub-sections	2
Hire of yard-craft accounted for in Cost Ledger	07
How adjustment of recovery claims watched	84, 85
How F. O. C., R. P. N., exercises control of expenditure on indirect work orders	82
How sale proceeds of scraps, etc., accounted for	66
Information to be given in cost ledger	60—71
Levy of overhead charges on labour and material	78, 79
Manufacture Account, when prepared and submitted	77
Reconciliation of—	
Scrutiny exercised on adjustment vouchers	75, 76
Stores, manufactured for stock, where accounted for	72
When cost ledger is closed	69—71

D

DAILY HIRED LABOUR—R. P. N.

13

DAIRY FARMS—

Cases in which book adjustment necessary	156
Settle all transactions in cash	156
Worked on quasi-commercial basis	156

DEPOSITS—Deferred Pay

Field	75
Lapsed	76
Miscellaneous	71
Security	67
Trust interest fund	70
Unclaimed General Provident Fund Deposits	72
Unclaimed deposits in Officer's Provident Fund (Defence)	73
Unclaimed deposits in other Miscellaneous Provident Funds	74

DETAILED COMPILATIONS—(See classification and compilation of accounts).

E

ESTABLISHMENT CHARGES—

Paras

Levied on M. E. S. Works	50
----------------------------------	----

ESTATES OF PERSONS WHO DIE, DESERT, ARE OFFICIALLY REPORTED MISSING OR BECOME INSANE—

If surplus and not paid under section 114(5) I. A. Act, 1911—how disposed of	425
--	-----

ESTIMATES—

Annual estimates submitted by Controllers, head "II/2-I. Military Account Offices"	334
--	-----

ESTIMATES FOR THE ENSUING YEAR—

Head "II/2-I. Military Account Offices"	384-385
Heads of Accounts for which Controller responsible	324
For which assistance is to be rendered by Controllers	332
How estimates prepared—Detailed rules	383

ESTIMATES OF CASH REQUIREMENT—

Date of submission	386
Figures on which based	387
Points to be observed in preparation of	387

REVISED ESTIMATES OF CASH REQUIREMENT—

Actuals on which based and dates of submission	338
Corrections to	389

EXCHANGE ACCOUNTS CURRENT—

Accuracy of accounts tested	216
Action by M. E. S. Audit Section on schedules	233, 234
Action on items which cannot be accepted	173

Adjustment—

Of Advance or other suspense items	246
Of M. E. S. transactions on account of R. P. A. F., Ordnance Factories and R. P. N.	283
Of transactions in one Audit Circle for another	21
Of transactions of outstanding loans against Government servants transferred to Defence Services from Civil Department and vice versa	249
Of transactions regarding Printing and Stationery charges	241-242
Made on advance schedules	NOTE below Part 180
Annual Consolidated Abstract of the Progress to be sent to Auditor General	250
Cancelled cheques	237
Check on annual abstracts from Civil and other departments	252
Check to be exercised	216, 222-223, 252, 263
Civil Exchange Accounts, classified under four heads	210-214
contains two kinds of items	209

	Para:
EXCHANGE ACCOUNTS CURRENT— <i>contd.</i>	
Date Inward Accounts Current due	184
Date on which Military Outward accounts should be despatched	184
Debits and credits under Head IV to be abstracted in schedules	230, 231
Disposal of objection statement on outward accounts ..	254
Each Controller will furnish other Controllers with outstanding items	272, 273
Entries in the schedule to be verified	234
Explanation of outstanding balances	251
Form of accounts	215, 218
Final and supplementary accounts to include responding entries	183
Heading of each—is Fixed	163
How objections raised on Inward accounts and communicated	253
How return of schedules sent to audit sections watched ..	232
How total of the years debits and credits arrived at ..	249
How transfer to other account officers effected	157
Items adjustable without waiting for debit or credit ..	235
Lapsed remittance transfer receipts and cheques	236
List of authorised account current	162
Navy and Military and Military and Military	202-203
Objection statement for March to be dealt with promptly ..	182
Officers responsible for watching progress of adjustment ..	180
Particulars to be posted in progress Register	247
Posts and Telegraphs Exchange Accounts	Note below 207
Progress of adjustment to be watched by means of a register ..	247
Receipts and expenditure to be passed on irrespective of amount involved	202
Responsibility—	
For clearance	180
Of Controllers	5
Schedules to be furnished	169, 215
Settlement does not require actual recovery or payment ..	158
What an account current shows and its routine	164—166
EXCHANGE RATE OF—	
Average, and cases in which applicable	423
Conventional or uniform	422
EXPENDITURE—	
Authorities empowered to exercise budgetary control of expenditure	371
C. M. A., Rawalpindi responsible for watching C.-in-C.'s expenditure	416
Control of expenditure	393
Not to proceed at a rate unwarranted by sanctioned estimate ..	398—399
Officers responsible for controlling	391
Reports or statements of monthly expenditure to controlling authorities	394
Statements to be submitted monthly for exercising effective control	394
Under heads allotments for which not notified to Cs. M. A. to be examined month by month	397

FINANCE DEPARTMENT (MILITARY FINANCE)—	
Responsible that suitable accounts are maintained	3
FINANCE AND REVENUE ACCOUNTS—	
Date of submission to M. A. G.	20
Portion prepared by M. A. G.	19
Returns and statements prescribed by M. A. G.	20
Submitted to the Auditor General	19
FREIGHT CHARGES—	
Adjustment of—	420

G

GAIN OR LOSS ON EXCHANGE—	
Adjusted in respect of Foreign transactions, how and by whom ..	290, 424
GOVERNMENT DRAFTS—	
Encashment during March	413
Receipt of—by Accounts Officer	415

I

INCIDENCE—	
Bonus charges	Appendix II (v)
Contributions towards leave and pension allowances of Government servants in foreign service	Appendix II (xiii)
Leave allowances	Appendix II (ii)
Leave salary adjustment between Civil and Military in respect of leave earned in Defence Services	239
Pay and allowances	38, Appendix II (i)
Travelling allowances	39, Appendix II (i)
INTER-DEPARTMENTAL ADJUSTMENTS—	
Adjustment of cost of supplies by other departments	174, 179
Cases in which charges audited without adjustment	171
Debits for supplies to non-Military Department	178
Definition of original and responding entry	167
General rules	178
How to deal items whose incidence of charge doubtful	176
Item passed to a wrong accounts centre	175
Net payment only should be entered	170
Railway debits	177
Responding debit or credit, in anticipation of original debit or credit	168 & Note 3
Responsibility of—	
Audit Officer adjusting department	171—173
Paying department	171
Transactions pertaining—	
To foreign Governments and States awarded to Pakistan ..	192—200
INTEREST ON OTHER OBLIGATIONS	
Monthly and Annual Statements of—	
To the D. F. A. (Budget)	417

L

LABOUR—(R. P. N.)—

Daily hired labour	Appendix V—13
Disbursement of wages	15—24
Cash balance to be deposited in safe	20
How made	15
Labourers furnished with memos, showing amount due	16
Maintenance of cash book	20—22
Payment made in presence of two representatives	16
Payment of discharged labourers	19
Preparation of labour bill	23
Reconciliation of labour bill with abstract of labour	24
Undisbursed wages, how accounted for	18

LABOUR RECORD SECTION—(R. P. N.)—

Date final abstract of labour sent to Costing Section	31
Documents received from heads of Departments	25
Final abstract of labour	29
First abstract of labour	28
How discrepancy between Absentee/Presence statements and Allocation sheets settled	26
How total earnings of labourers worked out	27
How wages pertaining to each Department worked out	32
Maintenance of Work books	27
Reconciliation of Final Abstract figures with Labour Bill	30

LANDING AND SHIPPING CHARGES BY AGENT FOR GOVERNMENT CONSIGNMENT—

Adjustment of—	421
----------------	-----

LOANS AND ADVANCES—

How watched	399—400
-------------	---------

LOSSES—

How exhibited in Government Accounts	135—140
--------------------------------------	---------

M

MATERIAL SECTION—(R. P. N.)—

Accounting and check in case of contract supply	36
Action on stock report before transmission to Naval store officer	47
Adjustment necessary when rates altered	45
Agreement of stock head balances of Priced Ledgers with stock account balance	50
Alteration in supply and return notes, etc.	43
Bin Ledger balance after first issue or receipt to be shown on the voucher	48
By whom survey reports are approved	42
Disposal of—	
Demand notes	40
Demands	39
Return notes	38
Supply notes	37
Survey reports	41

MATERIAL SECTION—(R. P. N.)—contd.

Documents received from Naval store officer	Appendix V—34
How difference between actual stock and ledger balance adjusted	40
How rates for priced ledger obtained	44
When ascertained	35
Ledgers to be balanced monthly	48
Maintenance of Priced Store Ledgers	33
Monthly stock account, how prepared and when submitted	49
Month's account in which local purchase of stores adjusted	36
Posting of priced ledgers	44

MILITARY ACCOUNTANT GENERAL—

Checks annual estimate head "H/2-i-Military Accounts Department" for ensuing year	385
Consolidates compilation of the whole Defence Accounts Circles	18 (f)
Consolidates revised estimate head "H/2-i-Military Accounts Department" and submits to P.A.M.F.	85
Prescribes forms in which accounts should be kept	2
Sends consolidated balanced account to Auditor General	Note to 355

MILITARY LEDGER—

Statement of receipts, charges and balances closed to Government and Balance Accounts	352—353
Statement how posted—	354
Closing—	
Books of account under Revenue and expenditure how closed	357
Of Head Deposits—Exchange on remittance account	Notes below 353
Of personal accounts, Debt and other heads	358
Opening—Books	354

MUSTER AND PAY BOOK—(R. P. N.)—

Accident reports noted in	Appendix V—10—12
Change Book	10—11
Reconciliation with work book	12
Separate books maintained for different classes of labourers	10
Wages earned worked out in	12

N

NATIONAL HEALTH INSURANCE CONTRIBUTION, ADJUSTMENT OF

NAVAL RATE BOOK	Appendix V—54—55
Documents, etc., required for correction of	55
How rates calculated	54
When revised	54

O

OUTSIDE LABOUR—(R. P. N.)

	14
--	----

P

PAYMENTS—

On behalf of Defence Services made by cheque	18(b)
Of commuted Value of Pensions	418, 419

PENSIONS—Allocation between India & Pakistan

Annual Statement of Payments of Commuted value of—to the D. F. A. (Budget)	419
Payments of Commuted Value	418—419

PRO FORMA ACCOUNTS—		Paras.
Cases in which maintained	23	
Purpose for which maintained	23	
Rules for preparation	23	
PRODUCTION ACCOUNTS—ARMY FACTORIES		
Abstract of indirect charges for account of Ordnance factories	7	
Annual account of ordnance factories	3	
Cost Ledger Account	5	
Documents maintained to arrive at cost of production	2	
How total indirect charges arrived at	1	
Indirect charges on manufacture, how composed	3	
Preparation of production statements	4	
Production account	6	
Production Ledger account	2	
Production Ledger account	3	
PUNCHING MEDIA—		
Detailed Instructions for the preparation of	317, 327—331 and Appendix III.	
REAPPROPRIATIONS—		
Authorities empowered to sanction	402	
Controllers to watch sanction of	403	
M. E. S.	403	
Proposal for—should not be submitted later than 1st March	404	
Statement to be prepared by Controller, Naval Accounts	405	
RECEIPTS—		
On behalf of Defence Services paid into Bank or Treasury	18 (a)	
RECEIVABLE ORDERS—		
Defence Account Circle to which credit should be given to be noted	414	
Responsibility of issuing officer	414	
REVIEW OF BALANCES—		
Action on unsettled items after despatch of Review	365	
Definition of	361	
Deposit Registers	78	
Details of sub-heads	362	
Particulars to contain in the report	361	
To whom and when submitted	363, 364	
Details to be recorded in the review	368—373	
Authority for advances or loans to be given	370	
Statement of loans and advances	368	
Controllers to obtain acknowledgements	369	
Details working up to the balanced head in the Ledger	363	
Personal inspection by Controller	367	
Provident Fund balances communicated to subscribers	371	
REVIEW OF COMPILATION		
	345—348	
REVIEW OF SUSPENSE BALANCE M. E. S.—		
Agreement with consolidated compilation	376	
Divided into Classes	375	

STORE ACCOUNTS—		Paras.
By Whom prepared	8	
STORES ISSUED TO IMPERIAL GOVERNMENT—		
Adjustment necessary when freight charges are paid by a C. M. A. other than in whose account circle supply depot is located.	420	
SUSPENSE ACCOUNTS		
	111	
TRANSFER ENTRIES—		
Affecting—	T	
Debt or remittance head, how made	122	
Revenue or Service heads, inadmissible after accounts of the year closed.	121	
Annual transfers to be avoided	120	
How noted in compilation	123	
Procedure for carrying out	123	
Rules for preparation	117-118	
Transfer adjustment to be made without delay	119	
When necessary	116	
TREASURY RECEIPTS—		
For sums paid into Treasury	322, 414	
VERIFICATION OF BALANCES—See Review of Balances		
WAGES—SUB-SECTION—(R. P. N.)		
Absentee or presentee or statement, by whom prepared	Appendix V. 2-9	
Attendance in Allocation sheets to be verified	4	
Discs to be replaced at end of day	9	
How attendance of labourers taken	8	
Record and check of overtime work	3	
Record of labourers leaving work before time	7	
Verification with statement of attendance from heads of departments	5-6	
WIDOW'S, ORPHAN'S AND OLD AGE CONTRIBUTORY PENSIONS—ADJUSTMENT OF		
	310	
WRITES OFF—		
Balanced heads to Government—Not allowed.	352	

Paragraph in old Edition (1912)	Corresponding paragraph in the Revised Draft.	Paragraphs in old Edition (1912)	Corresponding paragraphs in the Revised Draft.
1 2	Omitted.	48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67	166 169 162 163 168 180 182 183 Omitted. 269 210 211 to 214 172, 215, 218 215 Note under para. 181 Note 1 under para. 108 210 218 to 221 222 207
3 4	3 2		
5 6	Note 1 and 2 under para. 2.		
7 8 9 10 11 12 13 14 15	18 and 19 21 4 5 6 21 19 20 351 354		
16 17	354	68 69 70	252 to 253
18 19 20 21 22 23 24	355 356 356 23 8 9	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 99 100 101 102 103 104	223, 224 227, 228 230, 231 173 202 203 234 235 236 237 203 246 247 249 250 251 252 272 & 273 253 Already blank. 254 Deal with Central Adjusting Accounts Omitted.
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47	143, 144 156 262 157 158 178 177 176 168 170 Note 3 under para. 166 171 173 174 175 176 192 to 200 Omitted. 164 and Note 1 under Para. 166.		

CONCORDANCE

Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft	Paragraph in old Edition (1942)	Corresponding paragraphs in the Revised Draft
105 } 106 } 107 }		152 } 153 } 154 }	
108	281	155 } 156 } 157 }	Omitted.
109 }	282	158 }	
110 }		159 }	
111	281	160	325
112	Omitted.	161	326
113	Note under 281.	162	327
114	284 & 285	163 }	
115	284 & 285	164 }	
116	286	165	
117	Note under 205, 312 and 313	166	
118	293 & 290	167	
119	294	168	
120	298	169	
121	308	170	
122	Omitted.	171	
123	297	172	
124 }	298	173	
125 }		174	
126	287, 288 & 289	175	
127	283	176	
127-A	Omitted.	177	
128	287 & 288	178	
129 }		179	
129-A	Omitted.	180	
129-B		181	
130	301	182	
Note 1 and 3	Omitted.	183	
131	303	184	
132		185	
133 }		186	
134 }	Omitted.	187	
135 }		188	
136	364	189	
137	302	190	
138	306	191	
139	307	192	
140	290	193 }	
141	311	194	
142	Omitted.	195	
143	318	196	
144	319	197	
145	320	198	
146	321	199	
147	Omitted.	200	
148	322	201	
149	323	202	
150	324	203	
151		204 }	
		205 }	
		206 }	
		207 }	
		208 }	
		209 }	
		210 }	

Already blank.

Omitted.

Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft	Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft
211	352	264 }	Already blank
212	353	265 }	
213 }		266 }	
214 }		267-A }	
215 }	354	268 }	
216 }		269 }	
217 }		270 }	
218 }		271 }	
219 }		272 }	
220	357	273 }	
221	358	274 }	
222		275 }	
222-A		276 }	
223	361	277 }	
224	362	278 }	
225	363	279 }	
226	364	280 }	
226-A	365	281 }	
227	366	282 }	
228	367	283 }	
229	368	284 }	
229-A	369	285 }	
230	370	286 }	
230-B	371	287 }	
231	372	288 }	
232	373	289 }	
233	374	290 }	
234 }		291 }	
235 }		292 }	
236 }		293 }	
237 }		294 }	
238 }		295 }	
239 }		296 }	
240		297 }	
241		298 }	
242		299 }	
243		300 }	
244		301 }	
245		302 }	
246		303 }	
247		304 }	
248		305 }	
249		306 }	
250		307 }	
251		308 }	
252		309 }	
253		310 }	
254		311 }	
255		312 }	
256		313 }	
257		314 }	
258		315 }	
259 }		316 }	
260 }		317 }	
261 }		318 }	
262 }		319 }	
263 }		320 }	
264 }		321 }	

Already blank
Omitted
Already blank

Appendix V

Appendix IV

Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft	Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft
322		373	420
323		374	50
324		375	Omitted.
325		376	423
326		377	424
327		378	
328			
329			
330		379	Omitted.
331		380	
332		381	410
333		382	Omitted.
334		383	Omitted.
335		384	310
336		385	Omitted.
337		385-A	426
338		385-B	384
339		386	382
340		387	
341			
342		388	Omitted.
343		389	
344		390	334
345		391	335
346		392	333
347			
348			
349		393	
350		394	
351		395	
352		396	
353		397	
354		398	
355		399	385
356			
357		400	
358		401	
359		402	
359-A		403	
		404	
360		405	
361		406	
362		407	
363		408	
364		409	
364-A		410	
365		411	
366		412	
		413	
367			
367-A		414	383
367-B		415	387
368		416	385
368-A		417	386
		418	387
369		419	388
		420	389
370		421	390
			391
371			392
372			393

Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft	Paragraph in old Edition (1942)	Corresponding paragraph in the Revised Draft
422	Omitted.	466	Omitted.
423		467	
424		468	
425		469	
426		470	
427			
428			
429			
430			
431			
432			
433			
434			
435			
436			
437			
438 (1)			
438 (2)			
439			
440			
441 (a to d)			
441 (e to j)			
442			
443			
444			
445			
446			
447			
448			
449			
450			
451			
452			
453			
454			
455			
456			
457			
458			
459			
460			
461			
462			
463			
464			
465			
466			
467			
468			
469			
470			
471			
472			
473			
474			
475			
476			
477			
478			
479			
480			
481			
481-A			
481-B			
481-C			
482			
483			
484			
485			
486			
487			
488			
489			
490			
491			
492			
493			
494			
495			
496			
497			
498			
499			
500			
501			
502			
503			
504			
505			
506			
507			
508			
509			
510			
511			
512			
513			
514			
515			
516			
517			