

## **The Book of Financial Regulations**

**THE BOOK OF FINANCIAL REGULATIONS**  
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# FINANCIAL CODE AND POWERS

## PART-1

### FINANCIAL RULES

#### CHAPTER-1

#### INTRODUCTION : 1-3

1. The rules contained in this book without prejudice to the Govt. rules, directives, orders issued from time to time shall regulate the financial matters of the different Wings/Departments in the Head Office of the Corporation, its Shipping & Liaison Office/ Offices and Groups/ Complex/ Enterprise/ Projects under the management of the Corporation. Strict Adherence to these rules is enjoined upon all concerned.
2. These rules shall be called Finance Code and are subject to amendment, modifications and alternation by the Board of Directors of the Corporation.
3. They shall come into force with immediate effect.

## FINANCE CODE

### CHAPTER-II

#### DEFINITIONS

4. In these rules-unless there is anything repugnant in the context-
- (i) ADMINISTRATIVE APPROVAL- denotes the formal acceptance by appropriate/ Administrative Authority of the Corporation of any proposal for incurring any expenditure initiated by, or connected with the requirements of Groups/complexes/ enterprises/ projects, Head Office, shipping & liaison offices, which should precede floatation of Tender or any other steps to be taken for incurring that expenditure.
  - (ii) ADVANCE PAYMENT- in work transactions means a payment on a running account to a supplier/ Contractor/ Consultants for work done by him.
  - (iii) ADVISERS- mean such persons or firms as may be appointed by the Corporation as Advisers.
  - (iv) CONSULTANT- means a person or a firm either local or foreign, appointed on specific terms and conditions by the Corporation.
  - (v) APPROPRIATION- means the assignment, to meet specified expenditure, of funds at the disposal of the assigning authority.
  - (vi) BOARD - means the Board of Directors of the Corporation.
  - (vii) CHAIRMAN - means the Chairman of the Corporation appointed by the Government.
  - (viii) DIRECTOR - means the Director of the Corporation appointed by the Government.
  - (ix) FINANCE DIRECTOR - means one of the Directors designated as such by the Government.
  - (x) CORPORATION - means the Bangladesh Chemical Industries Corporation established under President's Ordinance No. XXV of 1976.
  - (xi) HEAD OFFICE - means the Head Quarters of the Corporation.
  - (xii) BRANCH OFFICE - means an office under Head Office Establishment for specific propose/proposes.
  - (xiii) GROUP/COMPLEX - means more than one Enterprise put in a Group/Complex as declared by the Corporation.

- (xiv) ENTERPRISE - means a Unit under production entrusted to the Management of the Corporation.
- (xv) PROJECT - means a scheme under physical execution.
- (xvi) EMPLOYEE - means such persons in the employment of the Corporation as are not Officers, Advisers or consultants.
- (xvii) FINAL PAYMENT - means the last payment on a running account made to a contractor on the completion or termination of his contract.
- (xviii) GOVERNMENT - means the Government of the People's Republic of Bangladesh.
- (xix) OFFICER - means such persons in the employment of the Corporation as may from time to time, be designated by the Corporation as Officers.
- (xx) ON ACCOUNT PAYMENT - means a payment made on a running account, to a contractor, in respect of work done or supplies made by him and duly measured.
- (xxi) NON-RECURRING EXPENDITURE - means expenditure sanctioned as a lump sum charge, whether the money be paid as a lump sum or by instalments.
- (xxii) PRIMARY UNIT OF APPROPRIATION - means a lump sum of money placed by the Board at the disposal of the authorities of the Group/Complex/Enterprise/Project, Head Office, Shipping & Liaison Office.
- (xxiii) RE-APPROPRIATION - means the transfer of funds from one unit of appropriation to another unit.
- (xxiv) RUNNING ACCOUNT - is a term applied to the account with a Contractor/Consultant when payment for work or supplies is made to him, at convenient intervals subject to final settlement of the account on the completion or determination of his contract.
- (xxv) SECURED ADVANCE - is a term applied specifically to an advance made, on the security of materials brought to site of work, to a Contractor/Consultant engaged by the Corporation/or by a Group/Complex/Enterprise/project under it.
- (xxvi) TECHNICAL APPROVAL/SANCTION - this term denotes the order of the competent technical authority sanctioning a properly detailed estimate of the cost of a Civil/Mech./Elect. work of construction, installation or repair proposed to be carried out, which should precede processing of the case for obtaining Administrative approval from the competent authority.
- (xxvii) SUB-ORDINATE AUTHORITY - means authority Sub-ordinate to the Board of Directors, BCIC.
- (xxviii) COMPETENT AUTHORITY - means an authority which is considered competent to pass an order/dispose of a case/take a decision by virtue of his defined functions and powers.

**CHAPTER - III**  
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5. with the progressive development of Banking Business in the Country and the availability of banking facilities in and around/Group/ Complex/Projects/Enterprise it should be the endeavour of all concerned to encourage officers and employees and also Contractors, Suppliers, Buyers and other Parties, having business dealings, to make/receive payments through Banks.
- 5.1 When receipts on behalf of the Corporation/Group/ Complex/ Project/enterprise are arranged through a Bank, the Parties concerned should record the essential particulars of the receipts in the pay-in-slips for correct accounting and indentification of the receipts/ payments in the accounts. The pay-in-slips so prepared should be got checked and initialled by the Accountant Incharge of Cash & Bank accounts of the Corporation/ Group/ Complex/ Project/ Enterprise and after the deposit, the slips with the Bank's Acknowledgement thereon handed over to Accounts Section of the Corporation/ Group/ Complex/ Project/ Enterprise.
- 5.2 When payments are made through Banks, all payments shall be made against pay orders recorded in indelible ink by a duly authorised officer of the Corporation/ Group/ Complex/ Project/ Enterprise whose specimen signatures, in triplicate, should be supplied to Bank in advance.
- 5.3 The adoption of this principle of transacting cash business through Bank will keep to the minimum the actual cash handling in the cash section of the Croporation/ Group/ Complex/ Project/ Enterprise.

**RECEIPTS IN CASH SECTION**

6. When money are received in the cash Section Direct, the Officers/ Employees of the Corporation/ Group/ Complex/ Project/ Enterprise receiving the money, shall give the depositor a receipt in the prescribed form. These forms shall be machine numbered, bound in book forms, kept in safe custody and properly accounted for.
7. Money received shall immediately be taken to the Cash Book/ Cash Scroll and each entry in the cash book/ cash scroll shall be verified with the counterfoils of receipts and/ or other original documents and initialled by the Accountant- in - Charge of Cash and Bank Account who shall be held personally responsible for the safety and security of the moneys and for their proper and correct accounting in the books of the Corporation/ Group/ Complex/ Projects/ Enterprise. All moneys can only be received in cash, Drafts, Pay Order and Certified cheques.
8. Cheques/Drafts received in payment of dues cannot, however, be admitted as settling the dues till they are cleared from the Bank. Receipt quoting the number and date of the cheque/ draft tendered superscribed with the following remarks may be given.

"Issued subject to collection of proceeds"
9. Cash or cheque received in the cash Section must be remitted to Bank without delay and preferably on the same day they are received. Delay in remittance involves question of safety and security and sometimes may result in non - realisation of the amount of cheque. remittance of money to Banks should, therefore receive special attention of the Accountant Incharge of Cash and Bank Accounts.
10. In the event of a cheque being dishonoured by the Bank on presentation, the fact should be reported at once to the tenderer of the cheque with a demand for immediate cash payment.

11. Cash Book must be closed daily over the signatures of the Accountant (responsible for cash and Bank Accounts) and the Cashier and the balances as per cash Book shall be verified by the said Accountant in presence of the Cashier by actual count of cash (inclusive of cheques). Discrepancies, if any, in the cash count should immediately be reported to the Head of Accounts and Group/ Complex/ Project/ Enterprise head for immediate action as may be deemed necessary. After the monthly closing of cash Book a Bank reconciliation statement shall be prepared to settle differences, if any.

12. Cash in hand shall be physically counted and verified with cash Book balance at the end of each month, by an Officer (other than the Accountant responsible for Cash & Bank accounts) authorised by the Controller of Accounts in Head Office/ the Head of Project/ Enterprise/ Group/ Complex Certificate of cash count specifying the actual cash balance by denomination shall be recorded in the cash book with dated signatures.

NOTE : A separate certificate must be recorded in respect of the Cash in hand as on 30th June. The accountant Incharge of Cash and Bank, has to submit with their monthly (Provisional) Accounts, copies of such certificates duly accepted by them.

13. As a matter of general principle the same person shall not be entrusted with the writing of cash Book and the handling of cash.

NOTE : The term cash shall include legal tender coins, notes, cheques, drafts payable on demand etc.. The term "money" shall include cash.

14. There should be satisfactory arrangement for the safe custody of cash and other valuables in hand. The following points should also be kept in view:

- (i) Moneys in hand should be kept in strong Iron safe secured by two locks of different patterns.
- (ii) The cash safe should be doubly locked - the keys of one lock should be with the Cashier handling the cash and those of the other lock should remain with the Accountant in charge of Cash & Bank Accounts.

The cash safe must never be opened except in the presence of both the custodians of keys viz. the Accountant and the Cashier.

- (iii) The Accountant - in - Charge (Cash & Bank) who is responsible for the safety and security of moneys must satisfy himself that the Iron safe is free from defects. If a defects is detected or if there is even a doubt that the keys or their duplicates are missing, immediate arrangement should be made for their replacement under Intimation to Controller of Accounts/ Secretary/ Head of Enterprise/ Project/ Group/ Complex.

NOTE : Duplicates of keys should be treated as valuables and kept in deposit with the bank in sealed bags. If and when necessary the keys in deposit may be withdrawn from Bank over the joint signatures of the persons authorised to sign cheques.

- (v) If due to any reason cash in excess of the imprest limit is kept in the safe, arrangement for armed Guard shall be made with the approval of the Secretary/ Head of Enterprise/ Project/ Group/ Complex.

15. Erasing or overwriting of entries once made in the cash Book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in between the lines. Ever such correction should be attested by the Accountant - in - charge of Cash & Bank with his dated initial.

16. Receipt Books, Bank Pass Books, cheque etc. must be treated as valuables and kept secured under lock and key in the personal custody of the Accountant - in - Charge of Cash & Bank. Fraud, defalcation and misappropriation of public money are largely attributed to inadequate measures taken by the authorised officers for the safety and security of the Receipt/ Cheque/ Pass Books. The officers authorised to be the custodian for receipt/ cheque/ Pass Books will be held personally liable for losses due to laxity on their parts for the Safe keeping and security of those books.

17. Receipt Books and Cheque Books should be counted immediately on receipt and the result of count should be recorded on the inner side of the form cover of the Receipt/ Cheque book over the signature of the Accountant - in - Charge Cash and Book/ Officers authorised to sign them.
18. Separate Stock Registers of Receipt Books and Cheque Books should be maintained to check the receipt, issue and balance of such books in stock. The entries in these registers should be attested by the Accountant - in - charge Cash and Bank in whose custody they are kept. These Registers should also be kept in the safe along with the receipt/ cheque Books. The Counter - foils of used-up Receipt Books and Cheque Books should also be carefully preserved.
19. Duplicates or copies of Receipts/ Invoices and paid vouchers shall not be issued. If necessary, certificates may be given in which the number and date of the original receipts/ Vouchers etc. issued/ paid for, should be quoted stating that on certain specified dates certain sums of money on certain account were received from/ paid to certain persons/ parties.
20. Adequate securities in cash, post office Savings Bank Accounts, Savings certificates or in the form of Fidelity Insurance should be obtained from Officers/ Employees who handle cash/ Store sufficient to cover possible risk arising from loss of money/ store in their custody. The coverage should be for the maximum amount of Cash/ store likely to be in their hands at a time plus ten per cent thereon.  
In cases where security, other than cash is furnished the security documents should be assigned in favour of the Corporation or the Project/ Enterprise concerned.
21. Employment of persons to fetch or carry money other than officers is prohibited and when the money is large, one or more guards should be sent to accompany the officer.
22. The following special precautions may be taken in writing and signing cheques to eliminate scope for interpolation or other malpractice.

- (i) Cheques should be written and signed in indelible ink.
- (ii) Amounts of cheques should be written continuously and very close to the printed words, "Taka" leaving no space for interpolation. The amount written in words should end with the word "Only".
- (iii) Amounts written in figures should also be written very close to the printed "Taka" with a double line drawn along making insertion of any figure impossible.
- (iv) Figures and the words be written neatly and clearly and in such a way that no figure or word can be changed into another.
- (v) In signing cheque and in attesting correction care should be taken to compare the amount of the cheque with the amount in the pay order on the body of the invoice/bill.
- (vi) Additional precaution should be taken by writing across the cheques "Under Takas (in words)", The amount so written across may be in tens of Taka just above the actual amount of the cheques. Thus across a cheque for Taka one hundred and fifty nine & paisa fifty only should be written "(Not over Taka one hundred and sixty only)">
- (vii) When cheques are required to be crossed it should always be crossed with the words "Accounts payee only".
- (viii) Overwritings and erasing in the cheques are strictly prohibited. Corrections should be attested. Cheques containing more than one correction should not be issued. Such cheques may be cancelled over the full signature of the Officer signing them and state "cancelled".

- NOTE:
- (i) All payments above Taka 100/00 to contractors/ suppliers and other parties should be made by crossed cheques marked "Accounts payee only".
  - (ii) Cheques should be made out in the name of the firm or party with whom the contract is

made. If no contract in writing is in existence the cheques should be drawn in the names of the parties in whose names the work or supply orders were issued.

23. Cheque should either be sent by registered post with acknowledgement due to the party in whose name they are made out or delivered to the authorised representative after acknowledgement of the receipt on the face of payment voucher.
24. Officers & Employees of the Head Office/ Shipping & Liaison Office/ Group/ Complex/ Project/ Enterprise, may draw payment by bearer cheque not exceeding Tk.500.00 (Tk. Five hundred) only.
25. Bills/Invoices accepted for payment should bear payment orders signed and dated by the paying officer. The payment orders should specify the amounts payable both in words and in figures.

NOTE : (i) Cashiers and other employees, who make disbursement on passed Bills/ Invoices, must not make payments without proper payment orders. No payments should be made on Bills/ Invoices or orders which are not signed by hand and in ink. All payment orders shall bear full signature of the authorised officer/Officers.

(ii) In case of payments by remittance the mode of remittance and the date must be noted on the Bills/ Invoice over the signature of the officer/ employees making the payment.

26. Where money is drawn from Bank for replenishment of cash in hand and when a limit is placed on the drawal, the drawing officer should enter the limit on the reverse of the counterfoils of cheque in the cheque books and watch drawings against that limit.
27. A cheque, whose validity has expired due to its not being presented to the Bank within three/ six months after the month of issue, may be received back by the drawer for revalidation or destruction. The fact of destruction and the number and date of fresh cheques issued, if any, should be recorded on the counterfoil of the old cheque and a cross reference kept on the counterfoil of the new cheque. Cross references should also be kept in the cash Book both for the cancellation of the old cheque and the issue of fresh cheque in the narration portion of the Cash Book.
28. If cheque is reported as lost, contact should at once be made with the Bank on which the cheque was drawn. The bank should be instructed to stop payment on that cheque. Fresh may be issued only after obtaining non-payment certificate from the Bank.
29. When it is necessary to cancel a cheque, the cancellation should be recorded on the counterfoil, and the cheque, if in the possession of the drawer, destroyed. If the cheque is not his possession he should promptly request the bank to stop payment of the cheque, and on ascertaining that payment has been stopped, make necessary correcting entry in his Cash Book.
30. A cheque remaining unpaid from any cause, for more than 12 months after the month of issue, should be cancelled.

#### 31. PREPARATION OF BILLS/INVOICES:

- 31.1 Standard Printed forms should be used for the preparation of bills/ Invoices as far as practicable.

#### 32. OPERATION OF BANK ACCOUNTS:

- 32.1 For operating the Bank Accounts of the Corporation/ Project/ Enterprise authority from the Corporation, in favour of the Officer/ Officers concerned, by designation to sign cheques, if necessary, shall be given.

#### 32.2 SPECIMEN SIGNATURES:

For every officer, authorised to sign cheques on behalf of the Corporation/ Group/ Complex/ Enterprise/ Projects a set of three specimen signatures should be sent to the Bank concerned, duly attested by the Officer authorised by the Corporation for the purpose, if his specimen signatures are not with the Bank. When the officer makes over charge of his office or the power of signing cheques is withdrawn from him, a set of specimen signatures of the relieving officer should be sent

to the bank and necessary intimation issued to the bank along with instructions to cancel the specimen signatures of the relieved officer clearly indicating the effective date of the change.

33. IMPREST ACCOUNT :

Imprest Accounts may be sanctioned to selected officers with limits for drawal to enable him to make urgent payments of small amounts at short notice, The sanction of such account is subject to the following conditions:-

- (i) Sanction for the imprest will be accorded by the Board as recommended by the Finance Director.
- (ii) Requests for the grant or revision of Imprest should be processed through the Director - in - Charge.

NOTES: The requests for imprest should be accompanied by statements showing the expenditure incurred month by month during the preceding twelve months with the nature and particulars of payment and amounts. When an imprest is requested for a new work, where previous figures of expenditure are not available, details of the anticipated expenditure should be furnished.

- (iii) As these imprests involve permanent retention of money outside the working cash, they must not be larger than is absolutely essential.
- (iv) The amount of imprest should be determined with particular reference to requirements for one month or for such reasonable time required for obtaining replenishment.
- (v) The Imprest holder should maintain account of the expenditure incurred, so that it can be ascertained at any time that expenditure has been incurred only for the purpose for which the imprest was sanctioned.
- (vi) For the purpose of obtaining replenishment detailed accounts of the expenditure incurred must be submitted to Accounts Wing/ Department/ Branch complete with supporting vouchers, etc.
- (vii) These imprest should not be multiplied. One imprest account should be considered sufficient to meet the needs of all the branches of the office. If a subordinate requires a petty sum of advance, a small portion of the office imprest may be spared for use by the subordinate. The officer in charge of office imprest should, however, take acknowledgement from the subordinate in the same way as he himself furnished acknowledgements to the Accounts Wing/ Department/ Branch and retain the acknowledgement in his office.
- (viii) The holder of an imprest account is responsible for the safe custody of the money placed in his hands and he must at all times be ready to account for the total amount of the money.
- (ix) In case of transfer of charge and yearly on the 15th of July, all officers holding imprest accounts must send acknowledgements to the Accounts Wing/ Department of the amount due from and accountable for by himself as on the preceding 30th June.

NOTE : (a) In special cases advance may be granted out of imprest Account for meeting Travelling Expenses of the employees. Travelling allowance bill must, however, be submitted for the full claims admissible as soon as the journeys are completed and the amount of advance should be recovered from such travelling allowance bills.

34. TEMPORARY ADVANCE :

34.1 When an advance is made to subordinate officer for the purpose of making petty payments on muster rolls or other vouchers which have already been passed for payment, the amount should be treated as a temporary advance pending the submission and accounting of the paid muster rolls/ vouchers. These advances must not be kept pending for a single day more than and the period absolutely necessary for the disbursement. The account rendered should be complete with all supporting vouchers/ muster rolls etc.

35. CASH ADVANCES :

- 35.1 Cash advances may be made to officers and, in exceptional cases to Staff/ Workers for purchases of an emergent nature when the stores are urgently required and the time available does not admit of purchase by open or selected tender. Such advances shall be made very sparingly and with prior approval of the Head of wing/ Head of Enterprise/ Project. Responsibility for loss of money, if any, due to sanction of cash Advances on other grounds shall rest on the officer who sanctions such advance, Cash advances should, therefore, be limited to the minimum requirement of the occasion and allowed in a very restricted way. When purchases are made through selected officers/ employees these officers/ employees should be bound down by fidelity bonds sufficient to cover the amounts of cash advances.
- 35.2 The following conditions govern the sanction of temporary cash advances:-
- (i) That the stores are immediately and urgently required.
  - (ii) That time at disposal does not permit purchase by open or selected tender.
  - (iii) That delay in procurement would involve loss.
  - (iv) That no second advance is given till the previous advance is fully accounted for and the balance, if any, refunded to cash.
  - (v) That purchases must be completed and account rendered within Ten days of drawal of the advance and the balance, if any, refunded.
  - (vi) That when an officer/ employee is sent out of station for making purchases in emergent cases, he should be instructed to complete purchase within 7 (seven) days and to render accounts immediately on return. In no case should a cash advance remain with the officer/ employee for more than 15 days.
- 35.3 In all other cases purchases should be made by open or selected tender as found appropriate and in making the purchases, purchase procedure and rules should be followed. When purchases are made on the basis of tenders, payment should be arranged by cheques.
- 35.4 The General instructions for the safety, security and accounting of cash apply also in the cash purchase.
36. If an officer or staff/ worker to whom an advance has been made fails to submit accounts supported by vouchers within the stipulated time, the amount is to be recovered from his salary due in the next month.
37. INTER-PROJECT/ENTERPRISE/ GROUP/ COMPLEX/ TRANSACTIONS:
- 37.1 No loan should be made by one Project/ Enterprise to another without prior approval of the Finance Director.
- 37.2 Payments on behalf of one Group/ Complex/ Project/ Enterprise by another should be avoided as far as possible. All payments that may be made on behalf of another should be recovered by the Group/ Complex/ Project/ Enterprise in cash by forwarding bills to the Group/ Complex/ Project/ Enterprise concerned and until the bills are paid the Group/ Complex/ Project/ Enterprise will settle its outstanding against the other direct without realising any debit or credit note on the Head Office in respect of inter-Group/ Complex/ Project/ Enterprise Transaction.
- 37.3 When a Group/Complex/Project/Enterprise sells its products, surplus materials (Stores, etc.) to another, the price chargeable at a price fixed by Corporation or at a price mutually agreeable and in case of any disagreement the decision of Director (Commercial) shall be final.
- 37.4. Head Office personnel going on tour are paid advances for travelling expenses by the Head Office. In the event of any one desiring another from Group/ Complex/ Project/ Enterprise, the Project/ Enterprise concerned should direct the person concerned to contract. Except in an emergency, no Head Office personnel on tour is to be granted any kind of advance by the Group/ Complex/ Project/ Enterprise. Any advance made should immediately be reported to the Accounts Wing by Head Office.

38. EMPLOYEES PROVIDENT FUND.
- 38.1 The Employees Provident Fund money is not the money of the Corporation/ Group/ Complex/ Project/ Enterprise. It should be kept in a separate Account with a scheduled Bank and invested in Government securities/ savings certificates. Contravention of this will render one liable to penalty under the provisions of Section 282 (B) of the Companies Act.

**CHAPTER - IV**  
**Transaction with Banks**  
**(39 - 40)**

39. GENERAL:
- 39.1 Unless otherwise provided in any case, all money received on account of receipt/ income of the Corporation/ Enterprise shall without undue delay be deposited in full into the appropriate Bank Account. Such receipts/ income may not be appropriated to meet expenses without specific orders.
- 39.2 Moneys which do not form part of the income/ receipt of the Corporation/ Enterprise/ Project shall not be mixed up with the Corporation/ Enterprise/ Project money and deposited in the same Bank Account.
40. The Bank accounts of the Corporation/ Enterprise/ Project fall broadly under the following categories:
- (i) BCIC Bank Accounts for Head Office transactions.
  - (ii) Accounts opened in the names of Enterprise/ Project and operated from Head Office.
  - (iii) Enterprise/Project accounts operated by Enterprise/ Project concerned.
- 40.1. The Bank accounts shall be operated jointly by at least two Officers one of whom shall be from the Accounts side.

NOTE : In respect of Enterprise/ Project for which cash credit benefits are availed of from bank, BCIC may furnish a counter guarantee over and above the hypothecation of assets of the Enterprise/ Project, if required.

NOTE : The sale proceeds of the products of the Enterprise/ Project concerned are also kept in a separate interest bearing sales deposit account from which funds in excess of a certain limit are transferred to the cash credit account/ Lim Account to set off the debit balance in the cash credit Account.

**CHAPTER - V**  
**Essential Conditions Governing Expenditure :**  
**(41 - 54)**

41. GENERAL PRINCIPLE :
- As a general rule no expenditure should be incurred and no commitment made from the funds of the Corporation/ Project/ Enterprise until the expenditure has been sanctioned by the appropriate authority and until provision for the expenditure is made in the budget as approved. Payments in individual cases must be supported by bills/ invoices which should be complete in all respects.
42. STANDARD OF FINANCIAL PROPRIETY:
- Every Office authorising expenditure shall be guided by high standards of financial propriety. The principles on which emphasis should be laid are the following:
- (i) every officer is expected to exercise the same vigilance in respect of expenditure incurred from the fund of the Corporation/ Project/ Enterprise as a person of ordinary prudence would exercise in respect of expenditure of his own money;
  - (ii) the expenditure should not, prima-facie, be more than the occasion demands;
  - (iii) no authority should exercise power or sanction to pass an order which will be directly or indirectly to his own advantage;

- (iv) money should not be utilised for the benefit of particular person or a group of persons unless-
- (1) the amount involved is insignificant, or
  - (2) a claim for the amount could be enforced in court of law.
- or
- (3) the expenditure is in pursuance of a recognised policy or custom of the Corporation.

**DUTIES AND RESPONSIBILITIES OF CONTROLLING OFFICERS AND PAYING OFFICERS.**

43. All Controlling and Paying Officers are responsible for enforcing strict economy and financial control. They shall be held responsible for the observance of the financial rules and regulations both by them and by paying officers subordinate to them. Heads of Wings/ Departments/ Shipping & Liaison Officers of Corporation and Heads of Enterprise/ Projects shall be Controlling Officers. They shall be responsible to watch that the total expenditure is kept within the limits of the budget appropriation and that the funds allotted by them to paying officers are spent upon objects for which the money is provided. In order to maintain proper control, they shall arrange for statements of expenditure on due dates showing also the commitments and liabilities incurred against the appropriation.

They must not only satisfy themselves that adequate checks and counter checks are provided for systematic internal checks calculated to prevent/ detect errors and irregularities in the financial transactions of their subordinate officers and to guard against waste-ful expenditure and loss of Corporation/ Enterprise/ Project money and stores, but also that the prescribed checks are effectively applied.

**44. RESPONSIBILITY FOR MAINTENANCE OF ACCOUNTS AND PRESERVATION OF RECORDS.**

- 44.1 Every officer receiving money or incurring expenditure, on behalf of the Corporation/ Enterprise/ Project shall be responsible for proper maintenance of accounts thereof and timely submission of accounts to the Head Office/ Project/ Enterprise. Every Officer whose duty is to prepare and render accounts or returns in respect of money or stores, is personally responsible for their completeness and strict accuracy and also for their despatch/ submission within the prescribed date.

45. An officer who signs or countersigns a certificate is personally responsible for the facts certifies to, so far as it is his duty to know or, to the extent to which he may reasonably be expected to be aware of them. The fact that a certificate is typed/ cyclostyled/ printed is no justification for his signing it unless it represents the facts of the case.

46. The accounts should be maintained and submitted in the proper forms prescribed by the Head Office Accounts Wing. In regard to the accounts & returns pertaining to them the Divisions/ Departments/ Branches/ Zonal Offices of Corporation and Enterprise/ Project shall observe instructions issued from time to time by the Head Office Accounts Wing.

**47. RESPONSIBILITY OF THE OFFICERS MAINTAINING THE ACCOUNTS FOR SATISFYING THE REQUIREMENTS OF AUDIT.**

- 47.1 It is not sufficient that an officer's accounts should be correct to his own satisfaction. A paying officer has to satisfy not only himself, but also Audit that a claim which has been accepted is valid, that the voucher is complete proof of the payment which it supports, and that the account is correct in all respects. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case' even through such enquiry may be as to the economy or the benefit of the transaction. It is further essential that the records of payment, measurement and transaction in general must be so clear, explicit and self contained as to be producible as satisfactory and convincing evidence of facts, if required, in a Court of Law. All transactions involving the giving or taking of cash, stores,

other properties, rights, privileges and concessions which have money value should be brought to account. The record of a transaction of receipt expenditure should always be made at once under the final or the remittance head to which it pertains, if that be known; but if the exact head cannot be classified temporarily under suspences and clearance watched.

48. **RESPONSIBILITY FOR OVERCHARGES ETC.**

- 48.1 The paying officer shall be held responsible for any overcharge;
- 48.2 The responsibility of countersigning officers will be that which attached to all controlling officers;
- 48.3 The officer who makes payment shall be responsible for checking any culpable error, and for passing the new rates with reference to the changed order. he is also required to examine the accuracy of arithmetical computations in a bill voucher, etc.
- 48.4 The responsibility will thus rest primarily with the officer paying the bill and (failing to recover from him) the overcharge will be recovered from the countersigning officer, only in the event of culpable negligence on his part.

49. **DISPOSAL OF AUDIT OBJECTIONS :**

- 49.1 Every officer entrusted with the duty of making payments on behalf of the Corporation/ Project/ Enterprise shall attend promptly to all audit objections communicated to him by letters, audit memoranda, audit reports, audit comments etc. and return the audit memoranda or reply to the objections early explaining the cause of delay, if any. Head of the Project/ Enterprise will personally responsible for giving reply to Audit comments/objections.
50. It is the duty of every Head of Division/ Project/ Enterprise and of controlling officers to see that Audit is afforded all reasonable facilities in the discharge of its functions and furnished with the fullest possible information for which it may ask, for the preparation of any account or report, which is its duty to prepare. No such information nor any books or other documents to which the Audit has a statutory right of access may be withheld from it.

**DEFALCATIONS, LOSSES, ETC.**

51. **REPORT OF LOSSES:**

- 51.1 All cases of loss of money, departmental receipts, stores or other property held by or on behalf of the Corporation/ Project/ Enterprise caused by theft, fraud defalcation, misappropriation and negligence should be reported immediately to the superior official, even when such loss has been made good by the party/ person responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss. They must not be delayed while detailed enquiries are made. When the matter has been fully investigated, a further and complete report should be submitted of the nature and extent of the loss, showing the errors or neglect of rules due to which the loss was rendered possible and the prospects of effecting a recovery.
- 51.2 If the defalcation/ loss be detected by Internal Audit in the first instance, they shall report it immediately to the Controller of Accounts & Chief Auditor, Head Office and also the Head of the Project/ Enterprise concerned.
- 51.3 A detailed report, after the completion of departmental investigations for the determination of the causes or circumstances, which might have contributed to the theft, fraud, defalcation, misappropriation and loss, the steps taken to prevent its recurrence and the disciplinary or other action proposed as regards the persons responsible, should follow.

The report should state whether any security/ insurance coverage was obtained from the official in charge of the cash, store or materials to which the loss pertains. If so to what extent the loss can be made out of the security/ insurance coverage. If, however, security/ insurance coverage was not obtained, or the loss could not be covered in full there from, the reasons for not obtaining the security or adequate security/ insurance coverage should be stated.

**52. WRITE OFF OF LOSSES:**

52.1 All cases for sanction of write off of loss requiring the approval of the Corporation should be submitted to Head Office in the proforma in Annexure 'A' of this chapter.

52.2 Power have been delegated to the Heads of Wing/ Departments, Projects/ Enterprise/ Branch Office etc. to write of losses within certain limits (vide delegation of Financial Power Schedule) subject to the following conditions:

- (i) The Authority to whom such Powers have been delegated should make proper enquiry on the losses and satisfy himself that the loss was unavoidable;
- (ii) The above mentioned facts be recorded in writing and written sanction for the write off, when the amount involved exceeds the limit up to which he is competent to write off under the powers delegated to him, be obtained from the Competent authority.
- (iii) A quarterly statement of all write off under the Powers delegated is furnished to the Accounts Wing & Audit Wing of Head Office with statement of each case.

**53. RESPONSIBILITY FOR LOSSES, ETC.**

53.1 Every officer/ staff/ worker should realise fully and clearly that he/she will be held personally responsible for any loss through fraud or negligence on his/her part and that he/she will also be held personally responsible for any loss arising from fraud or negligence on the part of any other officer/ staff/ worker the extent to which it may be shown that he/she contributed to the loss by his/her own action or negligence.

## ANNEXURE- 'A'

Headings for the forwarding letters to  
Head Office submitting cases of losses

for the sanction of write-off.

1. Nature and extent of loss with brief account of the causes and circumstances leading to the loss.
2. Date or period of occurrence.
3. Description of stores or property lost.
4. (a) How and when detected?  
(b) Whether the loss is covered by Insurance? If so, whether claim has been lodged with Insurance Company and with what results.  
(c) Whether the loss is covered by the amount of security, if any, obtained from the employee ?  
(d) Whether the loss is due to infringement of any existing rule or order ? If so, particulars thereof.
5. Names of Officers/employees directly or indirectly responsible for the loss.
6. Whether departmental investigation has been made? If so particulars of the officers or body who investigated the matter and with what result. (copy of the report should be submitted).
7. Whether criminal proceedings have been started in this case, if so, particulars of the proceeding with supporting papers.
8. Whether the question of fixing up responsibility for the purpose of recovery has been considered. If so, your views in the matter may be stated.
9. Whether you consider the loss as irrecoverable? If so, give reasons for holding such a view.
10. Whether steps have been taken to prevent the recurrence of similar losses in future If so, details of the steps taken may be furnished.
11. Whether disciplinary action has been taken or is proposed to be taken. This action should arise where direct responsibility could not be fixed,
12. Whether you consider that there was laxity of supervision in this case. If so, the names of the supervising Officers and the action you propose to take against them.
13. If the loss was due to defect in any existing Rule, procedure or Order the particulars of the rules, orders etc. with a suggestion as to how the defects can be rectified or overcome

(Signed by Head of Project/Enterprise)

**ANNEXURE-B TO CHAPTER-V**  
**(Ref. Para 54 of Chapter-V)**  
**LOSSES.**

The following general principles have been laid down to regulate the enforcement of responsibility for losses sustained by the Corporation/ Enterprise/ Project through fraud or negligence of individuals:

(1) Means should be devised to ensure that every officer/ employee of the Corporation/ Enterprise/ Project realises fully and clearly that he/she will be held personally responsible for any loss arising from fraud or negligence to the extent to which it may be shown that he/she contributed to the loss by his/her own action or negligence. The cardinal principle governing the assessment of responsibility in such cases is that every officer/ employee should exercise the same vigilance in respect of the expenditure from the funds of Corporation/ Enterprise/ Project as person of ordinary prudence would exercise in respect of the expenditure of his own money. While, therefore, an officer's/ employees honest errors of judgment involving financial loss, may be condoned provided the officer can show that he has done his best up to the limits of his ability and experience, exemplary punishment should be meted out to officers/ employees who are dishonest, careless or negligent in the duties entrusted to them.

(2) It is of the greatest importance to avoid delay in the investigation of any loss due to fraud, negligence, financial irregularity etc. If the irregularity is detected by audit in the first instance, it will be the duty of the Audit officer to report immediately to the administrative authorities concerned. If their irregularity is detected by the administrative authority in the first instance, and if it is one which should be reported to the Corporation he must make that report immediately. Every important case should be brought to the notice of superior authority as soon as possible the administrative authority should report to his superior and the audit authority to the appropriate authority. Should the administrative authority require, he may call for all vouchers and other relevant documents necessary for the investigation and if investigation is complex and he needs the assistance of expert audit to unravel it, he should apply forthwith for that assistance to the Finance Director. Thereafter the administrative authority and the audit authority will be personally responsible, within their respective spheres for the expeditious conduct of the enquiry,

(3) In any case in which it appears that recourse to judicial proceedings is likely to be involved, legal advice from the law officer should be taken as soon as the possibility emerges. In the case of losses involving a reasonable suspicion of fraud or other criminal offence a prosecution should be attempted unless the legal advisers consider that the evidence available is not such as will secure a conviction. The reasons for not attempting a prosecution should be placed on record in all such cases.

(4) In cases where loss is due to delinquencies of subordinate officials and where it appears that this has been facilitated by laxity of supervision on the part of a superior officer, the latter should also be called strictly to account and his personal liability in the matter carefully assessed.

(5) The question of enforcing pecuniary liability should always be considered as well as the question of other forms of disciplinary action. In deciding the degree of the officer's/ Employee's pecuniary liability it will be necessary to look not the circumstance of the case but also to the financial circumstances of the officer, since it should be recognised that the penalty should not be such as to impair his future efficiency. In particular, if the loss has occurred through fraud, every endeavour should be made to recover the whole amount lost from the guilty persons and if laxity of supervision has facilitated the fraud, the supervising officer at fault may properly be penalised either directly by requiring him to make good in money a sufficient proportion of the loss, or indirectly by reduction or stoppage of his increments of pay.

(6) One reason why it is important to avoid delay (vide paragraph (2) preceding) is that in the course of a prolonged investigation the officer/ employee concerned may retire from service or quit service. It follows from this that as a primary precaution, steps should be taken to ensure that an officer concerned in any loss or irregularity which is the subject of an enquiry, is not inadvertently allowed to retire or quit service while the enquiry is in progress, and accordingly, the authority investigating the case should

immediately inform the authorities concerned and it will be the duty of the latter to make a note of the information and see that the person is not allowed to retire or quit service before either a conclusion is arrived at as regards the culpability of the officer concerned with the loss or it has been decided by the sanctioning authority that the result of the investigation need not be awaited.

(7) The fact that officers/ Employees who are guilty of frauds or irregularities have left and have thus escaped punishment should not be made a justification for absolving those who are also guilty but who still remain in service.

**CHAPTER-VI**  
**ESTABLISHMENT**  
**(55-62)**

55. TRANSFER OF OFFICER :

- 55.1 Every transfer of charge in the Officer's cadre, whether in the Head Office, Branch office, Project, or enterprise shall be reported by post on the same day to the Head Office Personnel Wing and the Accounts Wing/Branch concerned. This should be accompanied by a handing over note prepared by the relieved officer indicating (a) important cases, (b) cases with special features which require the attention of the relieving officer and (c) a list of confidential files and paper handed/taken over.
- 55.2 The following instructions should also be observed:
- (i) The cash book or Imprest Account, if any, must be closed on the date of transfer and a note recorded in the cash book or the Imprest account over the signature of both the relieved and the relieving Officers, showing the cash and imprest balances, and the number of unused receipts, cheques, if any made over and received in transfer.
  - (ii) The relieving officer in reporting that transfer has been completed shall bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He shall examine the accounts, count the cash, inspect the stores and count, weight and measure selected articles in order to test the accuracy of the returns, He shall also describe the state of the records.
  - (iii) In the case of a sudden casualty or an emergent necessity arising for an officer to quit his charge, the next senior Officer of the department present will take charge. When the person who takes charge is not an officer, he must at once report the circumstances to his nearest departmental superior, and obtain orders as to whether he should take the charge.
- 55.3 The relieving officer will take up the expenditure of cash and stores from the day of month during which the relief took place, and submit the next monthly accounts in the same manner as if he has been in-charge during the whole month. But the relieved officer remains responsible to explanation for accuracy of transactions during his incumbency.
- 55.4 If the relieving Officer fails to bring to notice within a reasonable period any deficiency or defect in work or stores taken over from his predecessor, he will be held responsible for the same, both as to quantity and quality, so far as he was in a position to ascertain it.
- 55.5 The receipt of cash and stores balances should be prepared by the relieved officer, but the relieving officer should note any discrepancy or deficiency there in as may come to his notice during taking over so that from his charge papers the higher authority may become aware of the discrepancies/deficiencies and pass orders in respect of any of them as may be necessary. A copy of the receipts may be given to relieved officer.
- 55.6 The relieving Officer shall inspect records, plants and machinery etc. accompanied by the relieved officer.

55.7 In respect of the projects under construction the relieving officer shall examine, the works in progress as to their quality and quantity, with reference to the sanctioned plans and estimates and record his opinion about the progress of work etc.

56. REVISION OF ESTABLISHMENT-PROPOSALS  
FOR CREATION OF ADDITIONAL POSTS.

56.1 Proposals for creation of additional posts should be submitted to Director - Incharge with proper justification supported by full facts and figures, as indicated below :

- (i) A statement of additional work necessitating creation of additional posts. A comparative statement showing the work load on a given date and the increased work after that given date will be helpful.
- (ii) A statement of the present strength of Officers/ Employees in the Branch/ Section concerned, the additional staff proposed and the total.
- (iii) Whether budget provision exists for meeting the additional expenditure, if not, how this is proposed to be met.
- (iv) Additional Financial commitment involved, if the proposed posts are created.

57. HIRE OF OFFICE ACCOMMODATION ETC.

When the building is used entirely for office accommodation the rent is wholly chargeable to the Corporation/ Enterprise/ Project concerned. When it is used partly for office accommodation and partly for residential purposes, the share of the rent chargeable to the officer/ Employee shall be proportionate to the floor area. The procedure for the Corporation/ Enterprise/ Project should be to pay the full rent and recover the balance of rent from the officer/ employee concerned subject to the rent fixed by the Corporation/ Govt. from time to time.

58. RECOVERY OF RENT.

58.1 Office/Colony/Stores accommodation surplus to the needs of the Corporation/ Enterprise/ project may be rented out to private parties on full assessed of rent by the Chief Engineer (Civil) in the Head Office and the head of Enterprise/ Project.

Renting should be done on a month to month basis and a proper lease deed should be drawn up and signed.

58.2 the recovery of rent from officers/ employees may be made either in cash or by deduction from salaries through the paying officer/ employee concerned.

**NOTE - 1**

Amounts due from an officer/ employee on account of (i) hire charges of furniture, (ii) value of articles of furniture, and other property lost or damaged and (iii) any other dues for which he may be liable in respect of the residence allotted to him may also be recovered either in cash or by deduction from salary.

**NOTE - 2**

The system of direct cash recovery of rent from Officer/ Employees is unsuitable when the recoverable rent is dependent on the rate of salary. It is, therefore, advisable to make such recovery by deduction from salary.

59. RESIDENTIAL ACCOMMODATION FOR OFFICERS/ EMPLOYEES.

59.1 Accommodation may be provided by the Corporation/ Enterprise/ Project to officers and employees subject to recovery of rent at rate as fixed by Corporation/ Govt. from time to time. Where it is not possible to provide residential accommodation, House Rent allowance or House Rent support may be granted in lieu thereof as fixed by Corporation/ Govt. from time to time.

59.2 Officer/Employees working in Enterprise/ Projects, who are provided with accommodation in the Housing Colony of the Projects may be charged house rent as may be fixed by Corporation/ Govt. from time to time.

Note;

Officers on special contract with the Corporation are entitled to house rent accommodation according to the terms and conditions of their contract.

60. RECOVERY OF GAS AND ELECTRICITY CHARGES :

The cost to Gas & Electricity consumed by the occupants in the residential accommodation provided by the local management inside the Mills premises, shall be recovered at a rate to be determined by the Corporation from time to time.

61. REST HOUSE CHARGES :

The Rest Houses are primarily meant for BCIC Officials, Consultants and Experts for short period on tour from outstations.

In exceptional cases, accommodation may be given to outsiders by the Rest House - in - charge for short duration, provided there is no possibility of visit by Corporation's personnel during the period.

When more officials than the vacant accommodation arrive and selection is involved, priority may be given to the official having seniority over others.

Guests in the Rest House shall pay lodging & Boarding charges at prescribed rates. Such charges shall be realised by Rest House - in - Charge and a receipt given. Amount so realised to be deposited to Accounts Wing/ Department concerned. Where the guest is treated as a guest of BCIC, no charge may be recovered.

A register should be maintained in the Rest House showing the names, designations and address of persons staying in the Rest House and also the purpose of visit, the time and date of arrival, the time and date of departure and payments made. This register must be checked and countersigned periodically by an officer authorised for the purpose.

The period of stay in the Rest House on any one occasion shall not normally exceed 10 days in one visit.

62. USE OF CORPORATION/ENTERPRISE/  
PROJECT VEHICLES:

A log book must be opened in the prescribed form for every Vehicle belonging to the Corporation/ Enterprise/ Project for the purpose of recording their use. The following instructions are issued in connection with the maintenance of log books.

- (i) The log book shall be kept with the driver of the Vehicle. Entries in the log book shall be made by the Officer using the vehicle in his own handwriting. The purpose of the journey should be specifically mentioned. It is not sufficient to write 'Official'. In case the purpose of the journey is not clearly written, the journey may be treated as private and charged for.
- (ii) The officer using the vehicle shall write and sign the log book immediately after the use of the vehicle.
- (iii) Milemeter of the vehicles shall always be kept in working orders. Defects, if any, must be get rectified immediately. The milemeters in the vehicles should be sealed and Transport - in - charge should check them from time to time to see that the seals are in tact. A record about the inspection may be made in the log book over the dated signature of the transport - in - charge.
- (iv) There should be no erasures or over-writing in the Log Book.  
Save for Officers who may by virtue of the terms of their contract are entitled to the use of transport free of charge, all officers will be charged, at the prescribed rate, for the use of vehicles, for purposes other than official.

**CHAPTER - VII**  
**WORKS TRANSACTIONS**  
**PART (63-72)**

63. GENERAL :

63.1 For detailed rules and procedure the Engineering Works Code as adopted in BCIC may be referred.

64. PAYMENT PROCEDURE FOR WORKS TRANSACTIONS:

64.1 MUSTER-ROLL FOR LABOURERS:

For works executed by labourers, whether paid by the day or otherwise, a muster-roll must be kept showing the names of labourers; the number of day they have worked, rate of pay and the amount due to each. This nominal muster-roll is the initial record of the labour employed each day on each work and must be written up daily by subordinate deputed for the purpose. Muster-Rolls should never be prepared in duplicate. Supervising officer should check the Muster-roll daily.

64.2 Payments on muster-rolls should be certified by the Officer-In- Charge of the work and actual payment witnessed by a Senior Officer available.

64.3 Labour Reports-An advise of the Muster-roll labour engaged each day should be sent daily to the Accounts Department concerned against which the Muster-roll bills should be checked.

65. MEASUREMENTS:

65.1 Work done otherwise than on a lump sum contract, and supplies made, by a contractor, should, unless impracticable be measured (weighed or counted) before payment thereof is made. The details of the measurements made should be systematically recorded in a book, called the Measurement Book, which will form the basis of all accounts of quantities. Measurement Books are records of prime entry and should be maintained in manner that they can be produced in court of law as evidence in case of need. The description of the work or supply must be lucid so as to admit of easy identification and check, the pages of the book should be machine- numbered, and no page may be torn out, nor may any entry be erased or defaced so as to be illegible. All corrections must be duly attested by a responsible officer.

66. CONTRACTORS BILLS :

66.1 The responsibility for the preparation of contractors bills should rest entirely with the contractor. No bills of the contractors, should be prepared by any officer or staff of BCIC and of Enterprise/Project under BCIC. No payment should be made until the correctness of the claim, in respect of quantities and rates, as well as the quality of the work/supply, and other necessary factors have been accepted by the Engineer-in-Charge and by Head of Project/Enterprise under the Corporation respectively. Bills for works are payable in the Project/Enterprises./ Branch Office/ Head Office in all cases where no doubts exist about proper approval of the work sanction of expenditure and provision in the budget. In all cases Bills have to be submitted supported by all necessary papers, Measurements Books, copies of relevant correspondence. Final bills have to be further supported by 'No Demand', 'Completion of work' and "Store Return" certificate in specified forms.

66.2 Bills for works for Head Office/Branch Office/Projects/ Enterprise for which work order have been issued, may be paid at site up to 50% of the value after they have been duly checked and approved by the Engineer-in-charge/ Accountant- in-charge and the Head of the Enterprise/ Project. The balance amount is payable after passing of the bill by the Engineer-in-charge, Accountant-in-charge and Head of the Project/Enterprise in Project/Enterprise.

66.3 Running and final Bills (if required to be submitted to the Head Office) have to be submitted in duplicate in printed forms, duly confirmed and passed by all persons concerned. Reference nos. And dates of letters of sanction, of the work order, the extension of time, if any, and the book number and the page no. Of Measurement books should be noted on the face of the Bills.

67. AID TO CONTRACTORS:

67.1 Advances to contractors, as a rule are prohibited, and every endeavour should be made to maintain a system under which no payments are to be made except for work actually done. Exceptions are, however, permitted in the following cases:

(i) Cases in which a contractor, whose contract is for finished work, requires an advance on the security of materials brought to site, the officers executing the work may, in such case, sanction advances up to an amount not exceeding 75 per cent of the value (as assessed by themselves) of such materials provided that they are of an imperishable nature and that a formal agreement is drawn up with the contractor under which Corporation/ Enterprise/ Project secures a lien on the materials and is safe-guarded against losses due to the contractor postponing the execution of work or to the shortage or misuse of the materials, and against the expenses for their proper watch and safe custody payment of such advances should be made only on the certificate of responsible officer, that the quantities of materials upon which the advance are made have actually been brought to site, that the contractor has not previously received any advance on that security and that the materials are all required by the contractor for use of items of work for which rates for finished work have agreed upon. The officer granting such a certificate will be held personally responsible for any overpayment which may occasion in consequence. Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be recovered from his bill for work done as the materials are used the necessary deductions being made whenever the items of work in which they are used and billed for.

(ii) Cases in which, in the interest of works, it is absolutely necessary to make petty advance.

(iii) In all other cases only with the sanction of the Corporation which may, in exceptional circumstances, authorise such advances as may be deemed indispensable, taking the necessary precautions against loss and for preventing the system from becoming general or continuing longer than is absolutely essential.

68. WORK DONE OR LIABILITIES INCURRED ON BEHALF OF THE CONTRACTOR:

68.1 It is necessary sometimes, in the interest of work, to engage labourers or contractors or to incur other liabilities on behalf of the contractor concerned, with a view to complete work which he has neglected or failed to complete. In such a case it is permissible to spend on behalf of the contractor in accordance with the terms of agreement. Otherwise, no advance or recoverable payment should be made to or on behalf of the contractor nor should financial aid be given to him in any form.

NOTE: With a view to avoid subsequent dispute with the contractor, suitable intimation should be sent to him (i) as soon as action is taken under this rule, and (ii) subsequently, as charges are incurred on his account.

69. SECURITY FOR PERFORMANCE OF CONTRACTS

69.1 Security should in all cases be taken for the due fulfilment of a contract. This security may be:-  
(i) a deposit of cash, Government securities, municipal debentures, post office savings bank deposits and deposit receipt of recognised banks (approved of by Government) which published regular accounts;  
(ii) Post office 5 years cash certificates for the amount at which the certificates are purchased but for their face value,  
(iii) deduction from the monthly payments to be made on account of work done @ 10% of gross bill value.

NOTE-1

Security Deposit of 10% is deductible from the gross value of the bill which includes the value of all material supplied departmentally. The amount of Earnest money should be converted into Security money.

Security deposit of 7.50% is deductible from the end of the bill which includes the value of all

materials supplied permanently. This deposit will be refunded 6 months after successful completion of the work. No interest will be payable on this deposit.

NOTE-2

Deduction of discount of 1% from the payable amount after deduction of security deposit and the value of departmentally supplied material has to be made when Running bills are paid within 8 working days from the date the bill is submitted to the Project/ Enterprise and from Final Bills when paid within 30 calendar days. Suitable clause should be inserted in the contract in this respect. Project/Enterprises have to explain by giving detailed reasons in all cases in which Discount could not be deducted. Any expenditure from Discounts will require prior approval of the Head of Enterprise/Project concerned.

70. WATCH OVER LIABILITIES AND BALANCES :

70.1 Paying officers are responsible for keeping a strict watch over all liabilities and balances under the suspense account in the work accounts with a view to settle them promptly. This should be done at the time of review of the works accounts and the register of works.

70.2 Money indisputably payable never be left unpaid. It is not economy to postpone inevitable payments, and it is very important to ascertain, liquidate and record the payments of all actual obligations at the earliest possible date.

71. If any liabilities of works are incurred on behalf of contractors under the provisions of rule, arrangements should be made for with holding sufficient balances from their bills for making necessary recoveries from them in due course.

72. CLOSING THE ACCOUNTS ON COMPLETION OF WORKS:

72.1 It is important to close the accounts of works as soon as possible after the actual work as construction is completed. If there is necessarily any delay in the closing of the account it should be seen in particular that further charges are not incurred without the permission of the Chief Engineer (Civil)/Head of Project/ Enterprise concerned.

72.2 Before closing the accounts all outstanding liabilities should be discharged and balances in the suspense accounts cleared.