**Atos KPMG Consulting**

# Government of Bangladesh
# Financial Management Reform Programme

**FMRP**

**Funded by DFID and RNE**

**[Chief Accounting Officer, Accounts Procedures Manual]**

**[December 2003]**

## CNTR 012269

# DRAFT FOR DISCUSSION

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*This manual contains 106 pages*

*Annex A contains 2 pages*

*Annex B contains 6 pages*

*Annex C contains 25  pages*

# Contents

## LIST OF ABBREVIATIONS

| | |
|---|---|
| CAO | Chief Accounts Officer |
| CDPU | Central Data Processing Unit |
| CGA | Controller General of Accounts |
| CRU | Central Reconciliation Unit |
| DAO | District Accounts Office |
| DCA | Divisional Controller of Accounts |
| DDO | Drawing and Disbursement Officer |
| DPA | Direct Project Aid |
| FMRP | Financial Management Reform Programme |
| GO | Government Order |
| GOB | Government of Bangladesh |
| GPF | General Provident Fund |
| LC | Letter of Credit |
| LPC | Last Pay Certificate |
| PAO | Principal Accounting Officer |
| PPA | Pre-financed Project Aid |
| RPA | Reimbursable Project Aid |
| RIBEC | Reforms in Budgeting and Expenditure Control Project |
| UAO | Upazilla Accounts Office |

# 1 INTRODUCTION

## 1.1 Background

There have been dramatic changes within the Ministry of Finance and Controller General of Accounts offices over recent years. One significant change has been the increase in Chief Accounts Offices from 22 offices to 51 offices. This has allowed the office of the Controller General of Accounts to forge closer links with the Line Ministries, to monitor transactions in a more robust manner and to improve the reconciliation of accounting records across a significant portion of Government Accounts.

The Chief Accounts Offices are an integral part of the overall reforms introduced by the Ministry of Finance and Controller General of Accounts. It is the Governments intention that these offices provide an essential link in the successful preparation of accurate, reliable and timely financial accounts.

To accommodate the increased flows of information and co-ordinate the actions within the office of the CGA, it is now considered appropriate to formalise and consolidate the practices and responsibilities of the Chief Accounts Officers. To this end, the Financial Management and Reform Programme have prepared the Accounting Procedures Manual for the Chief Accounts Officers.

## 1.2 Objective

The objective of this manual is to provide clear and concise guidance to the Chief Accounts Offices to enable them to effectively prepare monthly and year-end accounts for their respective Ministries. To this end, the manual will determine the procedures, forms and records required to accurately perform the accounting function within the CAO office itself. In addition, the manual provides clear instruction on the new, or newly formalised functions and procedures that are expected from a Chief Accounts Office. These functions will prove to be fundamental in greatly enhancing the quality, reliability and timeliness of the Government's Accounts.

This manual has been specifically designed for the requirements of the end users and as such has been prepared with a style and structure that will be easily understood by the officers and staff within a CAO office. Every care has been taken to balance the optimal practices required with the resources available. This approach should result in a manual that is both workable, acceptable to the end users and provides significant improvement in the financial data produced by the office of the CGA

Through integrating the work of the CGA office with CAO offices within the Line Ministries, this manual aims to ensure that there may be clear and demonstrable confidence in the financial data produced by the Office of the Controller General of Accounts.

## 2   CAO ACCOUNTING FUNCTION

### 2.1   Summary of Forms and Registers

Chief Accounts Offices perform a significant role within the Presidency Region by providing a similar accounting function that Divisional, District or Upazilla accounts offices provide throughout the country.  This chapter has been designed to provide guidance to the CAO offices on the key responsibilities to be addressed.

In order to accurately capture all of the relevant transactions within their jurisdictions, non-departmental CAOs must maintain the following prescribed forms and registers.

- ❑ It should be noted that the forms and registers are named in line with those currently used by DCA, DAO and UAO offices.

- ❑ CAO offices do not currently carry out the functions required for registers CAO 1, CAO 2 or CAO 3.  Similarly, registers CAO 9 to CAO 13 are not currently applicable to CAO offices.

For this reason, the sequence of registers outlined begins with CAO 4 and continues as follows:

| | |
|---|---|
| 1 | Register of Payments and Recoveries -(CAO 4) |
| 2 | Register for Consolidation of Deduction and Recoveries -(CAO 5) |
| 3 | Register of Book Adjustment -(CAO 6) |
| 4 | Register of Deposits (Receipts) -(CAO 7) |
| 5 | Register of Deposits (Payments) -(CAO 8) |
| 6 | Plus and Minus Memorandum -(CAO 14) |
| 7 | Monthly Return of General Provident Fund |
| 8 | Register of Last Pay Certificates Issued |
| 9 | Register of Last Pay Certificates Received |
| 10 | Monthly Return on Loans and Advances |

## 2.2    Steps for preparation of Monthly Accounts by CAOs

The following instructions are intended to provide an overview of the basic accounting functions carried out in respect of Receipts and Payments in a CAO office. The relationships stated may be observed on the overview on page 9.

### 2.2.1   CAO Receipts

There are two sources of receipt information currently accounted for by the CAO office, namely: -

**A. Receipts by book adjustment**
**B. Deductions and Recoveries from bills**

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A.      The steps followed for Receipts by book adjustment, (such as Transfer of GPF balance, GPF interest, DPA, RPA through Special Accounts and rectification of errors) are as follows: -

**Step 1:**      Enter transaction into Book Adjustment Register (CAO 6)
**Step 2:**      Enter in CAO-4 register (Register of Payments and Recoveries) under the appropriate code.

---

B.      The steps followed for receipts from Deductions and Recoveries from bills are as follows: -

**Step 1**:      All deductions / recoveries appearing in CAO-4 register should be transferred and consolidated economic code wise in CAO-5 register (Register for Consolidation of Deductions and Recoveries).
**Step 2**:      Transfer deductions relating to deposits to the CAO 7 Register.
**Step 3**:      Work out Monthly total under each economic code in CAO 5 and use as basis for the preparation of monthly receipt schedules.

### 2.2.2 CAO Expenditure

There are several sources of expenditure information which are received from the CAO Office: -

    **A. Transactions for which the CAO issues cheques.**
    **B. Transactions such as GPF transfers and interest calculations for which CAO issues no cheque but rather accounting is done by book adjustment.**

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A.      The steps followed for payments where the CAO issues pre-audit cheques are: -

**Step 1:**     After delivery of cheques, the paid bill then becomes a voucher to be entered in CAO-4 on a daily basis under relevant functional code.

**Step 2:**     At the end of each month take the total of each economic code on the debit side of CAO-4.

**Step 3:**     Prepare functional code wise payment schedules.

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B.      The steps followed for transactions such as GPF transfers and interest calculations for which CAO issues no cheque but rather accounting is done by book adjustment: -

**Step 1:**     Enter transaction into bank adjustment register CAO-6.

**Step 2:**     Enter in CAO-4 register under appropriate code.

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# Overview of CAO Accounting Process

```
                          CAO OFFICE
                         /          \
                 PAYMENT              RECEIPT
                /       \                  |
      No Cheque      Issues Pre-Audit     Deductions and
      Issued         Cheque               Recoveries made
         |              |                 through CAO 4
      GFP Transfer,   Voucher               /        \
      GFP Interest,     |            Deposit        Consolidate
      Special Account,  |            receipts       Economic
      DPA, Error        |            transferred    Code wise
      Rectification,    |            to CAO 7       monthly Total
      Cheque            |                           in CAO 5
      Cancellation etc  |
         |           Enter in
      Enter in Book  CAO 4
      Adjustment --> Register
      Register CAO      |
      6              Work out monthly
                     Economic Code
                     Totals
```

| | |
|---|---|
| Debit Side column Totals used for preparation of monthly Payment Schedules | Column totals used for preparation of monthly Receipts Schedules |

# 3 FORMS AND REGISTERS

The following chapter details the daily and month end procedures to be followed for the prescribed Forms and Registers.

Understanding may be assisted by reference to the Overview of CAO Accounting Process on page 9.

### 3.1 Register of Payments CAO 4

This register is used to record the details of gross payments, deductions and recoveries and net payments for which each pre-audit cheque is issued. It also records transactions relating to book adjustment recorded in CAO 6. Details of gross payments will be carried to the monthly payment schedules. Recoveries and deductions will be transferred to form CAO 5 - Register for Consolidation of Deductions and Recoveries.

## Register of Payments       CAO 4

Name of the Office_____

Month_____ Year_____

**Legal & Functional Code**

| Token No & date | Name of Payee | Date of payment | Admissible claims with economic codes | | | | | | Gross payments Dr. | Deductions/recoveries with economic codes | | | | | | | Total deductions and Recoveries | Net payment/ cheque | Total Cr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Pay of Officer | Pay of Estt | House rent | Medical | Furniture | | A | GPF | B.F | G.I. | HB advance | Inter. on loan | VAT | | B | C (A—B) | D (B+C) |
| | | | 4501 | 4601 | 4705. | 4717 | 6821 | | | 8101 | 8241 | 8246 | 3901 | | | | | 8611 | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **Monthly total** | | | | | | | | | | | | | | | | | | | |
| Previous month | | | | | | | | | | | | | | | | | | | |
| Progressive | | | | | | | | | | | | | | | | | | | |

Signature of Accounts Officer_____

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### 3.1.1 Daily Procedures CAO 4

| Step | Column Head | Procedure |
|---|---|---|
| 1. | | Fill in name of CAO Office, month and year. |
| 2. | | Enter 1 digit legal code in first box. Enter functional code in boxes 2 & 3 (4 digits each) from budget book. This gives the identification number of the operating unit. |
| 3. | Token No. and Date | Enter the relevant token number and date in the first column. |
| 4. | Name of Payee | Enter the name of the payee listed on the bill. |
| 5. | Admissible claims with economic codes | Enter value of payment across the different economic description and code headings. Some economic description and code headings are pre-printed as column heads in each form CAO 4 – Register of Payments. Blank column headings are included to take up the remainder needed. |
| 6. | Gross payments Dr | Add values under economic codes horizontally and enter in Gross payments Dr column. |
| 7. | Deductions and recoveries with economic codes | Enter deductions and recoveries in next columns. Some deductions and recoveries are pre-printed as economic column heads and codes in each form CAO 4 – Register of Payments. Blank column headings are included to take up the remainder needed. |
| 8. | Total of Deductions and Recoveries | Total up amounts in deductions and recoveries columns horizontally, and enter amount in this column. |
| 9. | Net payment/cheque | Total of deductions and recoveries deducted from gross payments to get net payment/cheque. This represents the amount of the cheque to be issued. Economic head and code Cheques and Bills CAO 8611 should be entered here. |
| 10. | Total Cr | Add amount in total of deductions and recoveries column with amount in the net payments/cheque column and enter in Total Cr column. This should agree with the amount in the Gross payments Dr column. |
| 11. | | If amounts do not agree, check and reconcile difference. |

### 3.1.1.1 Daily Flow of Transactions

```
┌─────────────────────────┐        ┌─────────────────────────┐
│                         │        │   Cheque issued by CAO in │
│  Bills passed for payment│───────▶│  respect of this and the bills│
│                         │        │     become voucher       │
└─────────────────────────┘        └─────────────────────────┘
                                                │
                                                ▼
                                   ┌─────────────────────────┐
                                   │  Form CAO 4 completed from│
                                   │   information on voucher  │
                                   └─────────────────────────┘
```
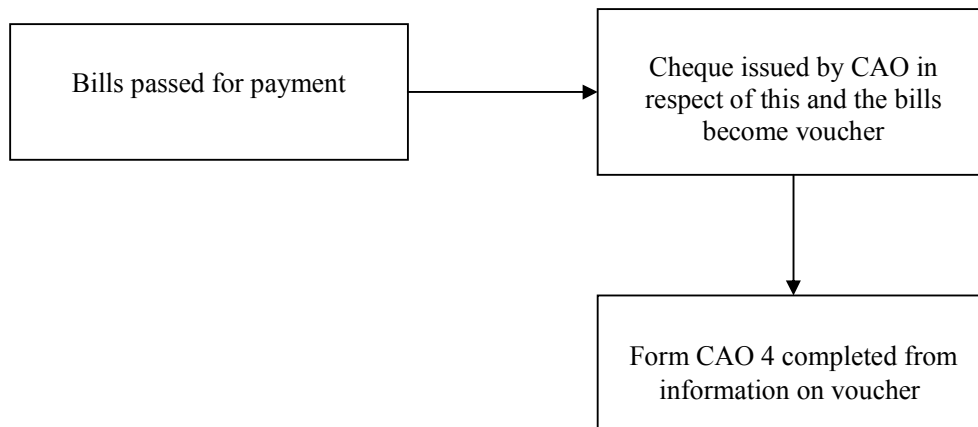
### 3.1.2 Month End Procedures CAO 4

| Step | Procedure |
|------|-----------|
| 1. | Total up values within each column. |
| 2. | Enter total of each economic code column into the monthly payment schedules. These will then be included in the monthly accounts. Agree total of Gross payments Dr column to total of monthly payment schedules. |
| 3. | If amounts do not agree, check and reconcile difference. |
| 4. | Total of Gross payments Dr, deductions and recoveries and net payments/cheque columns are transferred to form CAO 5 for each operating unit under relevant functional codes. |
| 5. | Accounts Officer in charge of Accounts Section should sign at bottom of register. |

### 3.1.2.1 Flow of Transactions

Register of
Payments CAO 4

Economic code column totals transferred to monthly payment schedules

Totals of gross payment, deductions and recoveries and net payment/cheque columns transferred to form CAO 5
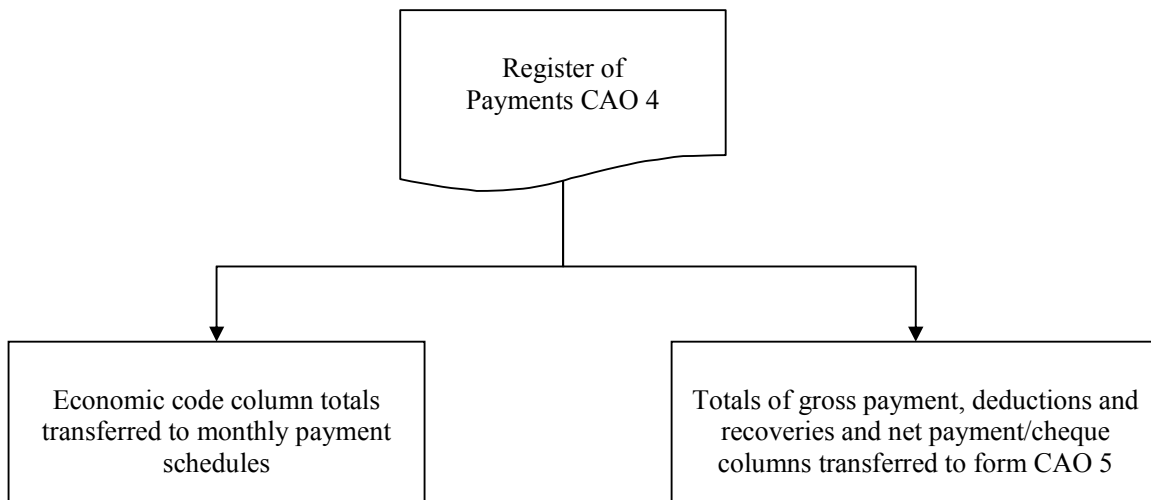
**3.2    Register of Consolidation of Deductions and Recoveries   CAO 5**

The purpose of this form is to consolidate the total monthly deductions, recoveries, and gross and net payments transferred from form CAO 4 on the basis of economic code under relevant functional code. The accounting information recorded in this register will be transferred to monthly accounts schedules.

**Register for Consolidation of Deductions and Recoveries   CAO 5**

Name of the Office _____

Month_____Year_____

| Sl No. | Operating Unit (with 9 digit code) | Gross payments | 13 Digit Code | | | | | | | | | | Total ( Recoveries and deductions and net payment ) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1-1141-0000 | 1-0962-0000 | | | 6-1051-0000 | | | | | | |
| | | | 0111 | 3901 | 1632 | ...... | 8101 | 8241 | 8246 | 8391 | 8511 | 8611 | |
| | | | Income tax | House building advance | H B interest | | GPF | BF | GI | Security Deposit | OB Advance | Net payment cheque | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Monthly total to be transferred to accounts schedules | | | | | | | | | | | | | |

Signature of Accounts Officer_____

### 3.2.1 Month End Procedures CAO 5

| Step | Column Head | Procedure |
|------|-------------|-----------|
| 1. | | Fill in name of CAO Office, month and year. |
| 2. | Serial No. | Put in SL. no. (serial number), starting with 1 and continuing in sequential order of functional code. |
| 3. | Operating Unit (with 8 digit codes) | Enter name of Operating Unit (with 8 digit functional code). |
| 4. | Gross Payments | Enter the Gross amount of payment transferred from CAO 4 – Register of Payments. |
| 5. | Deductions and recoveries with economic codes | Enter 13-digit code at head of each column. |
| 6. | Deductions and recoveries with economic codes | Enter total amount of deductions and recoveries summarised in form CAO 4 – Register of Payments. Some deductions and recoveries are pre-printed as column heads in this form. Blank column headings are included to be used where other deductions and recoveries are required. |
| 7. | Net Payment Cash/cheque | Enter the total amount of Net payment/cheque amount summarised in form CAO 4 – Register of Payments. |
| 8. | Total (recoveries and deductions and net payment) | Add amount in deductions and recoveries columns with amount in net payments column, and enter in this column. Agree this with the amount in the Gross payments column. |
| 9. | | If amounts do not agree, check workings and reconcile difference. |
| 10. | | Total up columns to get monthly total and transfer to monthly accounts schedules or CAO 7 for deposit deductions. |
| 11. | | Accounts Officer in charge of Accounts Section should sign at bottom of every register used. |

### 3.2.1.1 Flow of Transactions CAO 5

Enter operating unit wise monthly total of gross payments, deductions, recoveries and net payment/cheque transferred from CAO 4

Work out total of each column relating to Deposit deductions and transfer to CAO 7 Register

Work out total of each column and transfer to monthly accounts schedules
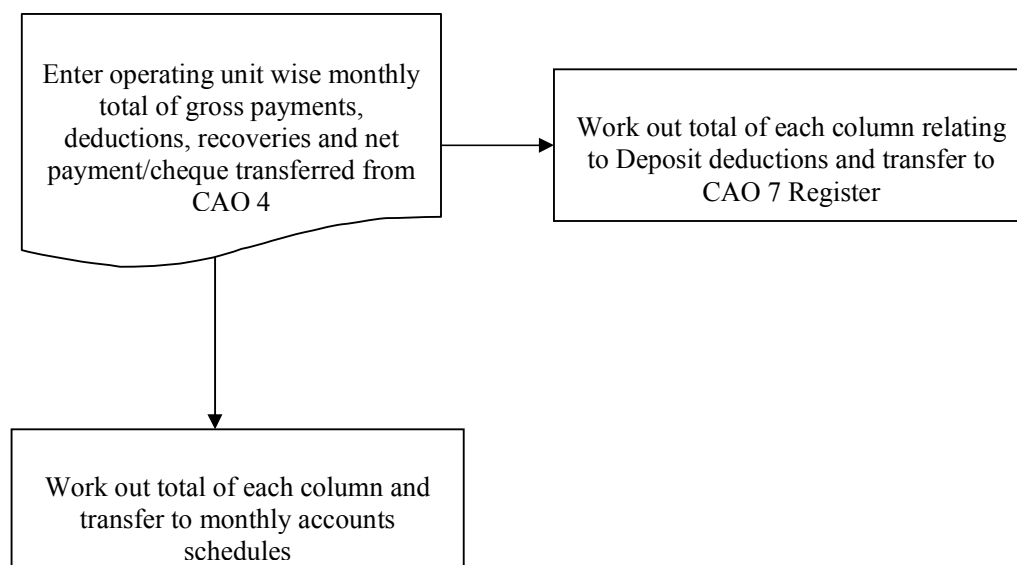
### 3.3 Register of Book Adjustment    CAO-6

The purpose of this register is to record the transactions relating to book adjustments. Such transactions include GPF transfers, GPF interest calculations, Special Accounts, DPA and rectification of errors and adjustment required due to cancellation of cheques etc. The accounting information recorded in this register will be transferred to CAO 4

**Register of Book Adjustments - CAO 6**

Name of office_____

Month_____ Year_____

| Sl. No. | Date | Particulars of Transaction | Debit | | Credit | | Initial |
|---|---|---|---|---|---|---|---|
| | | | 13 digit code | (Taka) | 13 digit code | (Taka) | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| **Monthly total** | | | | | | | |

Signature of Accounts Officer_____

### 3.3.1 Daily Procedure CAO 6

| Step | Column Head | Procedures |
|---|---|---|
| 1. | | Fill in name of CAO Office, month and year |
| 2. | Sl.No | Enter Sl. No., starting with 1 and increasing in sequential order for the month. |
| 3. | Date | Enter date of entry in this register |
| 4. | Particulars of transaction | Enter relevant particulars of transactions. |
| 5. | 13 digit code | Fill in appropriate 13-digit code. |
| 6. | Debit (Taka) | Enter amount as per subsidiary registers. |
| 7. | Credit (Taka) | Enter amount as per subsidiary registers. |
| 8. | | Obtain initial of the officer |
| 9. | | Transfer the total debit and credit amount of individual items to the register of payments CAO 4 under appropriate functional code to CAO 6 at the last working day of the month. |

### 3.3.2 Additional Guidance for CAO 6

To assist Accounts Officers in the preparation of the CAO 6 register, the following specific accounting entries have been detailed. These examples are for guidance only and the individual circumstances of every entry should be assessed separately.

| Transaction | Debit | Credit |
|---|---|---|
| Annual and Final GPF Interest calculation | Interest on GPF 2-0983-0020-5301 | GPF 6-1051-0000-8101 |
| GPF Balance Transferred from other office | Transfers 7-1051-0000-9835 | GPF 6-1051-0000-8101 |
| GPF Balance Transferred to other office | GPF 7-1051-0000-9101 | Transfers 6-1051-0000-8835 |
| Cashed cheque returned from Bank | Cheques & Bills 7-1051-0000-9611 | Remittance 6-1051-0000-8833 |
| Letter of Credit | Expense | Letter of Credit 6-1051-0000-8381 |
| Foreign Aid | See Chapter 6 Foreign Aid for detailed instructions | |
| Miscellaneous Cheques | Expense | Miscellaneous Cheques 6-1051-0000-8626 |
| | See Section 9.4 Miscellaneous Cheques for detailed instructions | |

### 3.3.2.1   Flow of Transactions

```
        ┌─────────────────┐
        │   Adjustment    │
        │     Bills       │
        └────────┬────────┘
                 │
                 ▼
┌─────────────────────┐        ┌─────────────────────────┐
│  Details input into │        │ Transfer the debit and  │
│  Register of Book   │───────▶│ credit amount of        │
│  Adjustment CAO 6   │        │ individual transactions │
│                     │        │ to CAO 4                │
└─────────────────────┘        └─────────────────────────┘
```
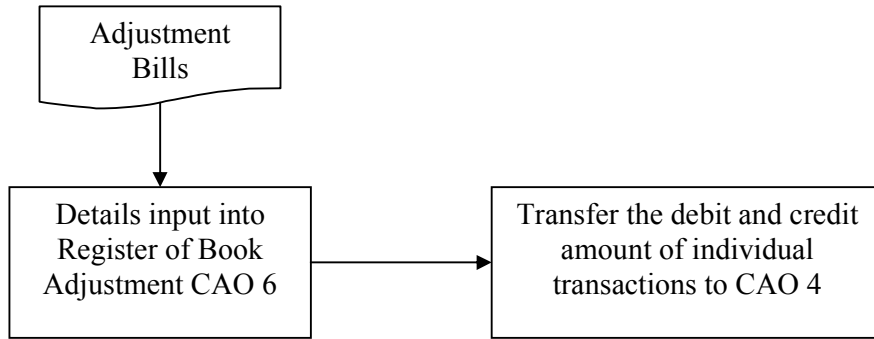
**3.4    Register of Deposits (Receipts) CAO 7**

The purpose of this register is to record all transactions relating to deposits.  A separate pages/register is used for each type of deposit.  The register contains a receipts and cross-reference of repayments section.  The register is used for control purposes.

**Register of Deposits (Receipts) CAO 7**

Name of Deposit_____

Name of the Office_____

| 6 | 1051 | 0000 | |

Month_____    Year_____

| Receipts | | | | | | | Cross reference of repayments | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Date of deposit | Token No. | Authority ordering deposit | From whom received | Amount (Taka) | Signature of the Officer | Date of repayment | SL. No. as per register of repayment | Amount Repaid (Taka) | Balance, if any | Signature of the Officer |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |
| | | | | Monthly Total: | | | | | | | |

Signature of Accounts Officer_____

### 3.4.1 Daily Procedure CAO 7

| Step | Column Head | Procedure |
|---|---|---|
| 1. | | Enter name of deposit. |
| 2. | | Fill in 4-digit economic code. Other digits are pre-printed on form. |
| 3. | | Fill in name of Office, month and year. |
| 4. | Sl. No. | Enter serial number, starting with 1 and increasing in sequential order for the month. |
| 5. | Date of Deposit | Fill in date. |
| 6. | Token No. of Bill | Put in token number. |
| 7. | Authority ordering deposit | Enter name of authority ordering deposit. |
| 8. | From whom received | Enter name of person/office from whom deposit is received. |
| 9. | Amount (Taka) | Fill in amount of bill. |
| 10. | Signature of officer | Put in signature of authorised official. |

### 3.4.1.1 Cross Reference of Repayments

| Step | Column Head | Procedure |
|---|---|---|
| 1. | Date of repayment | Enter date of repayment listed. Ensure entry is on same row as corresponding receipt. |
| 2. | Sl. No. as per register of repayment | Enter serial number, obtained from Register of Deposits (Repayments) CAO 8. |
| 3. | Amount repaid (Taka) | Enter amount from pay order/cheque, taken from form CAO 8. |
| 4. | Balance, if any | Work out balance, if any, after deducting repayment from the amount received. |
| 5. | Signature of officer | Put in signature of authorised official. |

### 3.4.1.2 Flow of Transactions CAO 7

```
┌──────────────────────┐              ┌──────────────────────┐
│ Deposit deductions   │              │    Form CAO 8        │
│ made in Pay and      │              │                      │
│ Services Bills       │              │                      │
└──────────┬───────────┘              └──────────┬───────────┘
           │                                     │
           ▼                                     │
┌──────────────────────┐                         │
│ Transfer from CAO 4  │                         │
│ Register of Payments │                         │
└──────────┬───────────┘                         │
           │                                     ▼
           ▼                          ┌──────────────────────┐
┌──────────────────────┐              │ Enter amount of      │
│ Posting in receipt   │──────────────│ repayment against    │
│ column of CAO 7      │     │        │ corresponding receipt│
└──────────────────────┘     │        │ in CAO 7             │
                             ▼        └──────────────────────┘
                  ┌──────────────────────┐
                  │ Enter repayment from │
                  │ corresponding receipt│
                  └──────────┬───────────┘
                             │
                             ▼
                  ┌──────────────────────┐
                  │ Enter balance (if any)│
                  └──────────────────────┘
```
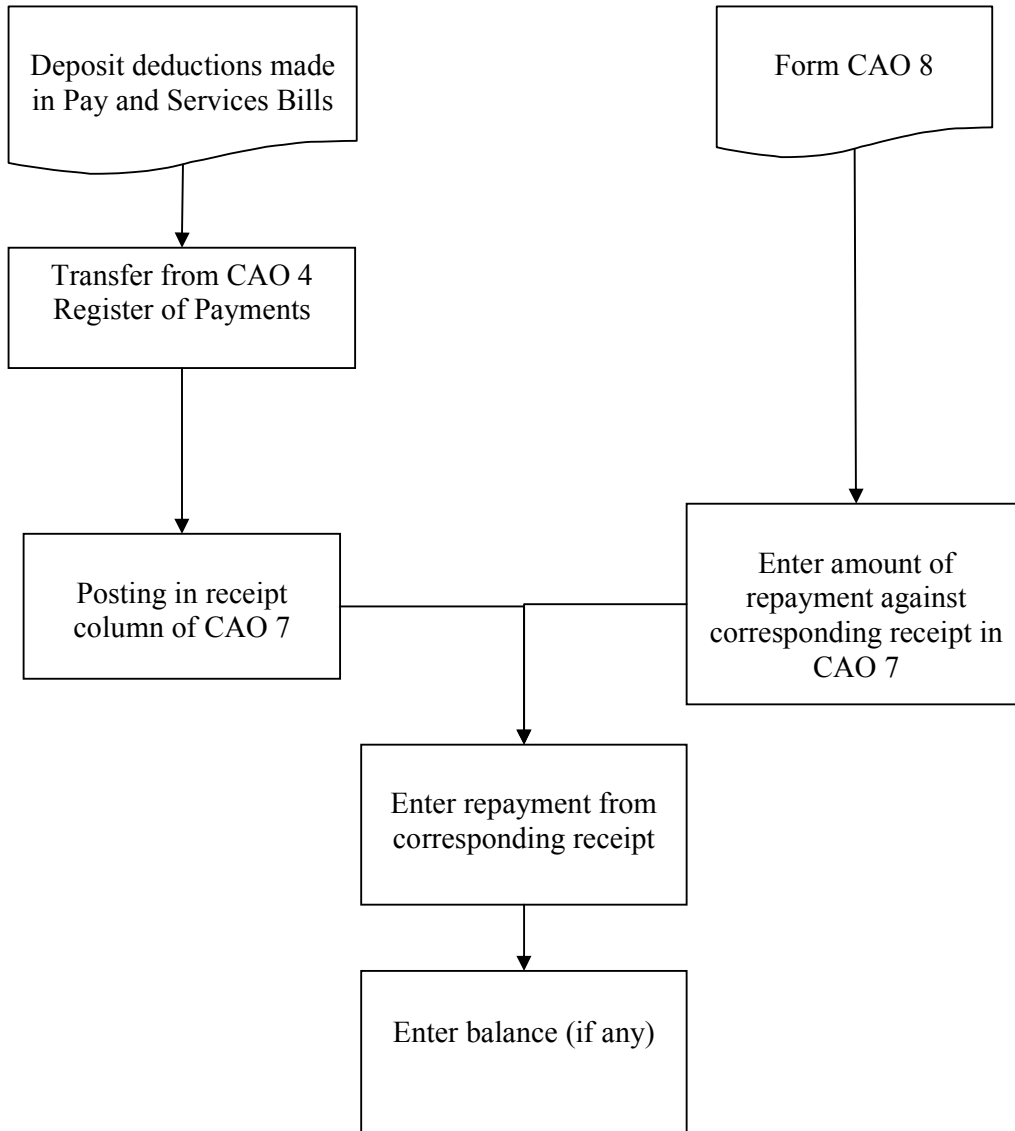
## 3.4.2   Month End Procedures CAO 7

| Step | Procedures |
|---|---|
| 1. | Total up amount (Taka) column in receipts section. |
| 2. | If appropriate agree total with type of deposit under relevant code in CAO 4 register. |
| 3. | If amounts do not agree, check and reconcile difference. |
| 4. | Accounts Officer in charge of Accounts Section to sign at bottom of register. |

### 3.4.2.1   Flow of Transactions
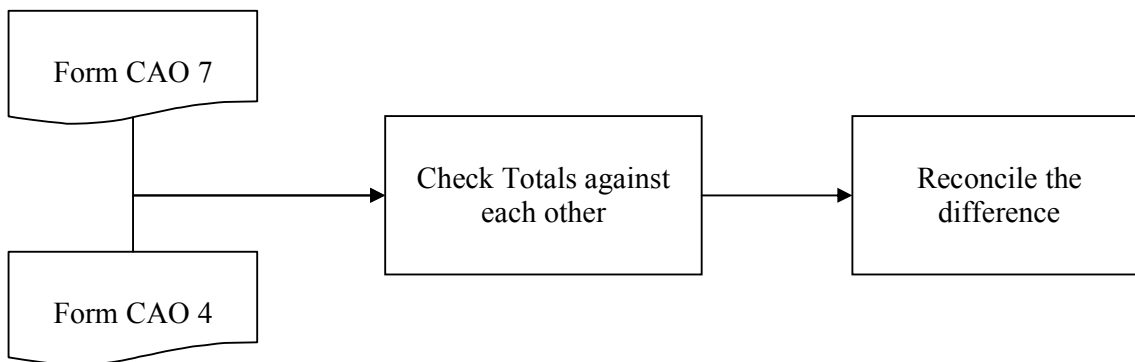
**3.5    Register of Deposits (Repayments)    CAO 8**

This register is used for recording repayments of all types of deposits.  A separate page/register is used for each type of deposit. The register contains a payment and cross-reference of receipt section. The register is used for control purposes.

## Register of Deposits (Repayments)   CAO 8

Name of Deposit_____

Name of the Office_____

| 7 | 1051 | 0000 | |

Month_____     Year_____

| Details of original Deposit (Cross reference from CAO 7) | | | Repayment | | | | | | | Signature of the Officer |
|---|---|---|---|---|---|---|---|---|---|---|
| Date of receipt | Serial No. as per CAO 7 | Amount or balance of deposit as per CAO 7 | Sl. No. | Token No. & date | Date of passing the bill | Repayment orders No. | Name of Authority ordering repayment | To whom repaid | Amount repaid (Taka) | |
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| | | | | | | | | | | |
| | | | Monthly total | | | | | | | |

Signature of Accounts Officer_____

### 3.5.1   Daily Procedures CAO 8

| Step | Column Head | Procedure |
|---|---|---|
| 1. | | Enter name of deposit. |
| 2. | | Fill in 4-digit economic code.  Other digits are pre-printed on form. |
| 3. | | Fill in name of CAO Office, month and year. |
| 4. | Date of receipt | Enter date of original deposit, obtained from form CAO 7. |
| 5. | Serial number, as per CAO 7 | Put in serial number, obtained from CAO 7. |
| 6. | Amount or balance of Deposit, as per CAO 7 | Fill in amount or balance of deposit, obtained from CAO 7. |
| 7. | Sl. No. | Enter serial number, starting with 1 and increasing in sequential order for the month. |
| 8. | Date | Put in date of passing of repayment bill |
| 9. | Token No. & date | Put in token No. and date listed in bill |
| 10. | Name of Authority ordering repayment | Enter the name of the authority ordering repayment, obtained from repayment order. |
| 11. | To whom repaid | Enter the name of the person to whom deposit is to be repaid, obtained from original deposit, identified on CAO 7. |
| 12. | Amount repaid (Taka) | Put in the amount passed for repayment. |
| 13 | Signature of officer | Obtain signature of authorised officer. |

### 3.5.1.1   Flow of Transactions
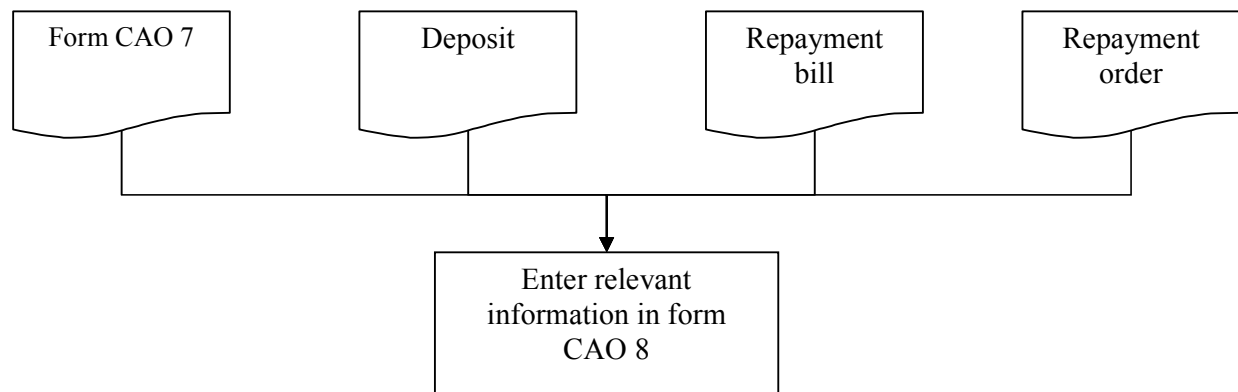
### 3.5.2   Month End Procedures CAO 8

| Step | Procedures |
|------|------------|
| 1. | Total up Amount repaid (Taka) column. |
| 2. | Agree total with total of relevant economic code column in Register of Payments CAO 4. |
| 3. | If amounts do not agree, check and reconcile difference. |
| 4. | Accounts Officer in charge of Accounts Section to sign at bottom of register. |

### 3.5.2.1   Flow of Transactions

Total up amount repaid column in CAO 8

↓

Agree with total under economic code in Register of Payments CAO 4
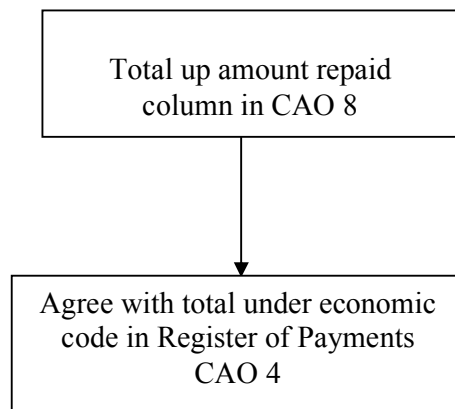
### 3.6 Plus and Minus Memorandum CAO 14

The purpose of this form is to record the receipts, payments and balances of Deposits recorded in CAO 7 and CAO 8.

## Plus and Minus Memorandum   CAO 14

Name of the Office _____

Month_____Year_____

(Figures in Taka)

| Name of the Deposit | Economic codes Receipt / Payment | Balance from last month | Addition made during the month CAO 5 | Total | Deductions made during the month CAO 4 | Balance at the end of the month | Remarks |
|---|---|---|---|---|---|---|---|
| Contractor's/Suppliers Security deposit | 8391/9391 | | | | | | |
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Signature of Accounts Officer_____

### 3.6.1 Month End Procedures CAO 14

| Step | Column Head | Procedure |
|---|---|---|
| 1. | | Fill in name of CAO Office, month and year. |
| 2. | Name of the Deposit | Enter the name of deposit. |
| 3. | Balance from last month | Pick up the closing balances of the previous month form CAO14. |
| 4. | Addition made during the month | Enter addition amount and economic code obtained from CAO 5 under the relevant economic code. |
| 5. | Total | Total up previous 2 columns, and enter in this column. |
| 6. | Deduction made during the month | Enter deduction amount and economic code obtained from Register of Summarised Bank payment CAO 4. |
| 7. | Balance at the end of the month | Subtract deduction column from Total column, and enter in this column. |
| 8. | Remarks | Enter any additional relevant information (generally not needed). |
| 9. | | Enter signature of CAO. |
| 10. | | Carbon copy passed to the monitoring function of the CGA, at the same time as the monthly accounts are processed, for accounts reconciliation and control purposes. |
| 11. | | Top copy is retained by CAO, and is filed for record purposes. |

### 3.6.1.1 Flow of Transactions



27
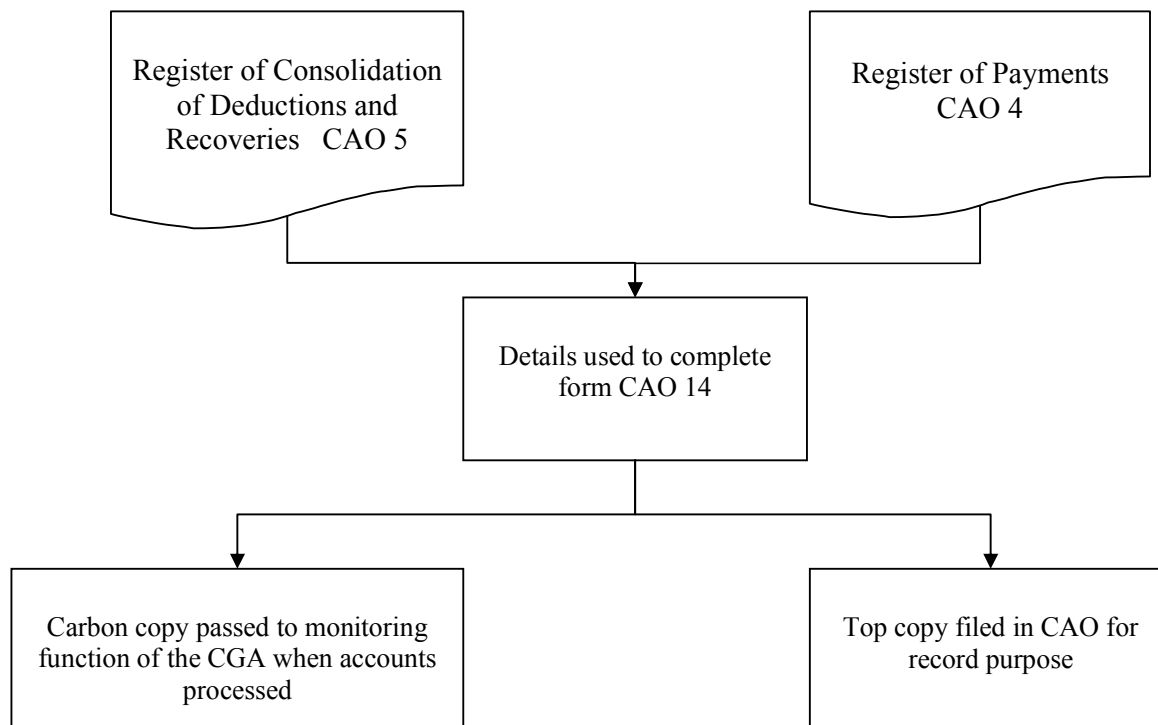
## 3.7   Journal Preparation

Journals are the principal tool available to the CAO office to allow amendments to monthly accounting information for both the CAO office and reporting offices.  The following procedures are to be observed to ensure the correct preparation and control of journal entries.

### 3.7.1   Journal Procedures

| Step | Procedure |
|---|---|
| 1. | The appropriate unique journal number is to be entered |
| 2. | A sufficiently detailed description is to be provided to allow subsequent readers an opportunity to fully and clearly understand the reason and purpose of the journal |
| 3. | The 13-digit account code is to be entered under columns 1 to 4 with column 1 showing Legal Code, columns 2 and 3 showing Function Code and column 4 the Economic Code |
| 4. | For each account code entered, enter the amount of the required transaction under either the debit (Dr) or credit (Cr) column |
| 5. | Each transaction should be entered on a new line as per steps 3 and 4 |
| 6. | Where an earlier error is being corrected on the journal, the original 13-digit codes should be entered with a 'reversing' entry.  Ie. The incorrect debit should be entered as a credit and the incorrect credit should be entered as a debit.  The 13-digit codes should remain as originally entered. |
| 7. | Once the incorrect entry has been 'reversed', the correct debits and credits should be entered under the appropriate 13-digit codes to accurately reflect the original transaction. |
| 8. | |
| 9. | Where a journal contains several Economic Codes under the same Functional Code, these Economic Codes should be listed directly under the initial 13-digit code |
| 10. | Complete the required number of journal pages, clearly stating on each the page number and total number of pages for the whole journal, for example page 1 of 3 |
| 11. | Once the journal is complete, the total of the amounts under both the debit and the credit columns should be entered in the appropriate total box on the final page of the journal |
| 12. | Check that the total of the debit column equals the total of the credit column.  If this is not the case, identify the errors or omissions, amend the journal and re-calculate the totals until they are equal |
| 13. | The person preparing the journal should sign in the box, "Prepared by" |
| 14. | The authorising officer should sign in the box, "Approved by" |
| 15. | The authorising officer should enter the date of approval |
| 16. | The officer entering the journal should sign in the box, "Data entered by" |
| 17. | The officer should enter the appropriate Batch Number |
| 18. | The officer entering the journal should enter the date of data entry |
| 19. | The journal should be maintained in a secure manner in the appropriate files for future reference |

### 3.7.2 Journal Layout

| Source: | | | | Number: | | |
|---|---|---|---|---|---|---|
| | | **JOURNAL VOUCHER** | | | | |
| JVD Ref: Y/N<br>Ref No: | | | | | | |

| Description | Code | | | | TAKA | |
|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **Dr** | **Cr** |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| **TOTAL** | | | | | | |

| Prepared By: | | |
|---|---|---|
| Approved By: | Data Entry By: | Date: |
| Date: | Batch No: | |

### 3.8 Monthly return on General Provident Fund

**MONTHLY RETURN OF GENERAL PROVIDENT FUND**

Name of office: ...............................

Month ----------------------                                              Year----------------

| Opening balance | | Balance transferred from other offices | | Amount of subscription during the month | | Total amount Credited | Balance transferred to other offices | | Payments made during the month | | Total amount debited | Closing balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. of subscribers | Taka | No. of subscribers | Taka | New subs | Taka | Taka | No. of subs | Taka | No. of subs making final payment | Taka | | No. of subscribers | Taka |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 (2+4+6) | 8 | 9 | 10 | 11 | 12 (9+11) | 13 (1+3+5)-(8+10) | 14 (7-12) |
| | | | | | | | | | | | | | |
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Signature of Accounts Officer_____

### 3.8.1 Monthly Procedures General Provident Fund

| Steps | Procedure |
|---|---|
| 1. | Enter the closing balance number of subscribers from the previous month as the opening balance in column 1 |
| 2. | Enter the closing balance amount from the previous month as the opening balance in column 2 |
| 3. | Enter the number of new subscribers transferred from other offices during the month in column 3 |
| 4. | Enter the amount of balance transferred from other offices during the month in column 4 |
| 5. | Enter the number of new subscribers during the month in column 5 |
| 6. | Enter the amount of subscriptions during the month in column 6 |
| 7. | Add the figures in columns 2, 4 and 6 to give the total mount credited and enter this amount in column 7 |
| 8. | Enter the number of subscribers transferred to other offices during the month in column 8 |
| 9. | Enter the amount of balance transferred to other offices during the month in column 9 |
| 10. | Enter the number of subscribers making final payment during the month in column 10 |
| 11. | Enter the amount of final payments made during the month in column 11 |
| 12. | Add the figures in columns 9 and 11 to get the total amount debited during the month |
| 13. | Add the figures in columns 1, 3 and 5 and subtract the figures in columns 8 and 10 to get the closing balance number of subscribers and enter this figure in column 13 |
| 14. | Subtract the figure in column 12 from the figure in column 7 to get the closing balance of GPF and enter this amount in column 14 |
| 15. | Enter signature of Accounts Officer |

**3.9    Monthly Return on Loans and Advances**

<div style="border: double;">

**MONTHLY RETURN ON LOANS AND ADVANCES**

Name of the office--------------------------

Month ----------------------                    Year----------------

| Description of advance | Economic codes Payment/ Recovery | Opening balance | Amount paid during the month | Balance transferred from other office | Total | Amount of recovery | Balance transferred to other office | Total | Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 (3+4+5) | 7 | 8 | 9 (7+8) | 10 (6-9) |
| House building advance | 7401/3901 | | | | | | | | |
| Computer advance | 7403/3903 | | | | | | | | |
| Motor car advance | 7411/3911 | | | | | | | | |
| Motor cycle advance | 7421/3921 | | | | | | | | |
| Bicycle advance | 7431/3931 | | | | | | | | |
| Other advance | 7441/3941 | | | | | | | | |

Signature of Accounts Officer_____

</div>

### 3.9.1   Monthly Procedures Loans and Advances

| Steps | Procedure |
|---|---|
| 1. | Enter the closing balances for each individual advance from the previous month as the opening balance in column 3 |
| 2. | Enter the amount paid during the month for each individual advance in column 4 |
| 3. | Enter the balance transferred from other offices during the month for each individual advance in column 5 |
| 4. | Add the figures in columns 3, 4 and 5 for each individual advance and enter the total amount debited in column 6 |
| 5. | Enter the amount of advance recovered during the month for each individual advance in column 7 |
| 6. | Enter the amount of balance transferred to other offices during the month for each individual advance in column 8 |
| 7. | Add the figures in columns 7 and 8 for each individual advance and enter the total amount credited in column 9 |
| 8. | Subtract the figure in column 9 from he figure in column 6 for each individual advance and enter the resulting closing balance for each in column 10 |
| 9. | Enter the signature of Accounts Officer |

**3.10  Register of Last Pay Certificate (LPC) – Issued**

**REGISTER OF LAST PAY CERTIFICATE (L P C) - ISSUED**

Name of the office……………………………………………………...

Month……………………………………  Year…………………

Issued

| Sl. No. | Date | Name of the Accounts Office against whom LPC issued | Name & designation of incumbent | Paid up to | Basic pay | Balance/amount transferred | | | | | | | | | Initial of Officer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Pay advance | T A advance | G P F | House building advance | Motor car | Motor cycle | Cycle loan | Computer | Other advances if any | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | | | | | | | | | | | |
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### 3.10.1 Procedures Last Pay Certificate – Issued Register

| Steps | Procedure |
|---|---|
| 1. | The following details are to be recorded for each Last Pay Certificate issued |
| 2. | Enter the appropriate serial number in column 1 |
| 3. | Enter the date in column 2 |
| 4. | Enter the name of the accounts office to which the officer has transferred in column 3 |
| 5. | Enter the name of the officer and designation in column 4 |
| 6. | Enter the date that the officer was paid up to in column 5 |
| 7. | Enter the basic pay of the officer in column 6 |
| 8. | Where appropriate enter the amounts of any balances to be transferred in columns 7 to 14 |
| 9. | Where an advance balance is to be transferred that is not printed on the register, enter the name of the advance and corresponding balance in column 15 and onwards if required |
| 10. | Enter the initial of the officer recording the details in column 16 |

**3.11 Register of Last Pay Certificate (LP) – Received**

**REGISTER OF LAST PAY CERTIFICATE (L P C) - RECEIVED**

Name of the office…………………………………………………………..
Month…………………………………………        Year…………………

Received

| Sl. No. | Date | Name of the Accounts Office from whom LPC received | Name & designation of incumbent | Paid up to | Basic pay | Balance/amount transferred | | | | | | | | | Initial of Officer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Pay advance | T A advance | G P F | House building advance | Motor car | Motor cycle | Cycle loan | Computer | Other advances if any | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | | | | | | | | | | | |
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### 3.11.1 Procedures Last Pay Certificate – Received Register

| Steps | Procedure |
|---|---|
| 1. | The following details are to be recorded for each Last Pay Certificate received |
| 2. | Enter the appropriate serial number in column 1 |
| 3. | Enter the date in column 2 |
| 4. | Enter the name of the accounts office from which the officer has transferred in column 3 |
| 5. | Enter the name of the officer and designation in column 4 |
| 6. | Enter the date that the officer was paid up to in column 5 |
| 7. | Enter the basic pay of the officer in column 6 |
| 8. | Where appropriate enter the amounts of any balances to be transferred in columns 7 to 14 |
| 9. | Where an advance balance is to be transferred that is not printed on the register, enter the name of the advance and corresponding balance in column 15 and onwards if required |
| 10. | Enter the initial of the officer recording the details in column 16 |

## 3.12  Reconciliation Statement

**RECONCILIATION STATEMENT**

Name of the Office........................................

Month………................... Year..……...........

| Level-1<br>Legal Code and<br>Description | Level-2<br>Functional Code and<br>Description | Level-3<br>Operating Code and<br>Description |
|---|---|---|
|  |  |  |
|  |  |  |

| Economic<br>Code | Description | Amount | Amount up to<br>this month |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
|  |  |  |  |
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|  |  |  |  |
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|  |  |  |  |
| **Total** |  |  |  |

Amounts reconciled and found correct

_____
Drawing and Disbursements Officer

_____
Accounts Officer
Chief Accounts Office

### 3.12.1 Procedures Reconciliation Statement

| Steps | Procedure |
|---|---|
| 1. | A separate reconciliation statement is to be prepared at the end of each month for each Drawing and Disbursement Officer operating within the CAO's jurisdiction |
| 2. | Enter the name of the office, month and year in the appropriate fields |
| 3. | Enter the appropriate 1-digit Legal Code and description |
| 4. | Enter the appropriate 4-digit Functional Code and description |
| 5. | Enter the appropriate 4-digit Operating Code and description |
| 6. | Enter each 4-digit Economic code that appears in that months accounts for the appropriate DDO in column 1 |
| 7. | Enter the appropriate description for each Economic code in column 2 |
| 8. | Enter the amount of movement during the month for each Economic code in column 3 |
| 9. | Enter the progressive total for the current year for each Economic code in column 4 |
| 10. | Obtain the signature of the Accounts Officer |
| 11. | Carbon copy sent to the appropriate DDO for approval/reconciliation |
| 12. | Top copy is retained by CAO, and is filed for record purposes. |
| 13. | Collect reconciled copy from DDO and preserve for record and future reference |

> ### 3.13  Batch Coversheets
>
> When the above procedures have been completed and the monthly receipt and payment schedules have been prepared, the CAO office is to prepare a Monthly Accounts Batch Coversheet for the monthly accounts.  The purpose of this coversheet is to provide a reconciliation opportunity, facilitate computer controls and analyse the legal code breakdown of the monthly accounts.

The following procedures are to be followed in the preparation of the Monthly Accounts Batch Coversheet:

| Steps | Procedure |
|---|---|
| 1. | Gather all of the completed schedules for the month concerned |
| 2. | The Function Code Summary Sheets should be prepared by entering each function code and the relevant amount.  A separate Function Code Summary Sheet should be prepared for each legal code. |
| 3. | The Total of the figures entered on the Function Code Summary Sheets should be transferred to the Monthly Accounts Batch Coversheet as the Batch Total. |
| 4. | Using the function code information on the Function Code Summary Sheets, the legal code summary should be calculated and entered on the Monthly Accounts Batch Coversheet.  The payments column should show legal codes 2, 3, 5 and 7.  The receipt column should show legal codes 1 and 6.  Legal code 6 should be separated between Public Accounts and Cheques and Bills, with a separate row for each on the Monthly Accounts Batch Coversheet. |
| 5. | When the receipt and payment totals have been agreed on the Legal Code Summary, the Accounts Officer should generate or request a report from the CRU system to show the total amount of cheques that have been entered for the relevant month for the concerned CAO office. |
| 6. | This monthly cheques total should be entered on the Monthly Batch Coversheet. |
| 7. | If the CRU Monthly Cheques Total does not equal the amount in the Legal Code Summary for Legal Code 6 Public Accounts Cheques and Bills, the Accounts Officer should reconcile the difference and amend where necessary.  The initial action should be to generate the complete report of all cheques entered onto the CRU system during the month.  This report should be reconciled to the cheque foils maintained in the CAO office. If this reconciliation does not resolve the difference, the Accounts Officer should review the monthly accounts registers to identify any errors in the recording of vouchers.  Any errors identified should be amended in either the monthly schedules or on the CRU system.  If the CRU data has been amended, a new Monthly Cheques Total report should be generated to show that the reconciliation is complete.  All CRU reports generated should be attached behind the Monthly Accounts Batch Coversheet. |
| 8. | When the CRU Monthly Cheques Total equals the Cheques and Bills amount on the Legal Code Summary, the Accounts Officer should sign and date the Monthly Accounts Batch Coversheet and the Function Code Summary Sheets.  The CAO should then sign and date the Monthly Accounts Batch Coversheet. |
| 9. | The Monthly Accounts cannot be considered complete and ready for data input until all of the above conditions have been met and all forms signed as required. |
| 10. | The Monthly Accounts Batch Coversheet, all CRU reports generated and the Function Code Summary Sheets should be attached to the front of the Receipt and Payment Schedules for the appropriate month. |

### 3.13.1 Example layout of Monthly Schedule

Monthly Accounts Schedule

Sl No.

Month:_____          Year:_____
_____                                            ____

| Level-1<br>Legal Code and<br>Description | Level-2<br>Functional Code and<br>Description | Level-3<br>Operating Code and<br>Description |
|---|---|---|
|  |  |  |
|  |  |  |

| Economic Code | Description | Amount (Taka) |
|---|---|---|
|  |  |  |
|  |  |  |
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|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  | **TOTAL** |  |

Accounts Officer_____

**3.13.2  Monthly Accounts Batch Coversheet**

## CHIEF ACCOUNTS OFFICE

## MONTHLY ACCOUNTS
## BATCH COVERSHEET

Office_____

Month_____  Year_____

Batch Total:_____  CRU Monthly Cheques Total_____

**Legal Code Summary**

| Legal Code | Description | Taka | Legal Code | Description | Taka |
|---|---|---|---|---|---|
| 1 | Consolidated Fund Receipt | | 2 | Non-Development Charged Expenditure | |
| 6 | Public Accounts Cheques & Bills | | 3 | Non-Development Other Expenditure | |
| 6 | Public Accounts Others | | 5 | Development Expenditure | |
| | | | 7 | Public Account | |
| | Total | | | Total | |

Chief Accounts Officer_____  Date_____

Accounts Officer_____  Date_____

### 3.13.3  Monthly Accounts Function Code Summary Sheet

**CHIEF ACCOUNTS OFFICE**

**MONTHLY ACCOUNTS
FUNCTION CODE SUMMARY SHEET
UNDER EACH LEGAL CODE**

| Function Code | Amount | Function Code | Amount |
|---|---|---|---|
| | | | |
| Sub-Total | | Total | |

Accounts Officer_____     Date_____

## 3.14   Control Procedures for Presidency Transactions only

An effective control over the accounting exercise carried out by the Chief Accounts Offices is fundamental to establishing the quality of accounts produced by CGA. This could be achieved by putting in place appropriate reconciliation procedures and introducing effective monitoring of balances of certain types of accounts which are exposed to a range of risks.

This section introduces a set of procedures to guide the reconciliation work to be done by the accounting function within the CAO office.  It also introduces an additional set of returns, other than those set out above, to facilitate control over the transactions of certain types of accounts that are susceptible to a wide variety of risks. The CAO's office is required to pass them to the CGA on a monthly basis. These returns will enable CGA to review balances of the accounts kept by reporting offices, to undertake trend analysis and suggest remedial actions in case of marked variations. The relevant accounts to be dealt with in this section include the following: -

- ❑ General Provident Fund (GPF)
- ❑ Loans and Advances
- ❑ Objection Book Advances

### 3.14.1 Reconciliation

Reconciliation of the figures in the accounts maintained by the head of the department with those that appear in the books of accounts of the Chief Accounts Officer is an essential tool for ensuring reliability and correctness of accounts. This should be carried out monthly and the initial responsibility in this regard rests with the Accounts Officer. Rule 98(4) (viii) of the Compilation of the General Financial Rules is very specific about the reconciliation of figures in the accounts maintained by the departments and the Accounts Offices.

The following procedures are meant to guide the reconciliation work to be carried out by CAOs:

1. After the closure of monthly accounts the Chief Accounts Officer will take the initiative to reconcile the figures appearing in his accounts with those maintained by respective departments. In his bid to do this, he will send a reconciliation statement (see page 38) to the Drawing and Disbursing Officers (DDOs) within the CAO's jurisdiction and request them to confirm the figures of receipts and expenditures appearing in his books of accounts within 15 days. He will make sure that DDOs provide acceptance to the figures rendered by him if there is no difference between the figures of receipts and expenditures appearing in the books of accounts of CAO and those of DDOs. If there is any difference, the CAO will request DDOs to send a representative to his office to reconcile the difference.

2. Response from DDOs is indeed critical to make the reconciliation exercise truly effective. CAOs should therefore make all-out efforts to elicit response from DDOs and seek their co-operation at all stages. If however DDOs do not respond and reconcile the difference, the CAO will issue reminders giving another 15 days' time and state that the accounts maintained by the CAO will be treated as correct if DDOs do not respond within the extended time. Non-compliance from DDOs shall be brought to the notice of the Principal Accounting Officer of the Ministry by the CAO as per Rule 96(1)(e) of the General Financial Rules.

3. The CAO shall send a report to the CGA on the reconciliation of accounts of the previous month at the same time as entering the accounts of the current month onto the central computer system.

### 3.14.2 Monitoring of Balances

- ❏ GPF
- ❏ Loans and Advances
- ❏ Objection Book Advances
- ❏ Other Public Account Balances

The monthly returns on GPF and loans and advances addressed to CGA provide a basis for central monitoring of balances of these two important accounts.

The LPCs issued to and from accounts offices now contain all relevant balances and they together provide an important basis for central monitoring of all balances including Objection Book Advance and other dues. CAO's should, therefore, maintain a register to record all relevant particulars noted in the LPCs.

### 3.14.2.1 General Provident Fund

- ❏ Exercising control over the transactions of GPF is critical to establishing integrity of its balances.
- ❏ Frequent transfer of balances from the jurisdiction of one account office to another, human fallibility and fraudulent transactions have all the more reinforced the necessity of having in place effective controls.

### 3.14.2.2 Control within CAO office

- ❏ Agreement of annual balance shown in the return with the Broadsheet balance for GPF.
- ❏ Safe custody of subscribers' ledger to prevent production of duplicate ledger
- ❏ Annual closing of fund account by a set of people not related to the work of fund and issuance of annual account statement to subscribers

### 3.14.2.3 Monthly Return On GPF Transactions

This return will enable CGA to keep a watch on the trend of increase/decrease of the fund balance and also help identify any unusual trend in balances being carried forward from one month to another by an accounts office and take appropriate remedial steps. This will also facilitate monitoring of inter-transfer of balances between accounts offices. In addition, the year-end closing balance will provide a basis for testing the accuracy of interest calculated against the accounts of individual subscribers in the GPF ledger and ultimately the balance appearing in the finance accounts.

Any unusual difference between the amounts of interest calculated by the CAO and the one calculated at the CGA on the basis of monthly return, need to be reconciled.

### 3.14.2.4 Monitoring of transfer of GPF balances

To ensure proper monitoring of transfer of balances between account offices, both inward and outward transfers need to be captured in the monthly accounts by passing through the following entries:

---

**A. In case of balance transferred to other accounts offices-**

Debit 7-1051-0000-9101 (GPF-Civil)
Credit 6-1051-0000-8835 (GPF transfer)

---

**B. In case of balance transferred from other accounts offices-**

Debit 7-1051-0000-9835 (GPF transfer)
Credit 6-1051-0000-8101 (GPF-Civil)

---

In both the cases the balance transferred to or balance received from other accounts offices should initially be recorded in the LPC register, and on the last working day of the month a book adjustment should be made for the total amount in CAO 6 and transferred to CAO 4 under the functional code of public account.

### 3.14.2.5 Monthly Return on Loans and Advances

The purpose of this return is to apprise the CGA of the monthly summary of transactions of each category of loans and advances made to Government employees. This will enable the CGA to keep a watch on the increase /decrease of balance of each category of loans and advances together with the transfer of outstanding balances between accounting units. Further, this will help monitoring of recoveries of loans and advances from the employees. Any unusual trend noted from the returns will be investigated.

The monthly data entered by the CAO office will form a part of the balances at year-end for their eventual inclusion in the Finance Accounts.

### 3.14.2.6 Objection Book Advances

CAO offices should monitor OB Advances regularly. A balance should not remain outstanding indefinitely and should be appropriately adjusted by the CAO within the stipulated time.

### 3.14.2.7 Monitoring of other Balances of Public Accounts

Accounts which are closed to balances under the Public Account of the Republic eventually find place in the Finance Accounts produced by CGA. Every effort therefore has to be made to work out the correct balances and monitor the transactions during the year. Any unusual entries in these accounts have to be identified for immediate rectification.

# 4   CHEQUE RECONCILIATION

Reconciling cheques issued and cheques cashed through Bangladesh Bank is an essential control measure that must be carried out by all CAO offices.  The Central Reconciliation Unit (CRU), located within the office of the CGA, has been established to facilitate this reconciliation.

## 4.1    Cheque Reconciliation Data Preparation Procedures

Detailed user guidelines have been issued to CAO offices to detail the specific steps to be taken when preparing data for reconciliation.  The following steps provide an outline of the requirements:

### 4.1.1   Issued Cheques procedures

| Step | Procedure |
|---|---|
| 1. | Gather all cheques prepared on a daily basis, grouped according to the date on the cheque |
| 2. | Calculate the total number of cheques and the total value of all the cheques for each date |
| 3. | Enter the cheque Entry/Edit screen |
| 4. | Select the appropriate year |
| 5. | Select the appropriate month |
| 6. | A new batch number will be generated automatically |
| 7. | Enter the date of the cheque.  All cheques entered in one batch should show the same date.  If cheques for other dates are present, they should be entered in separate batches, according to the date of the cheque |
| 8. | Select the appropriate CDR number |
| 9. | Select the appropriate 2-figure cheque series, such as KA, DA etc |
| 10. | Enter the cheque number as per the cheque |
| 11. | If error message states that the cheque is not in the current range, amend series or cheque number as appropriate |
| 12. | Select the name of the payee by means of either the DDO or drop down menu, as appropriate.  The name of payee will be completed automatically. |
| 13. | If name of payee is not available in drop down menu in step 12, type the name of the payee in the box |
| 14. | Enter the token number as shown on the cheque |
| 15. | Enter the token date as shown on the cheque |
| 16. | Enter the amount as shown on the cheque |
| 17. | Click on "OK" button to temporarily save the cheque details in the table at the bottom of the screen |
| 18. | To enter the next cheque proceed to step 9 |

### 4.1.2  Editing Cheque Information procedures

Before the batch of cheques has been saved, the individual cheque data may be amended as follows.

| Step | Procedure |
|------|-----------|
| 1. | Identify the appropriate cheque in the table at the bottom of the screen and click on the relevant row.  The details of the cheque will appear in the boxes above |
| 2. | Amend the appropriate details as required and click OK |

### 4.1.3  Deleting Cheque procedures

Before the batch of cheques has been saved, individual cheques may be deleted from the system as follows.

| Step | Procedure |
|------|-----------|
| 1. | Identify the appropriate cheque in the table at the bottom of the screen and click on the relevant row.  The details of the cheque will appear in the boxes above |
| 2. | Enter zero (0) in the amount field |
| 3. | Press Enter |
| 4. | When warning appears that the record will be deleted, click "yes" |

### 4.1.4  Batch Completion procedures

When the above procedures have been carried out successfully and the cheque data entered is complete, the following procedures should be followed.

| Step | Procedure |
|------|-----------|
| 1. | When all cheques have been correctly entered and saved into the table at the bottom of the screen, click on the "save" button |
| 2. | The information for the batch will now be saved permanently onto the CAO database |
| 3. | Print the list of cheques saved from the system |
| 4. | An appropriate officer should then reconcile the printout to the actual cheques in the batch |
| 5. | If all information entered is correct, the cheques should be signed and distributed |

### 4.1.5 Cancelling Cheques procedures

It may be necessary to cancel cheques for a variety of reasons, after the monthly data has been transferred to the CRU. When this is the case, the following procedures should be followed.

| Step | Procedure |
|------|-----------|
| 1. | When a cheque is cancelled, the CAO office must first inform the bank that the cheque has been cancelled and provide all of the details of the cheque. |
| 2. | The Data Input Officer should then update the CRU system. By clicking on the File Maintenance and then Cancel Cheque Icon. The cancel cheque screen will appear. |
| 3. | Enter the appropriate 2-figure cheque series, such as KA, DA etc for the cancelled cheque in the appropriate field |
| 4. | Enter the cheque number of the cancelled cheque in the appropriate field |
| 5. | Enter the reason for the cheque being cancelled |
| 6. | Click OK to exit the cancel cheque screen |
| 7. | If this is a final cancellation within the same financial year that the accounts were initially prepared for the cheque, the accounts should be amended as follows:<br>Debit:    Cheques and bills<br>Credit:    Appropriate expense code(s)<br>The procedure is now complete. |
| 8. | If this is a final cancellation outside of the financial year that the accounts were initially prepared for the cheque, the accounts should be amended as follows:<br>Debit:    Cheques and bills<br>Credit:    Miscellaneous Receipts<br>The procedure is now complete. |
| 9. | If this is not a final cancellation, a fresh cheque is to be prepared. Once prepared, the details of the re-issued cheque are to be entered onto the CRU system. |
| 10. | Click on the Cheque entry Icon |
| 11. | Click on the Fresh Cheque Entry Icon. |
| 12. | The same general procedures are to be followed as found in section 4.1.1 with the additional requirement that the 2-figure cheque series and cheque number of the cancelled cheque are to be entered in the appropriate fields. |
| 13. | When complete the re-issued cheque will be successfully tagged to the cancelled cheque |

### 4.2    Reports from CRU

At the end of each month, the CRU will transfer all of the cheque data for the month from the CAO database. This will be compared, based on the information provided in the above tables, to the cashed cheques data provided by Bangladesh Bank.

Following this reconciliation, the following reports will be produced by the CRU. These reports will be distributed to each CAO office on a monthly or quarterly basis where any issues identified should be addressed as follows.

### 4.2.1 Amount Mismatch Report

This report identifies all cheques for the month in question where the amount of the cheque as stated by each CAO disagrees with the amount of the cheque cashed by Bangladesh Bank.

#### 4.2.1.1 Layout of information provided on Amount Mismatch Report

| Reg No. | Token No. | Cheque Date | Cheque No. | Bangladesh Bank Clearing Date | Name of Payee in CAO | Name of Payee in Bangladesh Bank | Amount on Cheque | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | In CAO | Bangladesh Bank |
| | | | | | | | | |

### 4.2.2 Date Mismatch Report

This report identifies all cheques for the month in question where the date of the cheque as stated by each CAO disagrees with the date of the cheque cashed by Bangladesh Bank.

#### 4.2.2.1 Layout of information provided on Date Mismatch Report

| Reg No. | Token No. | Cheque Date (CAO) | Cheque Date Bangladesh Bank | Cheque No. | Bangladesh Bank Clearing Date | Name of Payee in CAO | Name of Payee in Bangladesh Bank | Amount on Cheque |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

### 4.2.3 Date and Amount Mismatch Report

This report identifies all cheques for the month in question where the date and amount of the cheque as stated by each CAO disagrees with the date and amount of the cheque cashed by Bangladesh Bank.

#### 4.2.3.1 Layout of information provided on Date and Amount Mismatch Report

| Reg No. | Token No. | Cheque Date (CAO) | Cheque Date (B Bank) | Cheque No. | Bangladesh Bank Clearing Date | Name of Payee in CAO | Name of Payee in Bangladesh Bank | Amount on Cheque | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | In CAO | Bangladesh Bank |
| | | | | | | | | | |

### 4.2.4 Unmatched Cheques from Bangladesh Bank Report

This report identifies all cheques for the month in question where the cheque number of the cheque cashed by Bangladesh Bank does not match any cheque numbers entered by the concerned CAO into the cheque reconciliation system. This report will not only identify cheques that have simply not been entered, but may also be helpful in identifying mistakes that appear in the above reports. As a result of the reconciliation prior to data entry between the Cheques and Bills amount and the CRU Issued Cheques amount, the CGA office would not expect this report to identify any cheques that have not been entered onto the CRU system. This report may therefore be examined closely during CGA inspections at CAO offices.

#### 4.2.4.1 Layout of information provided on Unmatched Cheques from Bangladesh Bank Report

| Cheque Date | Issue Date | Cheque No. | Name of Payee in CAO |
|---|---|---|---|
| | | | |

**4.2.5    Comparison of Cheques and Bills Amount Report**

This report identifies any differences between the total amounts of cheques entered onto the CRU system for each CAO in a particular month and the amount entered by the CAO under Cheques and Bills in the monthly accounts.

**4.2.5.1    Layout of information provided on Comparison of Cheques and Bills Amount Report**

| Name of the CAO | Cheque No. | Cheque Amount | Cheques and Bills Amount | Difference |
|---|---|---|---|---|
|  |  |  |  |  |

**4.2.6    Time-barred Outstanding Cheques Report**

This report identifies those cheques that have expired, being outstanding for more that the allowed 119 days.

**4.2.6.1    Layout of information provided on Time-barred Outstanding Cheques Report**

| Reg No. | Token No. | Cheque Date (CAO) | Cheque No. | Name of the Payee in CAO | Amount on Cheque |
|---|---|---|---|---|---|
|  |  |  |  |  |  |

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### 4.2.7  Report Amendments

When each CAO office receives the above reports, the information should be compared to the actual cheques returned by Bangladesh Bank and the source financial data.

| REPORT | ACTION |
|---|---|
| Amount Mismatch Report | Clearly tick the amount on the report that is correct for each cheque identified. |
| Date Mismatch Report | Clearly tick the date on the report that is correct for each cheque identified. |
| Date and Amount Mismatch Report | Check that the cheque number entered by both the CAO office and Bangladesh Bank is correct.  Use may be made of the Unmatched Cheques Report to identify errors.  Clearly state on the report the required amendments to be made for each cheque identified. |
| Unmatched Cheques Report | The cheque name of payee should be examined to identify possible errors in the reports above.  Any such errors should be clearly explained on the report.  If any cheques have been issued but not recorded on the CRU system, an explanation should be provided to the CRU and CGA office.  The CRU system should be updated accordingly using the Late Cheque Entry option. |
| Comparison of cheques and Bills Amount Report | It is now a requirement that the CRU cheques amount should reconcile with the monthly cheques and bills figure in the accounts before any data may be entered onto the CGA system.  Therefore, any differences identified on this report will be considered a serious error.  CAO offices should reconcile any differences identified and amend either the accounts or CRU system as appropriate. |
| Time-barred Outstanding Cheques Report | Upon receipt of this report, each CAO office is to contact all payees identified, instructing them to come to the CAO office.  If the payee responds, a fresh cheque is to be issued as per the procedures in 4.1.5.  If the payee does not respond, the accounts should be amended as per 4.1.5.  The CAO office is to clearly show what action has been taken for all cheques identified on the report. |

The Chief Accounts Officer in the CAO office should sign and date every returned report.  The amended reports should be returned to the CRU within 10 days of being received by the CAO office.

# 5   COMPUTERISED CONTROLS

## 5.1   Background

Data input is a vital component in the flow of data to the CGA and it is an area that is considered to be high risk in terms of data corruption.  The following controls are therefore to be observed.

## 5.2   Data Entry Controls Overview

The comprehensive data input operating instructions for the computer system at the CAO offices will be fully detailed in the IT manual that will accompany any IT enhancements.  This chapter will take a higher-level view of the controls introduced and the procedures to be followed.

### 5.2.1   Entry Authorisation

 ➢ No data should be input until the signature of the CAO has been obtained on the Monthly Accounts Batch Coversheet.
 ➢ If accounts are passed to the data input officer without this requirement being fulfilled the accounts should be passed back to enable the required signature to be obtained.

### 5.2.2   Batch Total Control

 ➢ The Batch Total figure should be entered onto the computer on the first data input screen.
 ➢ This figure will disappear from the view of the data input officer.
 ➢ As each individual economic code entry is made for the monthly accounts, the computer will automatically reduce the batch total figure by the corresponding amount.
 ➢ Once all of the data has been input for that batch, the total figure will ideally have reduced to zero.
 ➢ If this has not occurred, it indicates that either an error has been made in the data entry or that a manual entry on the monthly is incorrect.

### 5.2.3   Legal Code Summary Control

 ➢ The Legal Code Summary figures are obtained from the monthly accounts batch summary.
 ➢ Once entered, this information will also disappear from the view of the data input officer. The computer however will store this information until all of the individual economic code entries have been made.
 ➢ The system will automatically compile another Legal Code Summary Report
 ➢ This will be compared to the original information entered to identify any errors in either the detailed economic code information entered or the manually prepared Legal Code Summary Report.

### 5.2.4   Functional Code Summary Control

➢ The Function Code Summary Reports contained in the monthly accounts batch are to be entered next into the control summary screen.

➢ The data input officer must enter each function code and the total for that function code from every Function Code Summary sheet contained in the batch.

➢ This information will also disappear from view as the screen changes to permit the actual data input of economic code data.

➢ The computer will display the appropriate reducing balance for each function code as economic level data is entered to assist the data input officers.

➢ When the entire batch has been entered, the computer will compare the Function Code Summary information entered on the initial screen to a summary that it compiles using the economic code data entered.

### 5.2.5   Economic Code Data

➢ When the data input officer has completed the initial control summary screen, the actual economic code data should be entered.

➢ The first economic code and corresponding amount should be input and this process repeated until the whole batch is complete.

➢ As far as possible, there should be no interruptions in the data input process as this may lead to unnecessary errors being made.

### 5.2.6   Suspicious Codes

➢ Individual CAO offices have their own Ministry related code ranges and should not under normal circumstances go beyond these.

➢ If the data input officer enters a code outside of the expected range, the computer will identify it as suspicious and ask if the officer wishes to proceed.

➢ A similar message will also be displayed if a code is entered for which there is no budget allocation made.

➢ The officer should now confirm that the code entered is the same code as that written in the monthly accounts batch.

➢ If the code entered is not the same as the code on the batch, the officer should select the option not to proceed and should amend the code entered.

➢ If the code has however been entered accurately, the officer should select the option to proceed and continue to the next economic code.

### 5.2.7   Batch Completion

When all of the data has been entered, the data input officer should enter the batch complete option and generate a mismatch report for the batch.

The Monthly Accounts Data for the CAO office may only be cleared onto the computer system once all of the controls detailed in this chapter have been successfully carried out.

### 5.3 Data Entry Process - Overview

Monthly Accounts Data Pack passed to the Data Input Officer

Monthly Accounts to be returned to Accounts Officer to obtain signature

Office identification information to be entered

The Monthly Accounts Batch Coversheet has been signed and dated by the CAO?

**YES**  **NO**

Batch Total figure to be entered

Legal Code Summary Sheet information to be entered

Functional Code Summary Sheet information to be entered

The actual input of detailed Economic Code monthly accounts data may now begin

Individual Economic Codes are to be input with the corresponding amounts

Computer generates warning that suspicious code has been entered?

**YES**

Economic code entered matches economic code on the manual accounts?

**NO**

Amend Economic code entered

**NO**  **YES**

Continue to enter economic code details

Batch complete?

**NO**  **YES**

**Initial Monthly Accounts Data Input is now complete**

Generate Mismatch Report and proceed to check data entered.

Once the batch has been entered in full and the Mismatch Report generated, the data input officer should begin to examine the Mismatch Report to identify any errors that have been made.

## 5.4   Computer Generated Mismatch Report

The Mismatch Report will clearly show whether each of the following controls is matched to the data entered or not by stating "Does Match" or "Does Not Match":

- ❑ Batch Total
- ❑ Legal Code Summary
- ❑ Function Code Summary
- ❑ Number of Function Codes

➢ The report will then state whether the data is ready to clear or not.

➢ The report will also provide both the original Legal Code Summary information entered and the computer generated Legal Code Summary information prepared using the economic code details entered.

➢ The final table on the report shows a comparison of the Function Code Summary information entered against the computer generated Function Code Summary.

Example report layout

# Mismatch Report

Batch Number:                    Month:                        Year:

Major Source:            Minor Source:

Name of Operator:                                    Total:

**Batch Total Status:**              **Does Match**
**Legal Code Summary Status:**      **Does Match**
**Function Code Summary Status:**   **Does Not Match**
**Number of Function Codes:**       **Does Not Match**

**Data Not Ready To Clear**

| **Legal Code Summary Analysis** | | |
|---|---|---|
| **Legal Codes** | **Amount from Summary** | **Amount from Detail Entry** |
| 1 Consolidated Fund Receipts | | |
| 2Consolidated Fund Non-development Charged Expenditure | | |
| 3 Consolidated Fund Non-development Other Expenditure | | |
| 5 Consolidated Fund Development Expenditure | | |
| 6 Public Accounts Cheques and Bills | | |
| 6 Public Accounts Others | | |
| 7 Public Accounts Expenditure | | |
| **Total** | | |

| **Function Code Summary Analysis** | | | | |
|---|---|---|---|---|
| **Legal** | **Function** | **Operational** | **Amount from Summary** | **Amount from Detail Entry** |
| | | | | |
| **Total** | | | | |

Report Date:

Where mismatches are indicated on the report, the data input officer is required to examine the information and identify any data input errors that may have caused the mismatch.

### 5.4.1   Data Entry Officer Mismatch Instructions

**Batch Total Mismatch**

| Step | Procedure |
|------|-----------|
| 1. | Examine the Mismatch Report |
| 2. | If no Batch Total mismatch is indicated, proceed to Legal Code Summary mismatch instructions |
| 3. | If a Batch Total mismatch is indicated, check that the Batch Total entered equals the Batch Total on the monthly accounts |
| 4. | If it has been entered accurately, proceed to step 6 |
| 5. | If it has not been entered accurately, amend the summary amount entered, generate a new Mismatch Report and return to step 1 |
| 6. | Check that the total for the Function Code Summary information entered equals the Batch Total entered |
| 7. | If the summary totals entered are the same, proceed to step 9 |
| 8. | If the Function Code Summary Total entered does not match the Batch Total, identify the Function Code Summary information omitted or entered incorrectly and amend |
| 9. | Identify any Function Code summary mismatches.  Check the 13-digit codes and corresponding amounts for all identified mismatched schedules and amend where necessary |
| 10. | Generate a new Mismatch Report. |
| 11. | If no Batch Total mismatch is indicated, proceed to Legal Code Summary mismatch instructions |
| 12. | If a Batch Total mismatch is indicated pass to Supervisor for detailed examination of manually prepared accounts |

**Legal Code Summary Mismatch**

| Step | Procedure |
|------|-----------|
| 1. | Examine the Mismatch Report |
| 2. | If no Legal Code Summary mismatch is indicated, proceed to Function Code Summary mismatch instructions |
| 3. | If a Legal Code Summary mismatch is indicated, check that the Legal Code Summary entered equals the Legal Code Summary on the Monthly Accounts Batch Coversheet |
| 4. | If it has been entered accurately, proceed to step 6 |
| 5. | If it has not been entered accurately, amend the Legal Code Summary amounts entered, generate a new Mismatch Report and return to step 1 |
| 6. | Check that the total for the Function Code Summary information entered equals the total of the Legal Code Summary information entered |
| 7. | If the totals entered are the same, proceed to step 9 |
| 8. | If the Function Code Summary Total entered does not match the total of the Legal Code Summary, identify the Function Code Summary information omitted or entered incorrectly and amend |
| 9. | Identify any Function Code summary mismatches.  Check the 13-digit codes and corresponding amounts for all identified mismatched schedules and amend where necessary |
| 10. | Generate a new Mismatch Report. |
| 11. | If no Legal Code Summary mismatch is indicated, proceed to Function Code Summary mismatch instructions |
| 12. | If a Legal Code Summary mismatch is indicated pass to Supervisor for detailed examination of manually prepared accounts |

**Function Code Summary Mismatch**

| Step | Procedure |
|---|---|
| 1. | Examine the Mismatch Report |
| 2. | If no Function Code Summary mismatch is indicated and there is no Batch Total or Legal Code Summary mismatch indicated, sign the Mismatch Report and pass the entire monthly accounts to the Supervisor |
| 3. | If Function Code Summary mismatches are indicated, check that the total of the Function Code Summary information entered equals the Batch Total entered. |
| 4. | If the totals match, proceed to step 6 |
| 5. | If the total of the Function Code Summary information does not match the Batch Total, identify any Function Codes or amounts that have been omitted or entered incorrectly and amend.  Generate a Mismatch report and return to step 1 |
| 6. | Check that the Function Code Summary information indicating a mismatch has been entered accurately as per the monthly accounts for both Function Code and amount |
| 7. | If they been entered accurately, proceed to step 9 |
| 8. | If they have not been entered accurately, amend the Function Code Summary details entered, generate a new Mismatch Report and return to step 1 |
| 9. | Examine the identified Function Code schedules showing a mismatch.  Check that all of the 13-digit codes and corresponding amounts in each schedule have been entered accurately as per the monthly accounts. |
| 10. | If any errors or omissions are identified, amend and generate a new Mismatch Report.  Return to step 1 |
| 11. | If no errors or omissions are identified, pass to Supervisor for detailed examination of the monthly accounts |

It is the responsibility of the data input officer to ensure that only legitimate amendments are made to the data input at the CAO Office.

Where appropriate, the final, Mismatch Report showing no mismatches should be signed and dated by the data input officer before being attached, with any previous Mismatch Reports produced, to the back of the manually prepared monthly accounts.  This should then be passed to the Supervising Officer.

Where the data input officer is unable to identify the reason for any mismatches, the entire monthly accounts and relevant Mismatch Reports should be passed to the Supervising Officer for examination.  If the Supervisor is satisfied that the above measures have been correctly applied, the manually prepared accounts should be examined to ensure that the information contained is correctly calculated.

## 5.5    Detailed Economic Code Control Check

The Supervising Officer should complete the following check, upon receipt of a signed Mismatch Report that indicates no further mismatches to be cleared.  This control will be used to assess the accuracy of the data input.
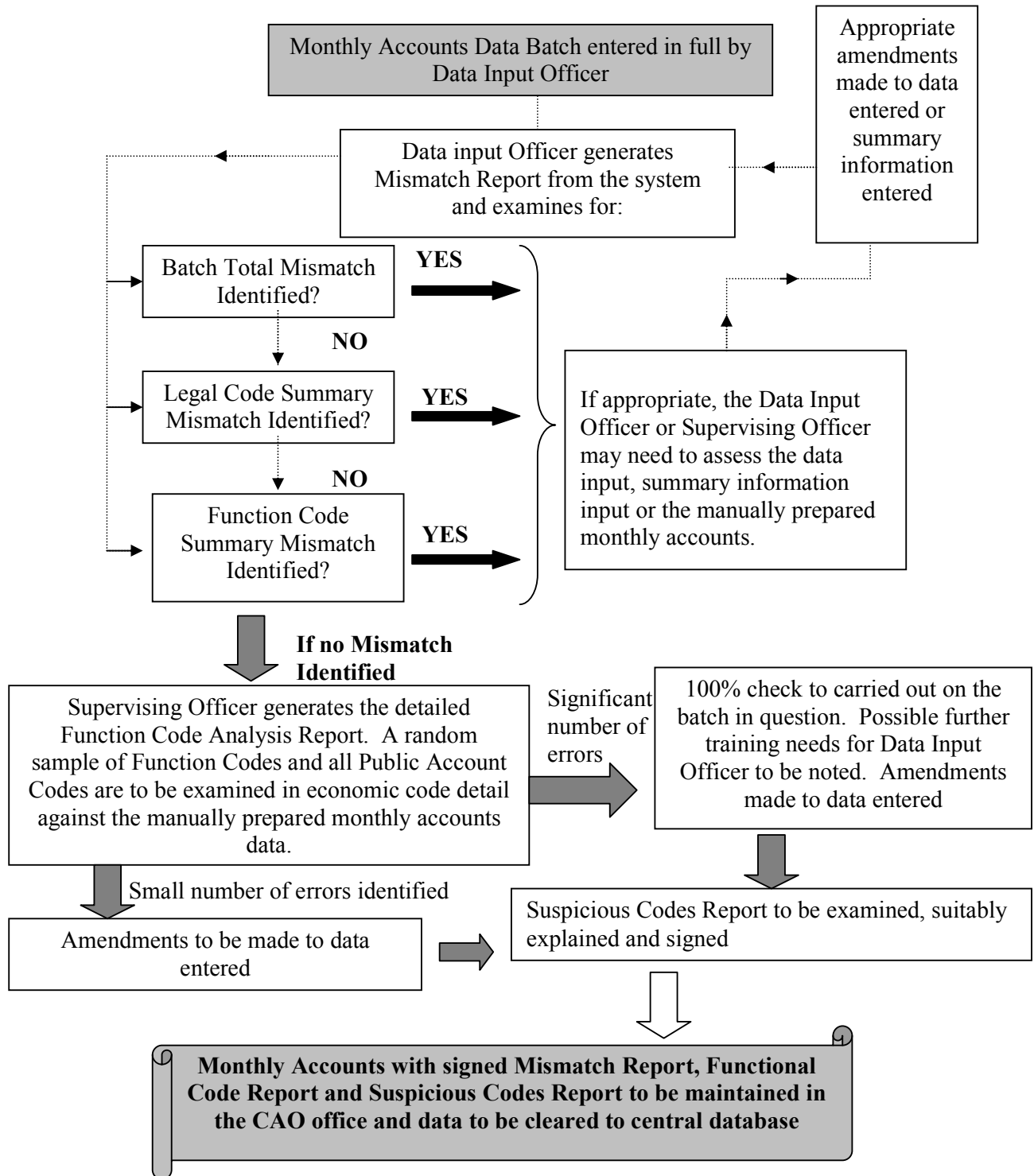
| Step | Procedure |
|------|-----------|
| 1. | Ensure that Mismatch Report is correctly signed and shows no mismatches |
| 2. | Generate a detailed function code report with economic code detail |
| 3. | Randomly select an appropriate sample of approximately 10%-20% of the Consolidated Fund function codes identified on the report.  Clearly mark on the report those function codes selected. |
| 4. | For each function code selected, confirm that all of the 13-digit code details and amounts are accurate as compared to the relevant function code schedule in the manually prepared accounts.  Tick each economic code entry that is the same as in the manual accounts. |
| 5. | If there are a small number of errors identified, amend the errors and proceed to step 6 |
| 5a. | If there are a significant number of errors identified, carry out a 100% check on every function code schedule entered for the batch. |
| 6. | Check all Function Codes relating to Public Accounts, namely Legal Codes 6 and 7 |
| 8. | Amend any errors identified |
| 9. | Assess whether additional training for either data input or accounts preparation is required as a result of the Mismatch control and Detailed Function Code control results. |

## 5.6    Suspicious Codes Control Check

This control measure will identify Suspicious Codes that have been entered into the system.  It assesses the appropriateness of entries made as opposed to the accuracy of the data input. Experienced officers at the office of the CGA will identify codes that should be blocked, codes that are deemed to be suspicious and codes that are considered to be inevitable for each CAO office.  These will be entered onto the computer centrally. The Supervising Officer should:

| Step | |
|------|--|
| 1. | Generate the Suspicious Codes Report for the batch |
| 2. | Identify the individual entries in the manual accounts that relate to the Suspicious Codes identified |
| 3. | Check that all entries are accurately made with relation to 13-digit code and amount |
| 4. | If incorrect entries are identified as a result of this check, make amendments and clearly mark the relevant code as being an error |
| 5. | Any remaining suspicious codes or inevitable codes with no amount entered against them should be investigated |
| 6. | Suspicious Codes that are suitably explained may be amended as required and clearly marked on the report |
| 7. | Unexplained Suspicious codes and the corresponding amounts should be examined in more detail after the data entry process is complete. |
| 8. | The Suspicious Codes Report should now be signed and dated |

## 5.7   Data Input Monitoring Process - Overview

Monthly Accounts Data Batch entered in full by Data Input Officer

Appropriate amendments made to data entered or summary information entered

Data input Officer generates Mismatch Report from the system and examines for:

Batch Total Mismatch Identified?

**YES**

**NO**

Legal Code Summary Mismatch Identified?

**YES**

**NO**

Function Code Summary Mismatch Identified?

**YES**

If appropriate, the Data Input Officer or Supervising Officer may need to assess the data input, summary information input or the manually prepared monthly accounts.

**If no Mismatch Identified**

Supervising Officer generates the detailed Function Code Analysis Report. A random sample of Function Codes and all Public Account Codes are to be examined in economic code detail against the manually prepared monthly accounts data.

Significant number of errors

100% check to carried out on the batch in question. Possible further training needs for Data Input Officer to be noted. Amendments made to data entered

Small number of errors identified

Amendments to be made to data entered

Suspicious Codes Report to be examined, suitably explained and signed

**Monthly Accounts with signed Mismatch Report, Functional Code Report and Suspicious Codes Report to be maintained in the CAO office and data to be cleared to central database**

# 6   FOREIGN AID

The following chapter is intended to provide both an in depth understanding of Foreign Aid and detailed instructions for CAO offices concerned.

## 6.1   Background

The development budget in Bangladesh is based on the Annual Development Program (ADP). The aims of the ADP are poverty alleviation, employment generation and developing health, education and physical infrastructure.

There are currently a considerable number of development projects being undertaken. The two main sources of funding for these projects are:

- ❑   Domestic resources – Revenue Surplus and Domestic Debt
- ❑   External Resources - Foreign Aid Grants and Loans

These foreign aid grants and loans are provided by development partner organisations that share the common objective of global prosperity.

Development projects that are funded by domestic resources all pass through the normal pre-audit system. The project costs are therefore recorded in the accounting records of the local accounting office concerned and thereby enter the information stream of the Government accounts.

However, only a limited number of foreign aid projects are recorded in this way. For other projects, the expenditure will remain outside of the Governments accounts, unless the Project Director specifically informs the CAO about project expenditure.

## 6.2    Foreign Aid Categories

There are three main categories of Foreign Aid that fall under the general terms of either Grants or Loans:

A. Food Aid
B. Commodity Aid
C. Project Aid

### 6.2.1    Food Aid

Food aid is principally provided in the form of grants, however it may also be a loan.  It provides food under programmes such as "Food for Works", "Food for Education", "Test Relief" and "Vulnerable Group Development", "Vulnerable Group Feeding" etc.  The office of the Director General of Food initially receives the food donated.  With the exception of "Test Relief", donated food is sold in either:

- ❑ Sold on the Open Market
- ❑ Sold on the Statutory Rationing System
- ❑ Sold on the Modified Rationing System; or
- ❑ Proceeds from Government Departments such as Defence or Police who receive the food at a subsidised rate.

The funds generated from the sale are then utilised to meet the costs of projects as agreed with the development partners.

Various Chief Accounts Offices are directly involved in accounting for Food Aid.

- ❑ CAO Food
- ❑ CAO Relief
- ❑ Other offices such as CAO Local Government & Rural Development

### 6.2.1.1    CAO Food

#### A.  Receipt of Food

Upon receipt of the donated food, the Ministry of Food issues an adjustment order in favour of CAO Food.  The order is for the value of the food donated.  The Ministry of Food orders that the adjustment is carried out as follows:

Debit:  Ministry of Food – Procurement          3-4821-0001-6400
Credit: Development Partner Grant                     1-1321/1322-xxxx-3700

### B. Sale of Food

*When donated food is sold, the cash is deposited into the bank. Upon receipt of the credit memo from the bank, the District and Upazilla accounts offices make the following accounting adjustment:*

*Debit: Cash*
*Credit: 1-4823-0020-(3001-3007)*

### C. Relief Ministry

When the Relief Officer takes delivery of the food from the food stores of the Food Department, *The Food department should inform the District and Upazilla accounts offices which will then make the following accounting adjustment:*

Debit: Expense Code of Relief Ministry     3-4903-xxxx-xxxx
Credit: Ministry of Food – Distribution     1-4823-0030-(3051 – 3073)

### D. Subsidy

The subsidiary is calculated as the difference between the imported value, inclusive of the distribution costs and the issue price. Based on actual distribution of food grain at subsidised rates, the subsidy is calculated by the Ministry of Food. CAO Food should ensure that the Government Order in this respect is issued by the Finance Division before the June closing.

When the Ministry of Finance issues a Government Order in favour of CAO Food for the subsidy to the Ministry of Food, the CAO Food will request the CGA office to send an advice to Bangladesh Bank. Bangladesh Bank then sends a debit and credit memo to the CGA office, where the following accounting adjustment is made:

Debit: Expense Code of concerned Ministry – Subsidy     3-xxxx-xxxx-5801
Credit: Ministry of Food – Subsidy     1-4823-0030-3080

### E. American Express Bank

As per agreement of the development partner, an amount of cash is to be transferred to American Express Bank as a short-term investment. Upon receipt of the debit memo from Bangladesh Bank, the CGA office will make the following accounting adjustment:

Debit: 7-1051-0000-9460  Short-term investment Amex *
Credit: Cash


When the invested amount is returned from American Express Bank, Bangladesh Bank will send a credit memo to the CGA office, where the following accounting adjustment will be made:

Debit: Cash
Credit: 6-1051-0000-8460  Short-term investment Amex

* Note: A new Economic Code is to be opened for Short-term investment Amex under the Public Account of the Republic to accommodate this entry.
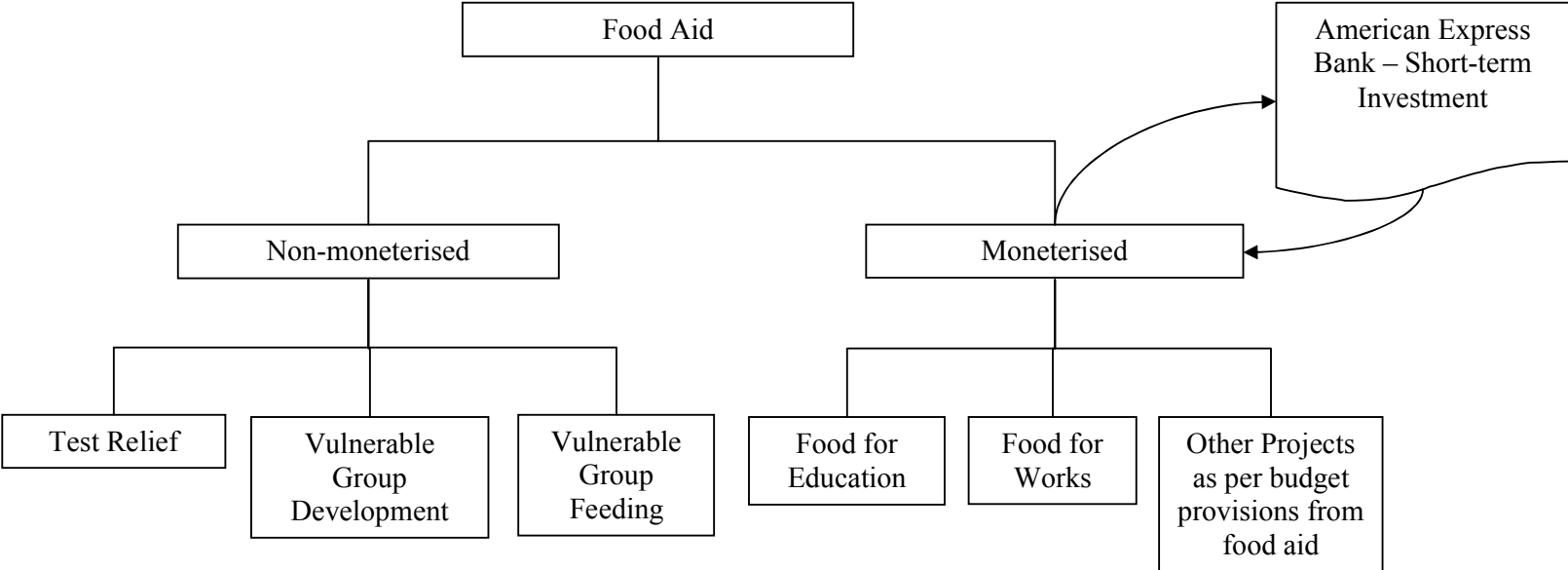

## 6.2.1.2  CAO Relief

As stated above, when Relief Officers take delivery of food from the stores of the Food Department, this is accounted for by the local District or Upazilla accounts offices. It will therefore be seen that the CAO Relief has no accounting function in relation to Test Relief, but should monitor the progress of expenditure in relation to release orders issued to unit offices.


## 6.2.1.3  Other Ministries

Other Ministries, such as Local Government & Rural Development execute many projects that are funded through the proceeds of the sale of donated food. The sale proceeds form part of the general cash balance of Government. Therefore, funds utilised by these Ministries will be accounted or by the CAO, DAO or UAO offices in the following manner:

Debit: Expense Code of the Ministry
Credit: Cash

**Overview of Food Aid distribution**

```
                              ┌──────────────┐                        ┌─────────────────┐
                              │   Food Aid   │                        │ American Express │
                              └──────┬───────┘                        │ Bank – Short-term│
                                     │                                │   Investment     │
                                     │                                └─────────────────┘
             ┌───────────────────────┴───────────────────────┐
    ┌────────────────┐                              ┌────────────────┐
    │ Non-moneterised│                              │  Moneterised   │
    └───────┬────────┘                              └───────┬────────┘
```

| Test Relief | Vulnerable Group Development | Vulnerable Group Feeding | Food for Education | Food for Works | Other Projects as per budget provisions from food aid |

### 6.2.2   Commodity Aid

Commodity Aid (which also includes program credit) may also take the form of a grant or loan. Under Commodity Aid, the development partners provide a certain commodity to be imported by public or private bodies.  The importer then deposits the value of the commodity in taka into Bangladesh Bank.  A portion of this is then referred to as a counterpart fund.  This fund is generally utilised for executing specific development projects.

Bangladesh Bank sends a credit memo in relation to Commodity Aid to the concerned District Accounts Office where the accounting entries are to be made.  For this reason, Commodity Aid does not form part of the duties of the CAO office.

### 6.2.3   Project Aid

Project Aid is provided for development programmes that cover a wide range of areas.  As above, Project Aid may be in the form of a loan or grant.

There are three main categories of Project Aid:

- ❑ Reimbursable Project Aid (RPA)
- ❑ Pre-financed Project Aid (PPA)
- ❑ Direct Project Aid (DPA)

### 6.3   Reimbursable Project Aid (RPA)

Reimbursable Project Aid is explained simply as a commitment from the development partner organisation to reimburse the Government of Bangladesh for expenditure that has been incurred by the Government in the act of carrying out certain development projects.  This is dependant on certain conditions being met and certain requirements being fulfilled.

These RPA projects are directly channelled through local accounting offices by means of the normal pre-audit procedures.  This means that the Project Director submits bills to the local CAO, DAO or UAO office.  The accounts officers will then examine that there is a budget provision for the expenditure and authority from the concerned CAO before the bills will be passed for payment.  The local accounting office will therefore record the expenditure and so incorporate the project in the overall Government Accounts.

The Project Director will present a Statement of Expenditure to the concerned development partner and thereby claim for reimbursement.  After the development partner has examined the Statement of Expenditure, with reference to the Development Credit Agreement, they will deposit into Bangladesh Bank either the full claim or in case of some inadmissible items the reimbursement could be partial.

## 6.4    Pre-financed Project Aid (PPA)

There are four types of account operated under Pre-financed Project Aid:

  A.    Special Account in Foreign Exchange (SAFE)
  B.    Convertible Taka Special Account (CONTASA)
  C.    Dollar Special Account (DOSA)
  D.    Imprest Account

## A.    Special Account in Foreign Exchange (SAFE)

This account has been operated through Bangladesh Bank since 1985.  To operate the account the development partner deposits an initial advance.  Subsequent deposits are made on the basis of claims for replenishment by the Project Directors.  The amounts deposited by the development partner are credited to the SAFE account and the Project Director opens an account for the project in a commercial bank.  The Ministry of Finance issues an authorisation letter to Bangladesh Bank based on the budget provision for the relevant project.  This letter instructs Bangladesh Bank to transfer the appropriate amount into the project's bank account.  Bangladesh Bank sends debit and credit memos to the office of the CGA to allow these transactions to be incorporated into the government accounts.
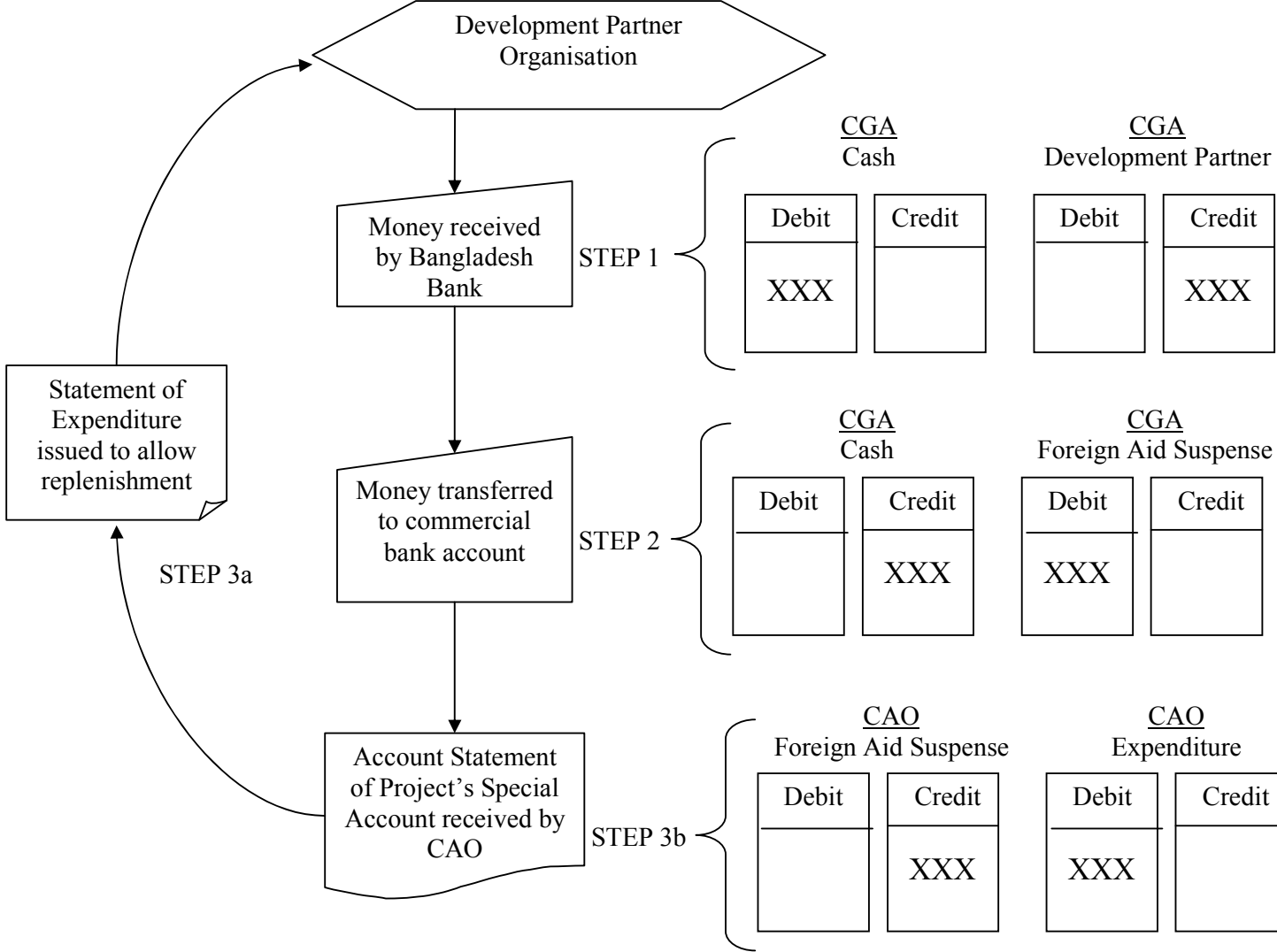
As per Government Order MF/DD/Dev Wing16/93/234 dated 5th August 1993, the Bangladesh Bank is to send a monthly report concerning the SAFE account to the concerned CAO and Project Director.  The Project Director is then to send the Account Statement of Project's Special Account, as attached, to the concerned Chief Accounts Office to incorporate the expenditure into the government accounts.  The CAO office should reconcile the two statements and ensure that the expenditure entering the accounts matches the banks figures.

The specific accounting adjustment entry to be made by the CAO upon receipt of the Statement of Expenditure is as follows:

Dr    5-xxxx-xxxx-xxxx          Cr    6-1051-0000-8746

(xxxx-xxxx-xxx) is dependant on the specific expenditure details

**Overview of accounting for SAFE receipts and expenditure**

Development Partner
Organisation

Money received
by Bangladesh
Bank

STEP 1

CGA
Cash

| Debit | Credit |
|-------|--------|
| XXX   |        |

CGA
Development Partner

| Debit | Credit |
|-------|--------|
|       | XXX    |

Statement of
Expenditure
issued to allow
replenishment

STEP 3a

Money transferred
to commercial
bank account

STEP 2

CGA
Cash

| Debit | Credit |
|-------|--------|
|       | XXX    |

CGA
Foreign Aid Suspense

| Debit | Credit |
|-------|--------|
| XXX   |        |

Account Statement
of Project's Special
Account received by
CAO

STEP 3b

CAO
Foreign Aid Suspense

| Debit | Credit |
|-------|--------|
|       | XXX    |

CAO
Expenditure

| Debit | Credit |
|-------|--------|
| XXX   |        |

### B. Convertible Taka Special Account (CONTASA)

These accounts were opened to implement International Development Association (IDA) aided projects. Upon receipt of approval from Finance Division, the project-executing agency opens a CONTASA account with a commercial bank. When the IDA deposits foreign currency with Bangladesh Bank, the taka equivalent is immediately transferred into the commercial bank account.

Finance Division issues a letter of authorisation to the bank showing the budget allocation against the project and the Project Director can then incur expenditure. A Statement of Expenditure is sent to the IDA for subsequent replenishment of the account.

As per Government Order MF/FD/DRS/3/91/444(20) dated 4$^{th}$ May 1992, the commercial bank is to send a monthly report concerning the CONTASA account to the concerned CAO and Project Director. The Project Director is then to send the Account Statement of Project's Special Account to the concerned Chief Accounts Office to incorporate the expenditure into the government accounts. The CAO office should reconcile the two statements and ensure that the expenditure entering the accounts matches the banks figures.
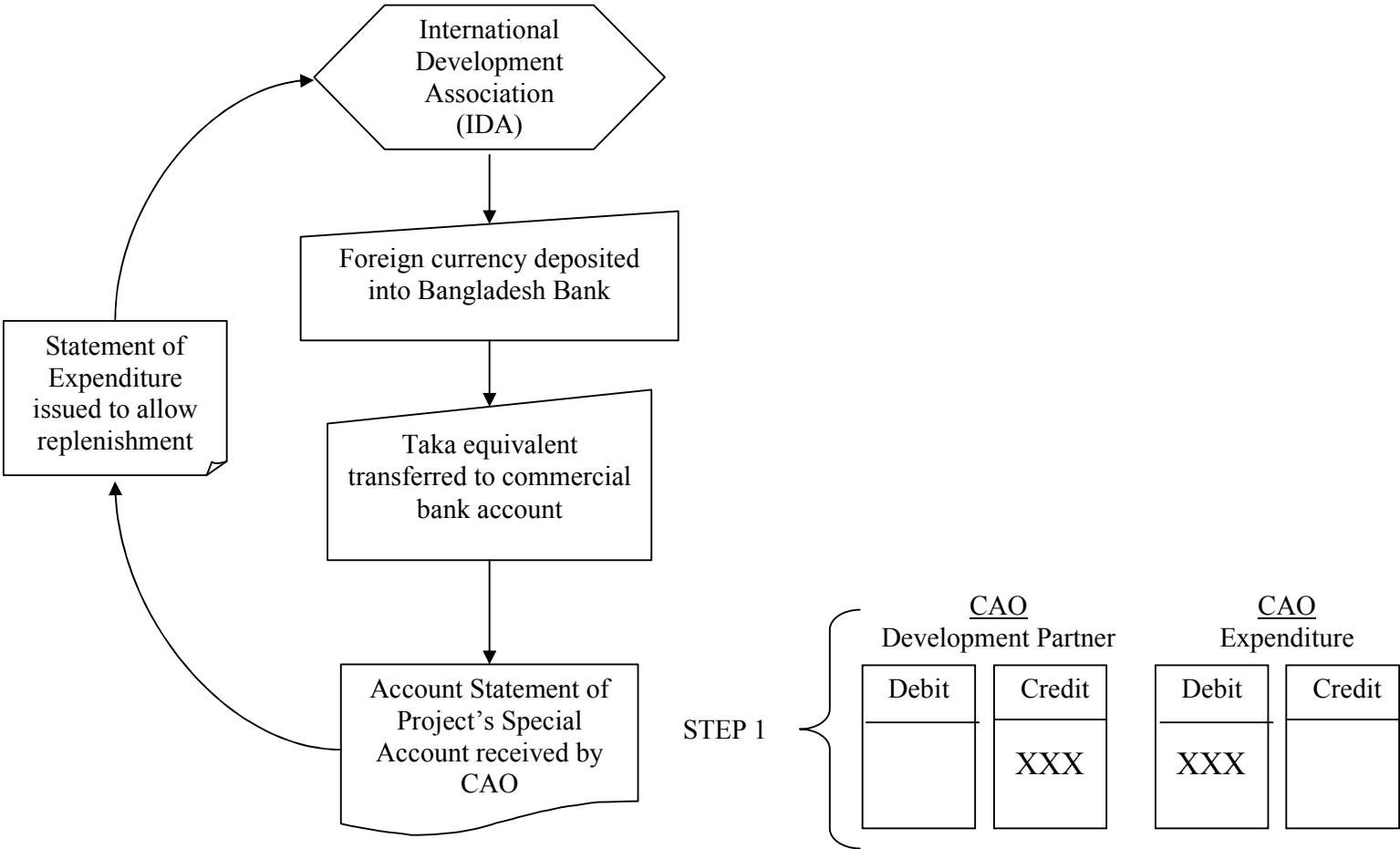
The specific accounting adjustment entry to be made by the CAO upon receipt of the Account Statement of Project's Special Account is as follows:

Dr     5-xxxx-xxxx-xxxx                Cr     1-1321-xxxx-xxxx

(xxxx-xxxx-xxx) is dependant on the specific expenditure details
(xxxx-xxxx) is dependent on the specific development partner details as described in Annexes A & B )

**Overview of accounting for CONTASA receipts and expenditure**

International
Development
Association
(IDA)

Foreign currency deposited
into Bangladesh Bank

Statement of
Expenditure
issued to allow
replenishment

Taka equivalent
transferred to commercial
bank account

Account Statement of
Project's Special
Account received by
CAO

STEP 1

<u>CAO</u>
Development Partner

| Debit | Credit |
|-------|--------|
|       |  XXX   |

<u>CAO</u>
Expenditure

| Debit | Credit |
|-------|--------|
|  XXX  |        |

## C. Dollar Special Account (DOSA)

The Dollar Special Account (DOSA) is an account opened in Bangladesh Bank in US Dollars under a loan from the International Development Associaion (IDA). The purpose of the account is principally to support the provision of technical assistance projects. The initial deposit is made as an advance with subsequent deposits being made following claims for replenishment from the Executing Agencies.

After the Economic Relataions Division (ERD) issues an allocation of expenditure to the Executive Ministry, the Ministry of Finance issues a letter of authorisation to allow expenditure to be incurred. The Executing Agency will then submit bills to the Project Director, who will examine the bill and present them to Bangladesh Bank for payment.

As per Order of the CGA, CGA/Accounts Compilation Section/18(2$^{nd}$ Part/1/51) dated 2$^{nd}$ July 2003 the Project Director is then to send the Account Statement of Project's Special Account to the concerned Chief Accounts Office to incorporate the expenditure into the government accounts. The CAO should request a monthly bank statement to be sent by Bangladesh Bank, detailing any activity on the DOSA account. This statement should then be reconciled with the Account Statement of Project's Special Account.
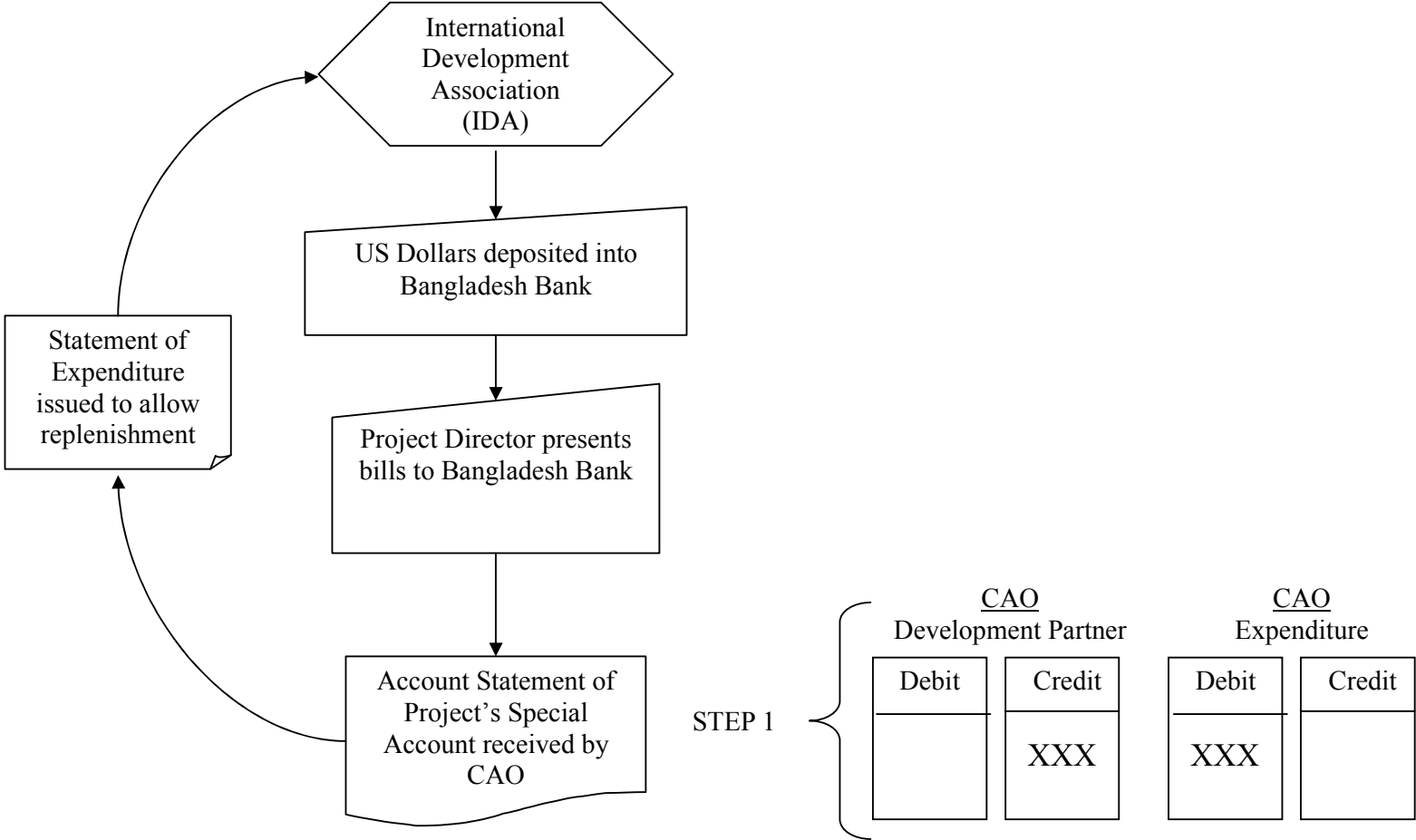
The specific accounting adjustment entry to be made by the CAO upon receipt of the Account Statement of Project's Special Account is as follows:

Dr    5-xxxx-xxxx-xxxx           Cr    1-1321-xxxx-xxxx

(xxxx-xxxx-xxx) is dependant on the specific expenditure details
(xxxx-xxxx) is dependent on the specific development partner details as described in Annexes A & B)

**Overview of accounting for DOSA receipts and expenditure**

International
Development
Association
(IDA)

US Dollars deposited into
Bangladesh Bank

Project Director presents
bills to Bangladesh Bank

Statement of
Expenditure
issued to allow
replenishment

Account Statement of
Project's Special
Account received by
CAO

STEP 1

| CAO Development Partner | | CAO Expenditure | |
|---|---|---|---|
| Debit | Credit | Debit | Credit |
| | XXX | XXX | |

**D.     Imprest Account**

To facilitate the receipt of Asian Development Bank (ADB) aided projects, the Government of Bangladesh opens imprest accounts with commercial banks.  The Executing Agencies submit a Withdrawal Application and Estimate of Expenditure Sheet for the initial advance to the ADB. At the beginning of each financial year, the Ministry of Finance issues an advice to the commercial bank to inform them of the Annual Development Program allocation for the project with the imprest account. This will authorise the release of funds from the imprest account to the Executing Agency.  It is the responsibility of the Executing Agency to ensure that they do not apply to the ADB for withdrawals that exceed the current years ADP allocation.

The Executing Agency can make all local payments and foreign exchange payments directly up to a limit of US\$ 50,000 equivalent per payment without going through commitment letter procedures.  The Executing Agency will submit a withdrawal application along with a bank statement for the imprest account on a monthly basis to the ADB to facilitate replenishment of the account.

As per Order of the CGA, CGA/Accounts Compilation Section/18($2^{nd}$ Part/1/51) dated $2^{nd}$ July 2003 the Project Director is then to send the Account Statement of Project's Special Account to the concerned Chief Accounts Office to incorporate the expenditure into the government accounts.  The CAO should request a monthly bank statement to be sent by the Commercial Banks, detailing any activity on the relevant Imprest accounts.  These statements should then be reconciled with the Account Statement of Project's Special Account.
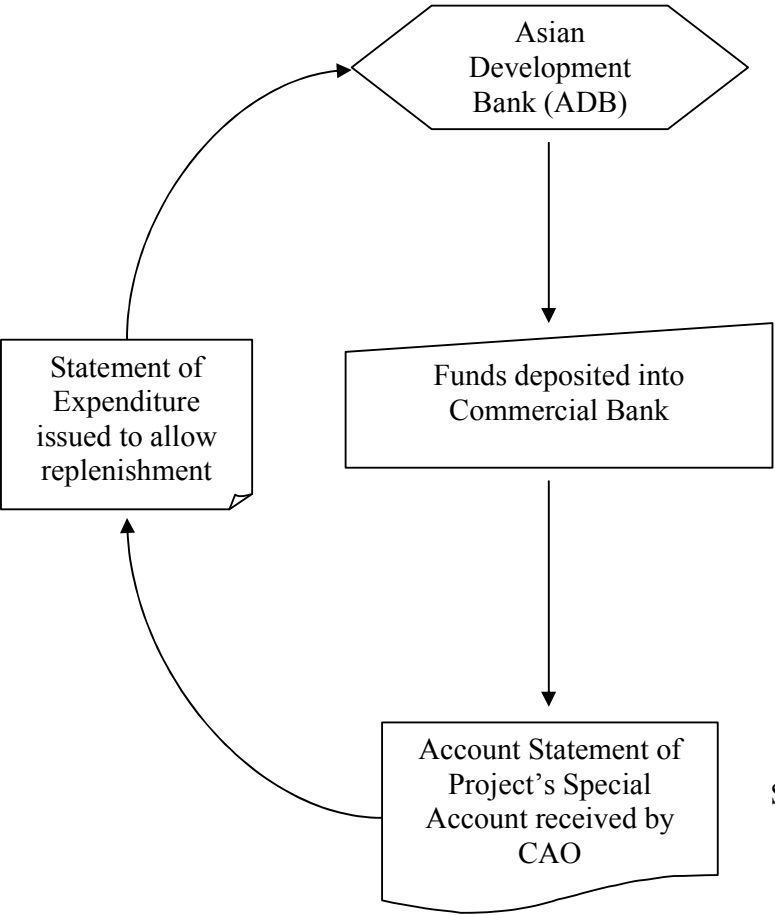
The specific accounting adjustment entry to be made by the CAO upon receipt of the Account Statement of Project's Special Account is as follows:

Dr     5-xxxx-xxxx-xxxx          Cr     1-1321-xxxx-xxxx

(xxxx-xxxx-xxx) is dependant on the specific expenditure details
(xxxx-xxxx) is dependent on the specific development partner details as described in Annexes A & B)

**Overview of accounting for Imprest receipts and expenditure**

Asian Development Bank (ADB)

Funds deposited into Commercial Bank

Statement of Expenditure issued to allow replenishment

Account Statement of Project's Special Account received by CAO

STEP 1

| CAO Development Partner | | CAO Expenditure | |
|---|---|---|---|
| Debit | Credit | Debit | Credit |
| | XXX | XXX | |

## 6.5 Direct Project Aid (DPA)

Direct Project Aid is supplied is such a manner that the development partner has direct control over expenditure. This may be incurred either outside or outside Bangladesh. Previously therefore, the transactions were very rarely incorporated into the Government Accounts, as the source data was not directly available to the concerned Chief Accounts Offices. However, as per Order of the CGA, CGA/Accounts Compilation Section/18(2$^{nd}$ Part/1/51) dated 2$^{nd}$ July 2003 the Project Director to send the Statement of Direct Project Aid to the concerned Chief Accounts Office to incorporate the expenditure into the government accounts. This places the responsibility for gathering the relevant information onto the Project Director. The CAO offices should therefore request the Project Director to supply this information on a monthly basis, in line with RPA accounting procedures.
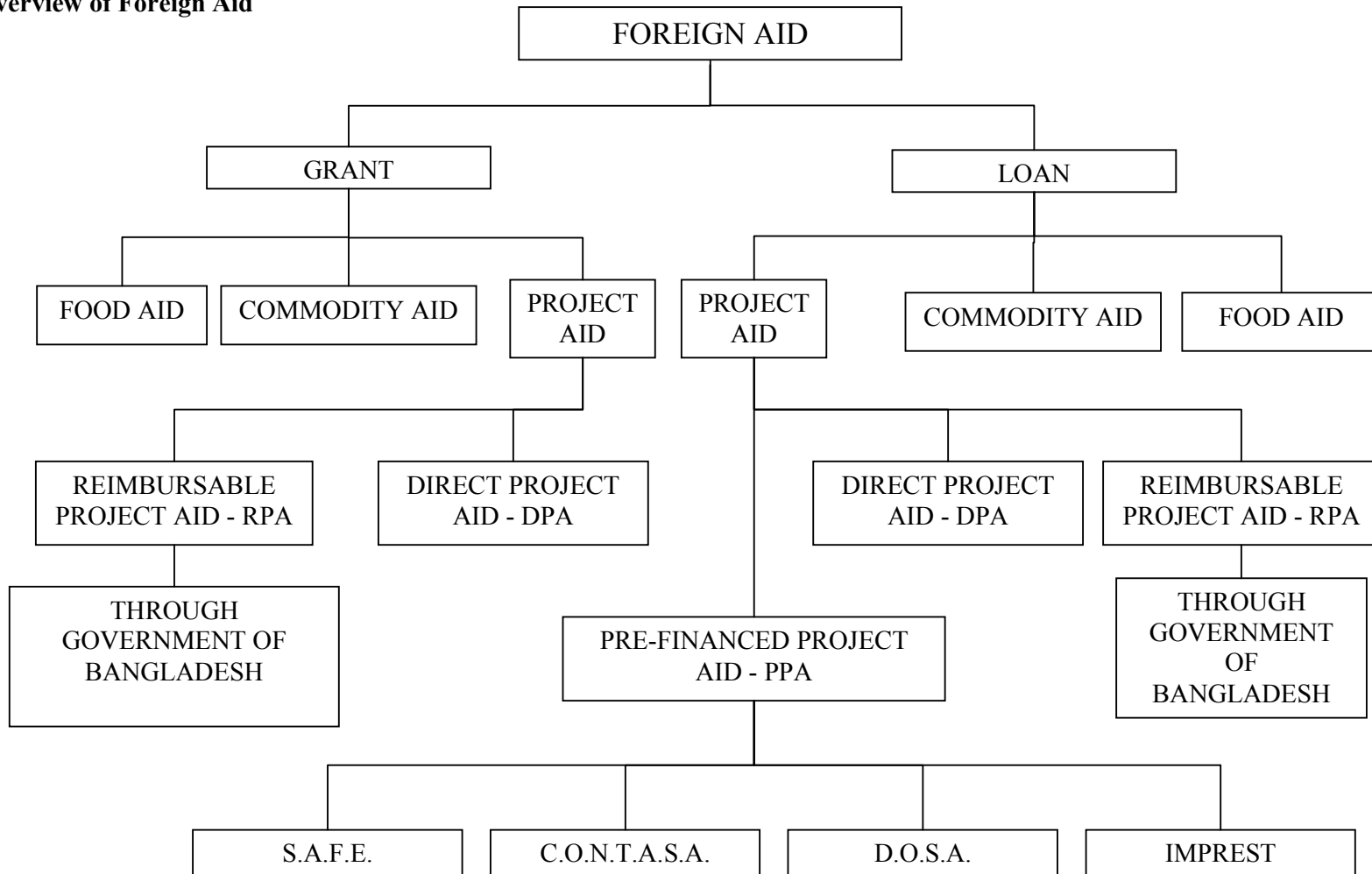
The specific accounting adjustment entry to be made by the CAO upon receipt of the Statement of Direct Aid Project is as follows:

Dr      5-xxxx-xxxx-xxxx                Cr      1-1321-xxxx-xxxx

(xxxx-xxxx-xxx) is dependant on the specific expenditure details
(xxxx-xxxx) is dependent on the specific development partner details as described in Annexes A & B )

**6.6    Overview of Foreign Aid**

```
                          ┌──────────────────┐
                          │   FOREIGN AID    │
                          └──────────────────┘
               ┌───────────────────┴───────────────────┐
         ┌───────────┐                           ┌───────────┐
         │   GRANT   │                           │   LOAN    │
         └───────────┘                           └───────────┘
    ┌─────────┬──────────┴─────────┐    ┌─────────┴──────────┬─────────┐
┌────────┐ ┌───────────┐ ┌─────────┐ ┌─────────┐ ┌───────────┐ ┌────────┐
│  FOOD  │ │ COMMODITY │ │ PROJECT │ │ PROJECT │ │ COMMODITY │ │  FOOD  │
│  AID   │ │    AID    │ │   AID   │ │   AID   │ │    AID    │ │  AID   │
└────────┘ └───────────┘ └─────────┘ └─────────┘ └───────────┘ └────────┘
```

| REIMBURSABLE PROJECT AID - RPA | DIRECT PROJECT AID - DPA | | DIRECT PROJECT AID - DPA | REIMBURSABLE PROJECT AID - RPA |

| THROUGH GOVERNMENT OF BANGLADESH | | PRE-FINANCED PROJECT AID - PPA | | THROUGH GOVERNMENT OF BANGLADESH |

| S.A.F.E. | C.O.N.T.A.S.A. | D.O.S.A. | IMPREST |

## 6.7 CAO Office Initial Responsibilities

The first duty of the CAO office is to consult the Budget to identify the number of projects that relate to the particular Ministry or Division. This information is then to be recorded and prepared in the following manner:

| Step | Procedure |
|------|-----------|
| 1. | Identify all projects relating to the concerned Ministry or Division under Development Projects in the Budget |
| 2. | Enter all of the project codes into the "Log Sheet of Adjustments of PPA and DPA in the Monthly Accounts". These project codes are to be found in the Budget. |
| 3. | Identify the Project Directors for every project listed above. A close working relationship is to be established with the Project Directors. |
| 4. | For every project listed on the above Log Sheet, prepare an individual "Register of Adjustment of PPA and DPA in the Monthly Accounts". |
| 5. | The following information is to be obtained from every Project Director and entered onto the individual Registers as per the attached Register: Source of Fund, Type of Aid, Loan Agreement No., Address and Telephone No. |
| 6. | The following information is to be obtained from the Budget and entered onto every individual Register as per the attached Register: Project Code, Name of Project, Financial Year, Budget/Revised Budget, GoB, Foreign Aid and Total. |
| 7. | The Accounts officer should ensure that all relevant projects in the Budget appear on the Log Sheet of Adjustments of PPA and DPA in the Monthly Accounts. The officer should then ensure that a completed Register of Adjustment supports every project on the Log Sheet. |

### 6.7.1 Example of layout of Development Projects as per Budget

| Supplementary Agency | Project Code | Description | | Budget 2003-04 | Revised Budget 2002-03 | Budget 2002-03 | Budget 2003-04 | | Revised Budget 2002-03 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Taka | Project Aid (Disbursable) | Taka | Project Aid (Disbursable) |
| A | B | C | D | E | F | G | H | I | J | K |
| 1701 | 7351 | Export diversification project & market development, project co-operation & development support component | Revenue | 13000 | 133600 | 133600 | 13000 | 0 | 36100 | 97500 (95500) |
| | | | Capital | 401200 | 493300 | 384500 | 1200 | 400000 (260000) | 2000 | 491300 (284500) |
| | | | Total | 414200 (a) | 626900 | 518100 | 14200 (b) | 400000 (c) (260000) (d) | 38100 | 588800 (380000) |

The total budget for the year 2003-04 of the above project amounts to Tk 414200 (thousand) (a). Out of this, the Government of Bangladesh amount is Tk 14200 (thousand) (b) and the Foreign Aid amount is 400000 (thousand) (c). The Foreign Aid may be broken down into Reimbursable Project Aid (RPA) or Pre-financed Project Aid (PPA) of Tk 260000 (thousand) (d), being the figure shown in brackets, with the remaining Tk 140000 (thousand) (c-d) being Direct Project Aid (DPA).

**6.7.2   Log sheet of Adjustments of PPA and DPA in the Monthly Accounts**

## Log sheet of Adjustments of PPA and DPA in the Monthly Accounts

| Sl No. | Project Code | Months | | | | | | | | | | | | | | | | | | | | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | July | | Aug | | Sept | | Oct | | Nov | | Dec | | Jan | | Feb | | Mar | | Apr | | May | | June | | |
| | | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | Date of Receipt | Date of Data Entry | |
| 1. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | | | | | | | | | | | | | | | | | | | | | | | | | | |

Accounts Officer_____

### 6.7.3   Register of Adjustment of PPA and DPA in the Monthly Accounts

**Register of Adjustment of PPA and DPA in the Monthly Accounts**          Serial No. Of Log Sheet

Project Code……….….*(Budget column B)*..                 Name of Project…….……*(Budget column C)*……….….…….…...
Source of Fund……..….*(Project Director )*...               Type of Aid...*(Project Director)*…….…...          Loan Agreement No...*(Project Director)*.....
Address…..….……….*( Project Director )*..                 Budget / Revised Budget…….….*(Budget column E)*……….…….…
…………………………………………………                GoB…….……..…..….………*(Budget column H)*……….….…….
Telephone No…….…..*(Project Director).*...                 Foreign Aid…….……..………...*(Budget column I)*……….……….
Financial Year…….…..*(Budget column E)*...               Total*:………..…..………….…...(Budget column E)*…….…….…..

| Period | Budget of PPA & DPA | Amount Adjusted | | | | | | % of Adjustment | Initial of Data Entry Operator | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|
| | | PPA | | DPA | | Total PPA & DPA | | | | |
| *1* | *2* | *3* | *4* | *5* | *6* | *7(3+5)* | *8(4+6)* | *9* | *10* | *11* |
| | | Current Month | Year to Date | Current Month | Year to Date | Current Month | Year to Date | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |
| January | | | | | | | | | | |
| February | | | | | | | | | | |
| March | | | | | | | | | | |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June (Pre) | | | | | | | | | | |
| June (Final) | | | | | | | | | | |

(Information Source shown in brackets)                      Accounts Officer_____

## 6.8 CAO office Monthly Procedures

The CAO office should record all the relevant Foreign Aid information on a monthly basis and incorporate the information into the monthly accounts in the following way:

| Step | Procedure |
|------|-----------|
| 1. | The CAO should request all Project Directors to send the Account Statement of Project's Special Account (as per 6.8.1) or the Statement of Direct Project Aid (as per 6.8.2) to the CAO office every month. The Accounts Officer is to enter the date that the above statements are received, on the Log sheet of Adjustments of PPA and DPA in the Monthly Accounts (as per 6.7.2). A nil statement is to be sent where no expenditure has been incurred in relation to PPA or DPA during the month, |
| 2. | Where the CAO office has not received the Account Statement of Project's Special Account, the Statement of Direct Project Aid or the Nil Statement within 10 days of the end of the month/quarter in question, the CAO should contact the Project Director and request the information to be issued. The CAO should inform the Secretary of all Project Directors that have failed to supply the required information within the above timeframe. |
| 3. | Where any Project Director fails to supply the information by the end of the following month, the CAO should again inform the Secretary. |
| 4. | The Accounts Officer is to enter the economic code level information obtained from the above statements onto the CAO 6 Register, Register of Book Adjustment for each individual project. |
| 5. | When the Accounts Officer has entered the information into CAO 6, the relevant Register of Adjustment of PPA and DPA in the Monthly Accounts (as per 6.7.3) should be updated to incorporate the information obtained on the Account Statement of Project's Special Account or the Statement of Direct Project Aid. |
| 6. | The Accounts Officer is to record the date that CAO 6 has been updated for each project on the Log Sheet of Adjustments of PPA and DPA in the Monthly Accounts. |
| 7. | Where the Log Sheet of Adjustments of PPA and DPA in the Monthly Accounts shows any project where the CAO office has received the required information but not yet entered it onto CAO 6, the Accounts Officer should investigate whether CAO 6 has actually been updated. If CAO 6 has not been updated, this should be done. If CAO 6 had been updated, the date that the entry was made should be entered onto the Log Sheet of Adjustments of PPA and DPA in the Monthly Accounts |

➢ On a quarterly basis, the CAO office should send a copy of the Register of Adjustment of PPA and DPA in the Monthly Accounts to the concerned Project Director.

➢ The CAO should request the Project Director to agree or reconcile the information contained on the Register of Adjustment of PPA and DPA in the Monthly Accounts with the Project Director's own data.

➢ Any differences should be reconciled and amended at the CAO office by means of journals.

It is the responsibility of every Chief Accounts Officer to ensure that all Foreign Aid projects operated under the jurisdiction of their concerned Ministry are incorporated completely and accurately in the Government Accounts. The CAO should also work closely with the concerned Project Directors to ensure that there is no double accounting for any foreign aid receipts and expenditure.

**6.8.1    Account Statement of Project's Special Account**
(As prescribed in Project Accounting Manual)

### Account Statement of Project's Special Account
### (SAFE/CONTASA/DOSA/Imprest/Others)

Month…………………………..…………… Year………………..

Ministry and Implementing Agency Code No. and Name…………………………………… Code No. & Name of the Project……………………………….………

Source and type of Project aid……………………………………………………………………………………………………………………………..

Total estimated expenditure………………………………...Local currency………………………………Foreign exchange………………………………….

Current year Budget…………………………………Project Aid……………………………Taka Portion………………………………………

Period of Project Implementation………………………………………………………………...Extended Time (if any)……………………………...

Name & telephone No. of Project Director………………………………………………………...Accounts (in Taka)……………………………………

| Receipt | | | Expenditure | | | | | |
|---|---|---|---|---|---|---|---|---|
| Bank | Economic Code | Amount | Economic Code | Description | | Current Financial Year | | |
| | | | | | | Budget Project Aid (Taka Portion) | Monthly Expenditure | Cumulative |
| | | | | (A) Revenue Expenditure | | | | |
| | | | 4500 | Pay of Officers | | | | |
| | | | 4600 | Pay of Establishment | | | | |
| | | | 4700 | Allowances | | | | |
| | | | 4800 | Supplies and Services | | | | |
| | | | 4900 | Repair, Maintenance & Rehabilitation | | | | |
| | | | 5900 | Subsidies and current transfers | | | | |
| | | | 6600 | Block allocations | | | | |
| | | | | (A) Total Revenue Expenditure | | | | |
| | | | | (B) Capital Expenditure | | | | |
| | | | 6800 | Acquisition of Assets | | | | |
| | | | 6900 | Acquisition of Land | | | | |
| | | | 7000 | Construction and Works | | | | |
| | | | 7100 | Investment in Shares and Equity | | | | |
| | | | 7200 | Capital Grants | | | | |
| | | | 7300 | Lending and Advances | | | | |
| | | | 7900-7979 | CD/VAT | | | | |
| | | | 7980-7998 | Miscellaneous | | | | |
| | | | | (B) Total Capital Expenditure | | | | |
| | | | Grant Total | | | | | |

- 4500 – 7998    Detail economic code    Closing Balance Cash in hand    …………………………
                  to be shown            Cash at Bank                   …………………………
                                         Total                          …………………………    Name & Seal of the officer

## 6.8.2 Statement of Direct Aid Project (Cash/non-cash)
(As prescribed in Project Accounting Manual)

### Statement of Direct Project Aid (Cash/non-cash)

Month…………………………..……………… Year………………..

Ministry and Implementing Agency Code No. and Name…………………………………… Code No. & Name of the Project……………………………………….……

Source and type of Project aid……………………………………………………………………………………………………………………………..

Total estimated expenditure…………………………………………..Local currency…………………………………Foreign exchange…………………………..…………

Current year Budget…………………………………..Project Aid………………………………………………Taka Portion……………………………………….……

Period of Project Implementation……………………………………………………………..Extended Time (if any)……………………………..

Name & telephone No. of Project Director………………………………………………………………..Accounts (in Taka)…………………………………

| Receipt | | | | Repayment/Expenditure | | | |
|---|---|---|---|---|---|---|---|
| Economic Code No. | Description | Month Taka | Cumulative Taka | Economic Code No. | Description | Month Taka | Cumulative Taka |
| *3700 | (1) Foreign Aid-Grants | | | | (1) | | |
| *4200 | (2) Foreign Aid-Loans | | | | (2) | | |
| | | | | | (3) | | |
| | | | | | (4) | | |
| | | | | | Total:- | | |
| | Total:- | | | | | | |

- Relevant Detailed economic code to be given

Signature & Seal of the officer

**6.9    Economic Relations Division**

> ➢ CAO offices are required to complete the following Foreign Aid Loan Reconciliation Sheet on a quarterly basis for every project that is funded by means of a loan.

> ➢ This sheet is to be sent electronically to the office of the CGA within one month of the end of the quarter.

> ➢ The CGA office will then be in a position to consolidate this information and provide a complete analysis to the Economic Relations Division (ERD) to allow a comprehensive reconciliation to take place between the expenditure that is being incorporated in the Government Accounts and the amount of capital provided for each loan

**6.9.1    Foreign Aid Loan Reconciliation Sheet procedures**

| *Step* | *Procedure* |
|---|---|
| 1. | Identify all projects that relate to the concerned CAO office that are funded by means of loan. |
| 2. | Enter the name of the CAO Office |
| 3. | Enter the quarter number, e.g. Quarter 1, Quarter 2 etc |
| 4. | Enter the financial year |
| 5. | Obtain the Loan Agreement Number for each and enter these numbers in the Loan Agreement column. |
| 6. | Total the expenditure under each project on the Foreign Aid Loan Reconciliation Sheet for the three months of the quarter and enter these amounts against the appropriate Loan Agreement Number. |
| 7. | Calculate the progressive total to date for the current financial year for each project and enter against the appropriate Loan Agreement Number. |
| 8. | Where any Project Director has not provided the complete three months data for a relevant loan funded project, the Accounts Officer is to contact the Project Director and request the information to be sent urgently.  The Accounts Officer is also to contact the Secretary and detail the information required and the Project Directors defaulting.  An "N" should be entered in the Complete Data Y/N column.  If the three months data is provided, enter a "Y". |
| 9. | Once all of the loan-funded projects have been entered on the Foreign Aid Loan Reconciliation Sheet, the sheet is to be sent electronically to the office of the CGA.  The CAO is to undertake to provide this information in a complete manner to the CGA office within one month of the end of the quarter. |

### 6.9.2 Foreign Aid Loan Reconciliation Sheet

| CAO Office: | | | |
|---|---|---|---|
| **Quarter:** | | | |
| **Financial Year:** | | | |
| | | | |
| **Loan Agreement Number** | **Complete Data Y/N** | **Amount (Taka)** | |
| | | **This Quarter** | **Progressive to date** |
| | | | |
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Accounts Officer_____        Date_____

# 7   MANAGEMENT REPORT

## 7.1   Background

The Management Report is a management tool that is produced for the CAO offices to enable them to carry out several key financial functions.

It allows the CAO offices to compare:

❑ Current month receipts and expenditure against the corresponding month in the previous year.

❑ The cumulative amount of receipt and expenditure for the year to date and for the corresponding period in the previous year.

❑ The annual budget for the current year and the revised budget for the previous year.

❑ The percentage of budget for the current year utilised to date and the corresponding percentage for the same period for the previous year.

The Management Report is generally prepared in two formats.

1. Functional Code wise basis.
2. Functional Code, Economic Group wise basis.

A more detailed Economic Code wise report may also be prepared on request.  This detailed report should be used for information purposes only and not passed to the Principal Accounting Officer as part of the Management Report.

**7.1.1    Layout of Functional Code wise Management Report**

Monthly Accounts – Operational Summary

Year: 2002-03

Month: June (Pre)

Ministry:                                                                                  Reporting Date:

(In thousand Taka)

| Accounts Code Level | | Description | Year: 2002-03 | | Year: 2001-02 | | Cumulative amount to | | | June (Pre) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Annual Budget | Actual June (Pre) | Revised Budget | Actual June (Pre) | Year: 2002-03 | % of Original Budget | Year: 2110-02 | % of Revised Budget |
| 1 | 2    3 | | | | | | | | | |
| 1 | | Consolidated Fund Receipts | | | | | | | | |
| | 1101 | Secretariat | | | | | | | | |
| | | 0001    Secretariat | | | | | | | | |
| | | 0020    Stamp Administration | | | | | | | | |
| | | **Total Secretariat** | | | | | | | | |
| | 1103 | National Board of Revenue | | | | | | | | |
| | | 0000    National Board of Revenue | | | | | | | | |
| | | **Total National Board of Revenue** | | | | | | | | |

**7.1.2   Layout of Functional Code, Economic Group wise Management Report**

Monthly Accounts – Economic Analysis

Year: 2002-03

Month: June (Pre)

Ministry:                                              Reporting Date:

(In thousand Taka)

| Accounts Code Level 1  2  3  4 | Description | Year: 2002-03 Annual Budget | Actual June (Pre) | Year: 2001-02 Revised Budget | Actual June (Pre) | Cumulative amount to Year: 2002-03 | % of Original Budget | Year: 2110-02 | June (Pre) % of Revised Budget |
|---|---|---|---|---|---|---|---|---|---|
| 2    Consolidated Fund Non-development charged | | | | | | | | | |
| 1101    Secretariat | | | | | | | | | |
| 0015    Stamp Administration - Judicial | | | | | | | | | |
| 4800    Supplies and Services | | | | | | | | | |
| 4900    Repairs, Maintenance and Rehabilitation | | | | | | | | | |
| **Total Stamp Administration - Judicial** | | | | | | | | | |

## 7.2    CAO Responsibilities

A Management Report will be prepared for every CAO office on a monthly basis.  It is the responsibility of the CAO to examine the Management Report for the following issues:

### 7.2.1    Budget Analysis

The Accounts Officer should examine the Management Report to assess the actual receipts and expenditures against budget.  The following issues should be identified where appropriate:

#### 7.2.1.1    Expenditure without Budget

Where expenditure is recorded where there is no budget allocation, the Accounts Officer should:

➢ Generate a source analysis report.

➢ Examine this report and identify the accounts office responsible for the accounting entry.

➢ Instruct the accounts office to examine its monthly accounts and source data for the month identified and identify the reason for the entry.

The following table details the action to be taken by the CAO office under various circumstances.

| Circumstance | CAO Action |
|---|---|
| If the error has been made in the Accounts Office: | Instruct Accounts Office to rectify error by means of a journal |
| If a data entry error has occurred at DCA or CDPU: | Instruct concerned DCA or CDPU to rectify the error |
| If the entry is accurate: | Instruct concerned Accounts Office to send the supporting orders or papers upon which the bills were passed to the CAO office and examine. |

**7.2.1.2   Receipts without Budget**

Where a receipt has been recorded without budget, the Accounts Officer should:

➢ Assess whether there is a budget provision in the revised budget of the Ministry.

➢ If this is not the case, generate a source analysis report.

➢ Examine this report and identify the accounts office responsible for the accounting entry.

➢ Instruct the accounts office to examine its monthly accounts and source data for the month identified and identify the reason for the entry.

The following table details the action to be taken by the CAO office under various circumstances.

| Circumstance | CAO Action |
|---|---|
| If a classification error has occurred in the Accounts Office: | Instruct Accounts Office to rectify error by means of a journal |
| If a data entry error has occurred at DCA or CDPU: | Instruct concerned DCA or CDPU to rectify the error |
| If the entry is accurately recorded: | Clearly note this fact on the Management Report and no further action is required. |

**7.2.2   Further Expenditure Analysis**

➢ The Accounts Officer should examine the Management Report to identify codes where the rate of budget utilisation is considered to be of concern.

➢ As per GFR Rule 99, The Chief Accounts Officer should warn the department at the first appearance of any excessive proportionate outlay under any grant or under any operating unit.  This could mean that the budget is being used at such a rate that it could be exhausted before the end of the financial year, or that it appears likely that it will be under utilised in the course of the year.

➢ The CAO should make a comment to this effect on the Management Report.

➢ Where identified, the Accounts Officer should ensure that misclassification or data entry errors be rectified by means of adjusting journals.

### 7.2.3    Further Receipts Analysis

➢ For departments earning revenue, such as Income Tax or VAT the Accounts Officer should examine the Management Report in detail to assess the trend of receipts.

➢ A brief assessment of the trends identified should be noted on the Management Report.

➢ Additionally, the Accounts Officer should identify any unusual receipt entries, either in terms of classification or amount.

➢ These should be highlighted on the Management Report to enable the Principal Accounting Officer to clearly identify issues to be addressed.

### 7.3    Reporting Requirements

➢ Once all of the above checks have been carried out and the required amendments made to the accounts, an updated Management Report should be generated for the period in question.

➢ This report should be compared to the original Management Report.

➢ Any issues identified on the original report that have not been satisfactorily resolved should be clearly noted on the updated report.

➢ The amended Management Report should be signed and dated by the CAO to show that it has been properly examined and amended where appropriate.

➢ This report should be presented to the Principal Accounting Officer within the stipulated time frame.

# 8    APPROPRIATION ACCOUNT

This chapter provides a brief explanation of the Appropriation Accounts and the CAO responsibilities in this regard.

## 8.1    Explanatory Notes

❑    **Original Budget**

The Original Budget is placed in the Parliament in the form of order for Grants and Appropriation. Parliament sanctions the Demand for Grants and Appropriation on the Primary Units of Appropriation by economic code group relating to revenues and development for each Ministry or Division separately.

❑    **Supplementary Grant**

Where the original grant is not sufficient, additional budget may be provided for as Supplementary Grant.

❑    **Appropriation**

Appropriation is the assignment to meet the specific expenditure of funds at the disposal of the assigning authority.

❑    **Re-Appropriation**

Re-Appropriation is defined as the transfer of funds from one unit of appropriation to another.

❑    **Revised Estimate**

The Revised Estimate is the administrative arrangement by the Ministry of Finance in which, in some cases, the original grant is reduced or enhanced as per the request of the Line Ministry.

❑    **Appropriation Account**

The Appropriation Account shows the variation between the actual expenditure incurred and the Final Grant.  It also provides explanations for these variations.

❑ **Final Grant Calculation**

The Final Grant is calculated by adding the supplementary grant, if any, to the original grant, then adding or subtracting the re-appropriation amount.

## 8.2   CAO Responsibilities

It is the responsibility of the CAO office to:

➢ Obtain acceptance for the figures from the Principal Accounting Officer

➢ Obtain reasons for the variations identified.  Reasons for variation are only required where the variation is greater than 1% for excess expenditure or 2% for surplus budget remaining.

The explanations forwarded for variations between appropriation and actual expenditure should be concise, accurate and fully informative.  General or vague phrases, such as "due to overestimate" etc should be avoided.

The Public Account Committee will examine the reasons provided to assess:

1. Whether the variation was inevitable

2. Whether the variation could not have been foreseen.

➢ The Chief Accounts Officer should ensure that all re-appropriations are prepared under the guidance of GFR Rule 107.

Note that no re-appropriation should take place after 30th June, being the final day of the financial year.

➢ As per Government Order, the revised estimate is not treated as grant.  The amount enhanced by the revised estimate should be regularised by supplementary grant and any amount reduced from the original grant should formally be surrendered by the Line Ministry or Division by 30th June and be duly accepted by the Ministry of Finance and communicated to the CAO office.  The final grant should be calculated based upon the communication received from the Ministry of Finance.

### 8.2.1 Layout of Appropriation Account

Grant No: Nil
Name of Office: Parliament

(Amount in Thousand Taka)

| Head | Final Grant | Actual Expenditure | Budget:(Savings)/Excess |
|------|-------------|--------------------|-----------------------| 
| 0201-Secretariat | | | |
|   0001-Secretariat | | | |
|     4500-Pay of Officers | | | |
|   Original: | | | |
|   Supplementary: | | | |
|   Reappriation: | | | |
| Reason for variation | | | |
| | | | |
|     4600-Pay of Establishment | | | |
| Original: | | | |
| Supplementary: | | | |
| Reappriation: | | | |
| Reason for variation | | | |
| | | | |
|     4700-Allowances | | | |
| Original: | | | |
| Supplementary: | | | |
| Reappriation: | | | |
| Reason for variation | | | |
| | | | |
| | | | |
| Charged | | | |
|   Original: | | | |
|   Supplementary: | | | |
|   Reappriation: | | | |
| | | | |
| Others | | | |
|   Original: | | | |
|   Supplementary: | | | |
|   Reappriation: | | | |
| | | | |
| Grand Total; | | | |
|   Original: | | | |
|   Supplementary: | | | |
|   Reappriation: | | | |

General Observation:
Original Grant Tk……………….. is augmented / reduced by Tk………………..
(Savings)/excess amount to ………% of the Final Grant
Other Comments, if any:

# 9   FURTHER GUIDANCE

This chapter will provide guidance to CAO offices on specific accounting responsibilities in the following areas:

- ❑ Departmental Reconciliation

- ❑ Local Budget Database

- ❑ Letter of Credit Account Adjustment

- ❑ Miscellaneous Cheques

- ❑ Exchange Accounts

- ❑ Settlement Accounts

## 9.1   Departmental Reconciliation

A fundamental aim of the CGA is to obtain a robust and sustainable reconciliation between the figures maintained at the Central Data Processing Unit (CDPU) and the Drawing and Disbursement Officers (DDOs) throughout the country.  The Chief Accounts Offices are ideally placed within the Line Ministries to provide this function.

### 9.1.1   CGA Reconciliation Monitoring Process

- ❑ On a quarterly basis, Divisional, District and Upazilla accounting offices will electronically provide the Office of the CGA with a list of DDOs that have failed to agree or reconcile the monthly accounts figures held for the three months of the previous quarter.

- ❑ This information will be consolidated by the CDPU and an individual list of defaulting DDOs under each Ministry will be provided to the respective CAO offices.

- ❑ It is the responsibility of the CAO to ensure that this list is forwarded to the Principal Accounting Officer (PAO) within the Ministry.

- ❑ The CAO is to impress upon the PAO the significance of DDOs not agreeing or reconciling the monthly figures with local accounts offices and request that immediate action be taken to compel each identified DDO to comply.

One copy of the list of defaulting DDOs is to be maintained at the CAO office for future reference.

## 9.2    Local Budget Database

It is widely accepted that major improvements in the quality of financial data generated throughout the county would result from the successful implementation and maintenance of a Local Budget Database.

❑ As per General Financial Rule 93, the administrative Ministry is to supply the CAO office with a detailed breakdown of their respective Ministry's budget allocation when it becomes available.

❑ This information is to be provided at economic code level for every accounts office throughout the country.

❑ The CDPU will co-ordinate the transfer of this information from the electronic format provided by the CAO onto the central database.

### 9.2.1    CAO Responsibilities

➢ It is the responsibility of the CAO office to ensure that any budget amendments made by their respective Ministry are communicated to the CGA office by means of Advice Letters.

➢ Upon request, the CAO is to obtain an up to date budget allocation breakdown from their respective Ministry to enable a reconciliation to take place at the CDPU between the central database figures and those of each Ministry.

In this way, the CDPU may maintain an accurate and up to date database for each individual Ministry.

### 9.3    Letter of Credit (LC) Account Adjustment

Government Departments and Project Directors are often required in the course of their duties to procure foreign goods or equipment.  To do so they are required to open a Letter of Credit.

### 9.3.1    CAO Responsibilities

➢ The CAO office should ensure that there is sufficient budget provision available.

➢ If there is sufficient provision, the CAO is to issue an advice to Bangladesh Bank on the basis of this request.

➢ The CAO should then make an adjusting entry in the books of account as follows:

> Debit:  Expense
> Credit: 6-1051-0000-8381      Letter of Credit

➢ The CAO office should then send a copy of the advice to the concerned Department or Project Director so that the appropriate document may be updated.

➢ The CAO office is to maintain a Letter of Credit Monitoring Register to record all of the particulars of the LC transaction.

➢ The CAO office is to observe that the payment of the amount of the LC is reported to DCA Dhaka by Bangladesh Bank.

➢ If the payment of the LC does not occur within the same financial year as the accounting entry (up to the 30th of the September i.e. up to the closure of the June Final Account), the CAO office is to report this to the concerned Department or Project Director.  The CAO office will then make a reversing entry of the original adjustment in the books of account for the appropriate financial year in the following manner:

> Debit:  6-1051-0000-8381   (-) minus credit
> Credit: Expense   (-) minis debit

If there is a variation between the original adjustment and the retirement, this should be adjusted by means of a journal.

It is the responsibility of the Chief Accounts Officer to ensure that all Government Orders issued, relating to "Letters of Credit" or "Retirement" are strictly followed.

### 9.3.2 Layout of Letter of Credit Monitoring Register

| SL. No. | Name of the Department or Project | Date of Accounting Entry | 13-digit Expenditure Code | Amount (Taka) | DCA Dhaka Payment Voucher | Date of Payment Voucher | Remarks | Signature of Accounts Officer |
|---------|-----------------------------------|--------------------------|---------------------------|---------------|---------------------------|-------------------------|---------|-------------------------------|
|  |  |  |  |  |  |  |  |  |
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## 9.4 Miscellaneous Cheques

In instances where Radio Station Managers are authorised to issue miscellaneous cheques in favour of radio artists and royalties, the following transactions occur.

| Step | Transaction |
|------|-------------|
| 1. | The Station Manager issues cheques to the cheque payees. |
| 2. | The Station Manager sends the appropriate vouchers to the CAO Information. |
| 3. | The Station Manager sends Statement of Expenditure to the Director General |
| 4. | The cheque payees present the cheques to the bank. |
| 5. | The Bank sends debit scroll and the paid cheques to the DAO/UAO office. |
| 6. | The DAO/UAO office Debits "Miscellaneous Cheques" and Credits "Cash" in the monthly accounts. |
| 7. | The DAO/UAO office then sends the paid cheques to CAO Information. |
| 8. | CAO Information is responsible for reconciling the paid cheques with the vouchers and amending the monthly accounts accordingly using CAO 6. The CAO office should Debit "Expense", Credit "Miscellaneous Cheques" (6-1051-0000-8626) and Debit or Credit for other adjustments if required, as per the vouchers. |
| 9. | The CAO Information should then reconcile the figures entered into the monthly accounts with the Statement of Expenditure held by the Director General. |

### 9.4.1 Miscellaneous Cheques overview
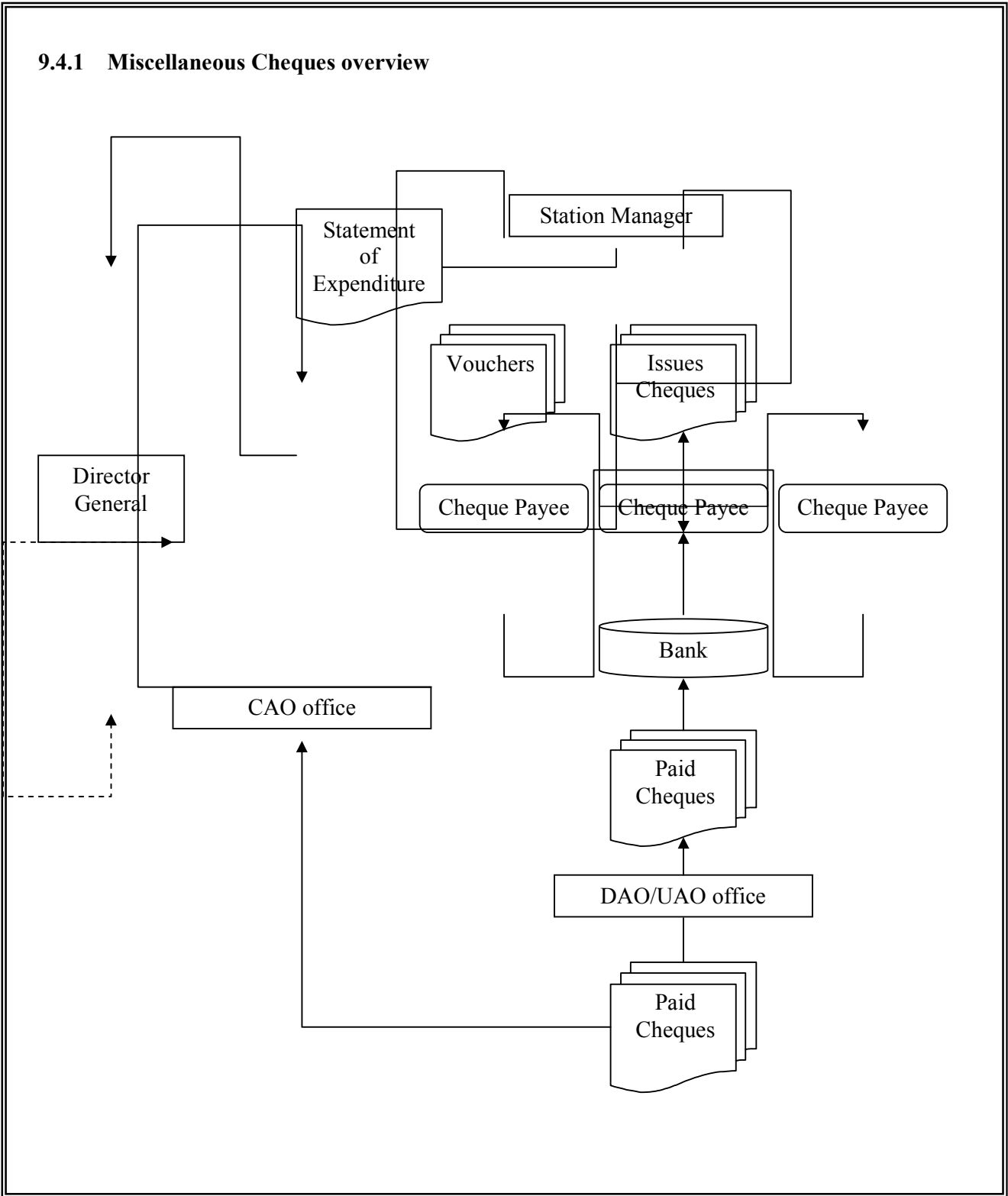
## 9.5    Exchange Accounts

Exchange Accounts are required when the accounting transactions of one entity are carried out by another entity.

### 9.5.1    Background

❑   In the accounts of the Government of Bangladesh, there currently exist Exchange Accounts between the CGA and the Controller General of Defence (CGDF).

❑   The Exchange Account is a memorandum account that records the accounting entry of the authority that despatches it, to show the amount that has been entered as a debit or credit in the accounting records of the other authority.

❑   An explanation of the each transaction is provided and supporting documentation maintained.

There are two types of Exchange Accounts

1.   Outward Exchange Accounts
2.   Inward Exchange Accounts

❑   Each authority involved in the transaction will prepare its own Outward Exchange Account, in relation to the other authority.

❑   When one of these Outward Exchange Accounts is presented to the other authority for reconciliation and settlement purposes, this will be treated as an Inward Exchange Account by the second authority.

❑   The second authority will then compare its Outward Exchange Account to the newly received Inward Exchange Account.

**9.5.2   Example Transaction**

A CAO office makes a payment in favour of Defence for Tk 12000/-
The bill is as follows:

| | |
|---|---|
| Gross Payment | Tk 12000/- |
| Deduction | |
| GPF | Tk   1500/- |
| Loans & Advances | Tk    500/- |
| Net Payment | Tk 10000/- |

The CAO office should make the following accounting entries:

Debit:  Exchange Accounts          Tk 12000/-
Credit: Cheques and Bills          Tk 10000/-
Credit: Exchange Accounts          Tk  2000/-      (being 1500 + 500)

**9.5.3   CAO Responsibilities**

➢ Where any debit or credit relating to Defence appears in the books of accounts of a CAO, the supporting documentation and relevant supporting vouchers and schedules should be passed to the CGA on a monthly basis.

This will allow the CGA to settle the transactions with CGDF through the Exchange Accounts.

### 9.6 Settlement Accounts with Railways

Generally, transactions relating to Railways Department should not appear in the books of account of a CAO office. In the rare cases where it is correct to do so, they should be accounted for by means of Settlement Accounts.

### 9.6.1 Background

Settlement Accounts with Railways Department are similar to Exchange Accounts (See 9.5).

However, there are several key distinctions that CAO offices should be aware of:

1. Bank Accounts

There is a separate bank account for Railways Department in Bangladesh Bank. Therefore there is a requirement to 'settle' the cash movements that should have been carried out in relation to this bank account. To allow this to take place, the CGA office will send copies of the relevant vouchers and schedules to the Financial Advisor and Chief Accounts Officer of Railways and also to Bangladesh Bank. In this regard, the concerned CAO does not treat Settlement Accounts differently than Exchange Accounts.

2. Accounting Entries

The debit or credit relating to Railways that is to appear in the books of account of a CAO should be incorporated into the monthly accounts by debiting or crediting the "Railways Settlement Account" code, not "Exchange Account". In this regard, the concerned CAO does treat Settlement Accounts differently than Exchange Accounts as follows:

a) Expenditure incurred on behalf of Railways

Debit:     Railways Settlement Account
Credit:    Cheques and Bills

b) Receipts in favour of Railways

Debit:     Expense (Beneficiary department)
Credit:    Railways Settlement Account

### 9.6.2 CAO Responsibilities

➢ Where any debit or credit relating to Railways appears in the books of accounts of a CAO, the supporting documentation and relevant supporting vouchers and schedules should be passed to the CGA on a monthly basis.

This will allow the CGA to settle the transactions with Railways and Bangladesh Bank through the Settlement Accounts.