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ACCOUNT CODE

Volume I



General Principles and Methods of
Accounts

SECOND EDITION

(REPRINT)



*Issued by the Comptroller and Auditor-General of Pakistan
with the approval of the President of Pakistan.*

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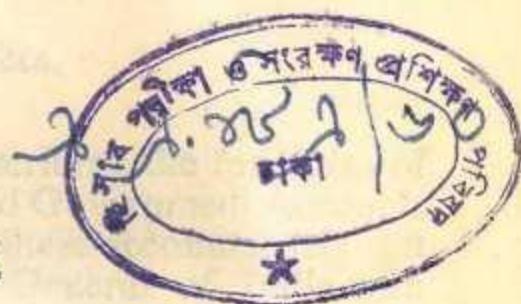
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PREFACE

The Account Code is divided into four Volumes, namely :—

- I. General Principles and Methods of Accounts.
- II. Treasury Accounts.
- III. Departmental Accounts.
- IV. Accounts kept in Accounts Offices.

2. Volume I of the Code, besides describing the functions of the Auditor-General of India in relation to Government Accounts and the general outlines of the system of these accounts, sets out the main directions issued by the Auditor-General of India with the approval of the Governor-General in pursuance of Section 168 of the Government of India Act, 1935. The list of Major and Minor Heads of Account of Central and Provincial Receipts and Disbursements, which for the sake of convenience has been printed separately, forms an appendix to this Volume. The instructions contained in this list and the directions contained in this volume should, unless the contrary intention has been expressed, be considered as mandatory and binding on all concerned. Chapter 2 of this volume while being descriptive of the accounting arrangements must be considered as prescribing a system of accounts the detailed directions concerning which are contained in the subsequent volumes of this Code. The Incidence Rules which are included in this volume (Appendix 3) based as they are on arrangements made between the different Governments by mutual agreement, do not fall strictly within the scope of the directions under Section 168 of the Act. It has been recognised, however, that once any arrangement of this nature has been accepted by the Governments concerned it forms the basis of the proper accounting for the transactions to which it relates. It will not, therefore, be possible to make any modifications in such an arrangement without considering the consequential changes in the accounting arrangements. No Incidence Rule included in this volume can thus be modified without the concurrence of the Auditor-General-cum-Governor-General.

3. Volume II of the Code contains the directions of the Auditor-General of India relating to the initial accounts kept by Treasuries and the form in which accounts are rendered by them to the Audit and Account Offices under his control. Similarly, Volume III contains the Auditor-General's directions regarding the initial and subsidiary accounts kept by Public Works and Forest Department officers and the accounts submitted by these officers to Audit and Account Offices. It has been held that Section 168 of the Government of India Act, 1935 confers on the Auditor-General-cum-Governor-General full power to issue directions regarding the form in which the initial and subsidiary accounts in any department of the Central or a Provincial Governments should be kept; and such power is obviously necessary in order to enable the Auditor-General to discharge his responsibility for keeping the accounts of the Central and Provincial Governments under paragraph 11 (1) of the Government of India (Audit and Accounts) Order, 1936. Explicit provision has, nevertheless, been made in the initial and subsidiary Accounts Rules made by the Governor-General under paragraph 11 (3) of this Order conferring on the Auditor-General the power to prescribe the form in which initial accounts should be kept and the form in which such accounts as well as subsidiary accounts should be rendered to the Audit and Account Offices under his control. The power vested in the Auditor-General-cum-Governor-General in Section 168 of the Act has been utilised initially for issuing the directions contained in Volumes II and III of the Code, but any amendments or modifications of detail to these directions which may be necessary because of any changes made in the general accounts or for other reasons will be authorised by the Auditor-General by virtue of the power conferred upon him by the Initial and Subsidiary Accounts Rules. On practical grounds, directions relating to the initial and subsidiary accounts kept by the officers of the Defence and Railway Departments have been excluded from Volume III of the Code in regard to these accounts, the Auditor-General will adopt the convention that the forms determined by the Departmental accounting authorities should be taken to have been duly prescribed if they are not questioned by the Auditor-General-cum-Governor-General. In the case of the Posts and Telegraphs Department and other technical departments, however, whose accounts are not settled through the treasury accounts, the forms of classified account in which Departmental offices will render accounts to the Audit and Account Office and the forms of any initial or subsidiary accounts on which the accounts so rendered are based have been left to be determined by the Accountant-General concerned subject to the general control of the Auditor-General-cum-Governor-General. These forms and the instructions relating to them will have to be included in the local account

manuals or in the manuals or departmental regulations relating to the departments concerned.

4. Volume IV of the Code contains mainly the instructions relating to the form in which accounts have to be kept in Account Offices under the control of the Auditor-General and the procedure to be adopted in keeping them. These instructions so far as they relate to the technical processes of compilation could be issued by the Auditor-General by virtue of the power vested in him under paragraph 11 (1) of the Audit and Accounts Order ; but when they deal with the form of accounts or lay down any general principles and rules applicable to the Departments which keep their own accounts under paragraph 11 of the Order, they should be regarded as of the nature of directions issued under Section 168 of the Act. The instructions relating to the preparation of certain *pro forma* accounts of the Public Works Department have been included in Volume IV as appendices as such instructions are not mandatory in character, but can be modified by Governments to suit their requirements in consultation with the Auditor-General. The instructions relating to the form and maintenance of the accounts of the Crown Representative which have been included in Volume IV are based on arrangements made by the Auditor-General in consultation with the Crown Representative, and do not therefore constitute directions issued under Section 168. They have been included in that Volume solely for the sake of convenience.

5. The directions and rules contained in the four volumes of this Code supersede in respect of the matters with which they deal the corresponding rules and instructions contained in the Account Code, First Edition (Reprint) 1935, the Civil Account Code, Volumes I and II, Eighth Edition (Second Reprint) 1935, the Audit Code, Volumes I and II, First Edition (Second Reprint) 1935, the Public Works Account Code, First Edition (Reprint) 1935 and the Forest Account Code, First Edition (Reprint) 1931.

6. Amendments to the directions and instructions in this Code can be made only by the Auditor-General of India with the approval, where necessary, of the Governor-General, and the Auditor-General will welcome any suggestions for amendment that are made for his consideration by Governments and Account Officers.

E. BURDON,
Auditor-General of India.

NEW DELHI :
The 23rd December, 1938.

Preface to First Edition (Pakistan)

This edition is an adaptation of the 1940 edition of the Account Code, Volume I, published in undivided India. It includes all corrections issued up to the 14th August, 1947. Opportunity has been taken to carry out certain verbal changes due to the establishment of Pakistan from the 15th August, 1947.

Errors or omissions that may come to light or suggestions regarding amendments should be brought to the notice of the Auditor-General of Pakistan.

GHULAM ABBAS,

KARACHI : *Auditor-General.*

The 31st March, 1951.

Preface to the Second Edition

This edition is an adaptation of the first edition (Pakistan) of the Account Code, Volume I, published after independence. It includes all corrections issued up to the 29th July, 1963. Opportunity has been taken to carry out certain changes due to the constitution of the Islamic Republic of Pakistan.

Errors or omissions that may come to light or suggestions regarding amendments should be brought to the notice of the Comptroller and Auditor General of Pakistan.

MUSHTAQ AHMAD,
*Comptroller and Auditor General
of Pakistan.*

LAHORE :

The 29th July, 1963.

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ACCOUNT CODE

Volume I.

GENERAL PRINCIPLES AND METHODS OF ACCOUNTS.

Definitions.

In this volume, unless the context otherwise requires, the following expressions have the meanings hereby respectively assigned to them—that is to say :—

“Accountant General” means the head of an office of Accounts subordinate to the Comptroller and Auditor General of Pakistan whether known as Accountant General, Comptroller or by any other designation. “Provincial Accountant General” means an Accountant General who keeps the accounts of a Province. ✓

“Comptroller and Auditor General” means the Comptroller and Auditor General of Pakistan.

“Civil Account Officer” means an Account Officer subordinate to the Comptroller and Auditor General other than the Comptroller, Posts, Telegraphs and Telephones and officers subordinate to him: the expression “Civil Account Office” should also be construed accordingly.

“Government” means either the Central Government or a Provincial Government or both as the context may imply. ✓

“Non-Civil Account Officer” means an Account Officer of the Defence, Railway or Posts, Telegraphs and Telephones Department.

“Public Account” means the consolidated fund into which moneys received on account of the revenues of the Central Government or of the Province, as the case may be, as defined in articles 37 and 86 of the Constitution of the Islamic Republic of Pakistan are paid or credited and from which all disbursements of or on behalf of the Central Government or the Province are met.

“The Constitution” means the Constitution of the Islamic Republic of Pakistan.

“The Audit and Accounts Order” means the Government of Pakistan (Audit and Accounts) Order, 1952. ✓

“The Bank” means the State Bank of Pakistan or any of its offices or branches and includes any branch of the National Bank of Pakistan acting as the agent of the State Bank of Pakistan [in accordance with the provisions of the State Bank of Pakistan Order, 1948.]

“Treasury” includes a sub-treasury.

1] FUNCTIONS OF THE COMPTROLLER AND AUDITOR GENERAL [CHAP. 1
IN RELATION TO ACCOUNTS.Chapter 1.—FUNCTIONS OF THE COMPTROLLER AND AUDITOR
GENERAL IN RELATION TO ACCOUNTS.

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Comptroller and Auditor General's powers under the Constitution of the Islamic Republic of Pakistan and the Audit and Accounts Order.

1. The Comptroller and Auditor General of Pakistan derives his powers and duties in relation to the accounts of the Central Government and of the Provinces from article 197 of the Constitution of the Islamic Republic of Pakistan and the Pakistan (Audit and Accounts) Order, 1952 and the Pakistan (Audit and Accounts) (Amendment) Order, 1962. The relevant provisions of the order defining the Comptroller and Auditor General's powers and duties in relation to the accounts are reproduced below :—

“11. (1) Subject to the provisions of this paragraph, the Comptroller and Auditor General shall be responsible for the keeping of the Accounts of the Federation and of each Province, other than the accounts of the Federation relating to Defence or Railways and Accounts relating to transactions in the United Kingdom ; provided that the President may, by any general or special order, require the Comptroller and Auditor General to keep the accounts of the Federation relating to Defence or Railways or Accounts relating to transactions in the United Kingdom for such periods as may be laid down in the order.

(2) As respects accounts of the Federation the President and, as respects accounts of a Province, the Governor may after consultation with the Comptroller and Auditor General make provision by rules for relieving the Comptroller and Auditor General of responsibility for the keeping of the accounts of any particular service or department.

(3) The President may after consultation with the Comptroller and Auditor General make provision by rules relieving the Comptroller and Auditor General of responsibility for keeping accounts of any particular class or character.

(4) The Comptroller and Auditor General shall, from the accounts kept by him and by other persons responsible for keeping public accounts, prepare in each year accounts (including in the case of accounts kept by him, appropriation accounts) showing the annual receipts and disbursements for the purpose of the Federation and of each Province, distinguished under the respective heads thereof and shall submit these accounts to Federal Government, or as the case may be, to the Government of the Province on such dates as he may, with the concurrence of the government concerned, determine.

(5) Notwithstanding anything in this paragraph, the Comptroller and Auditor General shall comply with any general or special orders of the President or, as the case may be, a Governor as to the head of account under which any specified transaction or transactions of any specified class is, or are, to be included. Before issuing any such order as aforesaid, the President or Governor shall first consult the Comptroller and Auditor General.

CHAP. I] FUNCTIONS OF THE COMPTROLLER AND AUDITOR GENERAL [1-2
IN RELATION TO ACCOUNTS.

12. It shall be the duty of the Comptroller and Auditor General to prepare annually in such form as he, with the concurrence of the President, may determine, and to submit to the President, a general financial statement incorporating a summary of the accounts of the Federation and of all the Provinces for the last preceding year and particulars of their balances and outstanding liabilities and containing such other information as to their financial position as the President may direct to be included in the statement.

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15. It shall be the duty of the Comptroller and Auditor General, so far as the account for the keeping of which he is responsible enable him so to do, to give to the Federal Government and to the Government of every Province such information as they may from time to time require, and such assistance in the preparation of their annual financial statements as they may reasonably ask for.

16. The Federal Government and the Government of every Province shall :

* * * * *

(ii) give to him such information as he may require for the preparation of any account or report which it is his duty to prepare.

17. The Comptroller and Auditor General shall have authority to inspect Government treasuries and such offices responsible for the keeping of initial or subsidiary accounts as submit accounts to him.

* * * * *

19. Anything which under this order is directed to be done by the Comptroller and Auditor General may be done by an officer authorised by him, either generally or specially : Provided that except during the absence of the Comptroller and Auditor General on leave or otherwise, an officer shall not be authorised to submit on his behalf any report, which the Comptroller and Auditor General is required by the Constitution to submit to the President or the Governor of the Province."

Comptroller and Auditor General's Powers under the Initial Subsidiary Accounts Rules.

2. The Initial and Subsidiary Accounts Rules made by the President under sub-paragraph (3) of paragraph 11 of the Audit and Accounts Order (*vide Appendix 1*) relieve the Comptroller and Auditor General from the responsibility for keeping accounts of a specified class or character without derogating from his power to prescribe the form in which such accounts shall be rendered to him and in which the initial accounts from which the accounts so rendered are compiled or on which they are based shall be kept. The relevant provisions of these rules are reproduced below :—

"3. The Comptroller and Auditor General of Pakistan shall be relieved from the responsibility for keeping accounts of the undermentioned class or character :—

- (a) Initial Accounts required to be kept in treasuries ;
- (b) Initial and Subsidiary Accounts that may be required to be kept in any office or department of the Federation, or, as the case may be, of any Province ;
- (c) Accounts of stores and stock that may be required to be kept in any office or department of the Federation or of a Province by order of the President or of the Governor of the Province ; and
- (d) Trading, Manufacturing and Profit and Loss Accounts and Balance Sheets and any other subsidiary accounts that may be required to be kept by order of the President or of the Governor of a Province in any Department of the Federation or of the Province.

3—5] FUNCTIONS OF THE COMPTROLLER AND AUDITOR GENERAL [CHAP. 1
IN RELATION TO ACCOUNTS.

4. Nothing contained in Rule 3 shall be construed as derogating from the authority of the Comptroller and Auditor General of Pakistan—

- (a) to require any treasury, office or department keeping initial or subsidiary accounts to render accounts of such transactions as are included in them to the audit and account offices under his control on such dates as he may determine ; or
- (b) to prescribe the form in which such accounts shall be rendered and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based, shall be kept."

3. By virtue of the provisions of article 197 of the Constitution, the Comptroller and Auditor General is empowered, with the approval of the President, to prescribe the form of initial accounts from which the accounts rendered to the Pakistan Audit Department are compiled or on which those accounts are based. Any changes or modifications in the form of initial accounts would, under article 197 of the Constitution, normally require the approval of the President. In order to avoid the inconvenience of having to refer any and every modification in the form of initial accounts to the President for approval, general provision has been made in rule 4(b) of the Initial and Subsidiary Accounts Rules cited in the preceding Article, enabling the Comptroller and Auditor General to prescribe the form of initial accounts. In practice, however, the Comptroller and Auditor General will exercise his power under the Initial and Subsidiary Accounts Rules only to make modifications or amendments in the form of initial accounts which follow directly from the changes made in the form of the general accounts or which are not inconsistent with the form of those accounts as approved by the President.

4. For the sake of practical convenience, the forms of accounts including appropriation accounts, relating to Defence, Railways and any other Department or Service whose accounts are not kept by the Comptroller and Auditor General under paragraph 11 (2) of the Audit and Accounts Order may be determined by the departmental accounting authorities. The provisions of article 197 of the Constitution and of paragraph 4 (b) of the Initial and Subsidiary Accounts Rules will be deemed to have been satisfied if the forms so determined are not questioned by the Comptroller and Auditor General-cum-President.

APPROPRIATION ACCOUNTS.

5. The form of Appropriation Accounts which the Comptroller and Auditor General is required to prepare under paragraph 11 (4) of the Audit and Accounts Order is not dealt with in this Code. The instructions relating to the preparation and submission of such accounts by Accountants General are included in the Audit Manual issued by the authority of the Comptroller and Auditor General. The object of these accounts is to relate expenditure brought into account during a financial year to the several items specified in the schedule of authorised expenditure authenticated under article 43 or 89 of the Constitution. As no special process of accounting is involved in the preparation of Appropriation Accounts they should be regarded as complementary to the accounts of annual receipts and disbursements referred to in paragraph 11 (4) of the Audit and Accounts Order.

Note : Deleted.

6. Deleted.

Chapter 2.—GENERAL OUTLINES OF THE SYSTEM OF ACCOUNTS.

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Public Accounts of the Central and Provincial Governments.

7. The Central Government and each Provincial Government have separate Public Accounts of their own into which moneys received on account of the revenues of the Central Government or of the Province as defined in Articles 37 and 86 of the Constitution are paid or credited and from which all disbursements of or on behalf of the Central Government or of the Provinces are met. The procedure to be followed for the payment into, and the withdrawal, transfer or disbursement of moneys from, the Public Account and for the custody of moneys standing in that account is regulated by the rules made by the President or the Governor of the Province under articles 38 and 87 of the Constitution. These rules include provisions to secure that all moneys received on account of the revenues of the Central Government or of the Province shall, with such exception as may be specified in them, be paid into the Public Account of the Central Government or of the Province concerned.

Note : Deleted.

8. Save as may be specifically provided in any case, cash balances in the separate Public Accounts of the Central Government and of each Province are either held in a Government treasury or kept with the Bank.

Account of the Central and Provincial Governments with the Bank.

9. The Central Government and each of the Provincial Governments have made separate agreements with the State Bank of Pakistan by virtue of which the general banking business of these Governments (in which business is included the receipt, collection, payment and remittance of moneys on behalf of Government) is carried on and transacted by the Bank in accordance with and subject to the provisions of the agreement and of the State Bank of Pakistan Order, 1948 and in accordance with and subject to such orders as may from time to time be given to the Bank by the Central Government or the Provincial Government, as the case may be. Central or Provincial Government business is transacted at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed. The Central Government, as a general rule, operates on every office and branch of the State Bank of Pakistan and on every branch of the National Bank of Pakistan throughout Pakistan acting as the agent of the State Bank. The operations of each Province are confined to the offices and branches of the two Banks which have been designated as falling within the area of that particular Province. The receipt and payment of moneys on behalf of a Province outside its jurisdiction are ordinarily arranged through the Accountant General of the province in which the transactions take place.

10. Each office or branch of the State Bank keeps two separate accounts of cash transactions undertaken by it on behalf of Government—one for the transactions of the Central Government and the other for the transactions of the Provincial Government within whose area it is situated. All transactions which cannot be debited or credited directly to the account of the Central Government with the Bank are taken to the account of the Government of the Province in which they occur so that this account will include as well the transactions relating to other provinces. Separate statements of transactions in their Central and Provincial Government accounts together with all supporting vouchers, etc., are transmitted by each office and branch of the Bank daily to the Treasury Officer or to the Accountant General, as the case may be. At the close of each month the balances of the two accounts are transferred to the Central Accounts Section of the State Bank at Karachi.

Note : Deleted.

11. Each branch of the National Bank of Pakistan transacting Government business as agent of the State Bank classifies the daily receipts and disbursements on behalf of Government in two groups : Central and Provincial, the latter embracing transactions not only on behalf of the province in which Bank is situated but also on behalf of other provinces. Separate statements of transactions of the Central Government and of those taken against the provincial account are forwarded by each branch daily with supporting vouchers to the local Treasury Officer or to the Accountant General, as the case may be. The totals of such transactions are also reported by the Bank at the close of each day to the Central Accounts Section of the State Bank through the Central Accounts Office of the National Bank at Karachi.

Note : Deleted.

12. Complete accounts of the Central Government and of each of the Provincial Governments with the Bank are maintained by the Central Accounts Section of the State Bank at Karachi which also acts as a general Clearing House for the adjustment of transactions between different Governments. All adjustments to be made between the accounts of the Central Government and that of a Province or between the accounts of different Provinces as well as all payment which one Government has to make to another are advised by the Account Officers authorised in this behalf to the Central Accounts Section of the State Bank which will pass the necessary entries in the accounts of the Governments concerned maintained in the books of the Bank. Details of transfers effected in its books against the balance of the Provincial Government or of the Central Government, as the case may be, on account of adjustments advised by different Account Officers are communicated by the Central Accounts Section of the Bank to the Accountants General concerned at the close of each day. At the close of the accounts of each month a statement of closing balance of each Government on the books of the Bank after taking into account all cash transactions in all the offices, branches and agencies of the Bank and the adjusting transactions in its own books is forwarded by the Central Accounts Section to the Accountant General concerned.

Transactions of other Governments in Provincial Treasuries.

13. Cash balances held in a Provincial treasury form part of the Public Account of the Province to which the treasury belongs. The Treasury Rules issued by each Governor under article 87 of the Constitution, however, provide that moneys may be received and payments may be made on behalf of

the Central Government and other Provincial Government by a Provincial treasury situated at a place where the treasury business is not conducted by the Bank, such receipts and payments being taken in the first instance against the cash balance of the Province concerned. On receipt of intimation of such transactions through the monthly Treasury Account or otherwise, the Accountant General makes the requisite adjustments through the Central Accounts Section of the State Bank against the balances of the Central Government or other Provincial Government held by the Bank. Moneys paid or received in the office of the Accountant General on behalf of another province and book entries made in the office of the Accountant General affecting the accounts of another province or the Central Government will likewise be adjusted by the Accountant General through the Central Accounts Sections of the State Bank against the balances of the Central or Provincial Government, as the case may be. But see Article 16 (2).

Provincial transactions in Central Treasuries.

14. Cash balances held in the treasuries of the Central Government including treasuries under the control of the President situated in Pakistan States or in Centrally Administered areas form part of the Public Account of the Central Government. Transactions on behalf of Provincial Governments arising in these treasuries are taken against Central balance in the first instance and are subsequently adjusted by the Accountant General against the balances of the province concerned through the Central Accounts Section of the State Bank.

General Outlines of the system of Accounts.

15. The general outlines of the system of accounts of the Central and Provincial Governments, briefly stated, are as follows :—

(a) All receipts in Pakistan on behalf of the Central and Provincial Governments are paid into a treasury or the Bank. Except as provided in clause (b) below, the initial accounts of such receipts are maintained at the treasury.

(b) Receipts realised in the Railway, Defence, Posts, Telegraph and Telephones, Public Works, Forest and any other departments which may be authorised in this behalf are paid into a treasury or the Bank in lump and are accounted for at the treasury merely as receipts on behalf of such departments. The detailed accounts of such receipts are kept by the departmental officers concerned.

(c) Payments in Pakistan on behalf of the Central and Provincial Governments are ordinarily made either at a treasury or the Bank ; some departmental officers are, however, authorised to withdraw sums in lump from a treasury or the Bank for making payments. In the former case, the initial accounts of payments are kept at the treasury. In the latter case such accounts are maintained by the departmental officer concerned.

The accounts referred to in this clause do not relate to the accounts maintained by Government servants in respect of expenditure incurred from permanent advances.

(d) At the beginning of each month each Accountant General receives from the treasuries under his jurisdiction monthly accounts supported by the requisite schedules, vouchers, etc., in respect of the transactions which took place in the treasury during the previous month.

All Provincial and those Central treasuries, which render accounts to Provincial Accountants General, submit a double set of accounts, one for transactions of the Provincial Governments and the other for the transactions of the Central Government. Central treasuries, which render accounts to the Accountant General, Pakistan Revenues, furnish however, only a single account, in which any transactions on behalf of Provincial Governments are accounted for under the appropriate Remittance head pending adjustment against the balances of the Province concerned.

(e) Officers of the Civil Departments who pay their receipts into or withdraw moneys for expenditure from the Public Account in lump submit detailed accounts of their transactions to their respective Account Officers. Some Departmental officers are required to render to the Account Officer compiled accounts with suitable abstracts of their transactions classified under prescribed heads of accounts.

(f) From the accounts furnished by Treasuries and Civil Departmental Officers, Departmental Classified Abstracts are compiled by the Civil Account Officers showing the monthly receipts and payments pertaining to each Department for the whole account circle classified under the relevant major, minor and detailed heads. Separate Classified Abstracts are maintained for each Department, each group of small Departments or each major head or group of major heads of account not relating to any particular department or departments according to local convenience. The transactions adjustable against a department or against a major head not relating to any particular department which are intimated to the Civil Account Officer by another Account Officer as well as all book adjustments against a departmental or other major head which are initiated in the Account Office itself are also incorporated in the relevant Departmental classified Abstracts so that the latter may include monthly all transactions of whatever nature connected with the receipts and payments pertaining to each department or major head of account. From these classified abstracts, separate Departmental Consolidated Abstracts showing the progressive totals month by month under major, minor and detailed heads of revenue receipts and service payments are compiled. Separate Consolidated Abstracts are maintained for each Department or Major head of account or for a group of Departments or Major heads of account as may be found convenient.

The Departmental Classified Abstracts and the Departmental Consolidated Abstracts for the Central Departments are compiled separately from those for Departments of the Provincial Government.

(g) The transactions relating to Debt and Remittance heads appearing in the Treasury Cash Accounts and Lists of Payments, and in the Departmental and other Abstracts are collected for the whole circle of account under each head of account from month to month in a Detail Book. From the figures in the Detail Book, the Consolidated Abstract of Debt and Remittance transaction is prepared showing the progressive totals month by month under each major head in the Debt and Remittance Section of the accounts as well as under such minor and detailed heads as may be found necessary.

Separate Detail Books and Consolidated Abstracts are compiled for Central and Provincial transactions.

(h) The final stage of compilation is the preparation of the Abstract of Major head totals showing the receipts and disbursements by Major heads during and to end of the month from the Departmental Consolidated Abstracts and the Consolidated Abstracts of Debt and Remittance transactions. From these Consolidated Abstracts are also compiled the monthly and the annual accounts of the Central and Provincial Governments.

The cash balance of each Government in the books of the Accountants General at the close of the month will then be reconciled with the balances shown in the Cash Accounts rendered by Treasury Officers and with the statements of closing balances received from the Central Accounts Section of the State Bank.

(i) Departmental officers of Posts, Telegraphs and Telephones and Railway Departments submit accounts of their transactions to the respective Posts, Telegraphs and Telephones and Railway Accounts Officers. The Posts, Telegraphs and Telephones and Railway Accounts Officers render their monthly accounts to the Comptroller, Posts, Telegraphs and Telephones and the Provincial Accountant General, concerned respectively. The Comptroller, Posts, Telegraphs and Telephones consolidates the accounts of the entire transaction of Posts, Telegraphs and Telephones Department and the Accountant General consolidates the transactions of the Railway in the accounts of the province concerned. The accounts of the Defence Services as a whole are compiled by the Military Accountant General, on the basis of the particulars of receipts and disbursements furnished by the various Defence Accounts Officers.

(j) A copy of the monthly accounts of each Provincial Government is submitted to it by the Accountant General concerned. The Accountant General, Pakistan Revenues, receives from each Civil Account Office an abstract of the account of the transactions of the Central Government compiled by it for each month and these accounts together with the accounts for the month prepared in his office are consolidated into a single monthly account for submission to the Central Government. The Comptroller, Posts, Telegraphs and Telephones submits the consolidated monthly accounts of the Posts, Telegraphs and Telephones department to the Central Government.

(k) Each Civil Account Officer works out the progressive figures during the year of the Central and Provincial account of his circle. On closing the accounts for June (Final), the Central and Provincial accounts of each circle for transactions of the whole year are submitted by each Civil Account Officer to the Comptroller and Auditor General.

(l) The consolidated annual accounts of the Defence Services are submitted to the Comptroller and Auditor General by the Military Accountant General.

Accounts between different Account Circles.

16. (1) Transactions in one account circle which are adjustable in the accounts of another circle are passed on month by month to the latter for adjustment through one or the other of the following accounts :—

(i) Exchange Accounts.

(ii) Settlement Accounts.

(2) All transactions arising in the accounts of Defence or Posts, Telegraphs and Telephones Account Officer which are adjustable in the books of a civil or a non-civil Account Officer are passed on through the Exchange Accounts. If

any such transaction has to be adjusted against the balance of a Provincial Government, the money settlement in respect of it is effected by the Accountant General of the Province to whom the transaction is passed. Civil Account Officers utilise the media of Exchange Accounts for passing on transactions of the Central Government which are adjustable on the books of other Account Officers. Book transactions arising in the Central Section of the accounts of a civil Account Officer which are adjustable in the accounts of a Province kept by another Account Officer are also passed on through Exchange Accounts so that the latter Account Officer may adjust the transaction against the balance of the Province. The general procedure relating to Exchange Accounts is described in Chapters 7 and 10 of Volume IV of this Code.

(3) *Deleted.*

(4) Transactions initially taken against the balance of a Province which are eventually adjustable against the balance of another Province are passed on to the Accountant General of the latter Province through the Settlement Accounts and the money settlement between the two provinces in respect of such transactions is effected by the Accountant General of the former province through the Central Accounts Section of the State Bank. The procedure connected with the adjustment of transactions passed through the Settlement Accounts is described in Chapter 8 of Volume IV of this Code.

(5) In respect of transactions originating in their accounts which are adjustable against the balances of a Provincial Government, the Accountant General, Pakistan Revenues, and the Audit Officer, Industries, Supplies and Food, effect the necessary money settlement through the Central Accounts Section of the State Bank, the transactions being passed by them through the head "Adjusting Account between Central and Provincial Governments". Transactions pertaining to Provincial Governments are also settled direct with the Bank through the head "Adjusting Account between Central and Provincial Governments." An account of the transactions passed through this head is furnished by these Account Officers to the Provincial Accountant General or Comptroller concerned for final adjustment. This account falls under the category of Settlement Accounts mentioned in clause (4) above.

(6) Transactions of the Central and Provincial Governments in the United Kingdom except those representing genuine sterling assets and liabilities of the Central Government are passed on to Pakistan monthly through the Account Current between England and Pakistan for adjustment under appropriate heads of accounts in the books of the various Account Officers in Pakistan. The detailed procedure which is followed in Account Offices in regard to the adjustment of these transactions is described in Chapter 16 of Volume IV of this Code.

(7) The monthly Central and Provincial accounts of each account circle thus include not only the receipts and disbursements of the circle but also receipts and expenditure in the United Kingdom and all credits and debits passed on to it for adjustment by other account circles in Pakistan.

NOTE.—The term "Account Current" may be used in a general sense to include the different classes of accounts mentioned in this Article as well as the accounts with Foreign Governments and Pakistan States. An Account Current purports to be an extract from the books of the officer who despatches it, and to show the amounts he has passed to debit or credit of the other party to the account, with any necessary explanations of the credits, and with documents supporting the debits.

Annual Finance Accounts of the Central and Provincial Governments.

17. The annual accounts of each Provincial Government and the Appropriation Accounts are submitted to the Governments of the respective provinces in pursuance of the provisions of paragraph 11 (4) of the Audit and Accounts Order. These annual accounts, which are known as the Finance Accounts, are prepared by each Provincial Accountant General, as soon as the June Final accounts are closed, in a form prescribed by the Comptroller and Auditor General with the approval of the President, and submitted to the Comptroller and Auditor General for approval and transmission to the Governor of the Province concerned —*vide* Chapter 21 of Volume IV of this Code. The Finance Accounts of the Central Government which are required to be submitted by the Comptroller and Auditor General to the Central Government under the provisions of the Audit and Accounts Order aforesaid are prepared by the Accountant General, Pakistan Revenues.

The Appropriation Accounts of the Central Civil Departments and of the Posts, Telegraphs and Telephones Department are prepared by the Accountant General, Pakistan Revenues, and the Comptroller, Posts, Telegraphs and Telephones respectively, and submitted by the Comptroller and Auditor General to the President. The Appropriation Accounts of the Defence Services are prepared by the Military Accountant General, under the direction of the Financial Adviser, Military Finance.

The Combined Finance and Revenue Accounts of the Central and Provincial Governments in Pakistan.

18. Besides the annual Finance Accounts of the Central Government the Comptroller and Auditor General is also required to submit to the President annually under paragraph 12 of the Audit and Accounts Order a General Financial Statement incorporating a summary of the accounts of the Central Government and of all the provinces for the last preceding financial year in such form as he with the concurrence of the President may determine. This General Financial Statement, which is called the Combined Finance and Revenue Accounts of the Central and Provincial Governments in Pakistan, presents the transactions of all the Governments side by side classified under the several major and minor heads of accounts classification, thus incidentally enabling a comparison to be made for statistical or other purposes of the receipts and expenditure of the several Governments pertaining to each branch of administration or to activities of a similar nature. See also Chapter 21 of Volume IV of this Code.

Proforma Accounts.

19. The operations of some departments of Government sometimes include undertakings of a commercial or a quasi-commercial character, e.g., an industrial factory or a store. Even though these may be maintained almost entirely for the benefit of the department, it is still necessary, that the financial results of the undertaking should be expressed in the normal commercial form so that the cost of the service or undertaking may be accurately known. This implies the maintenance of suitable Capital, Manufacturing, Trading and Profit and Loss accounts and as the Government system of accounts, being on a purely cash basis, is unsuitable for such commercial accounts, these are usually kept on a *proforma* basis outside the general accounts, of Government. The actual transactions entering these *proforma* accounts, except those adjusted on a liability basis, find a place primarily in the regular accounts and the commercial accounts are additional as well as separate. These *proforma* accounts are maintained by the Departmental authorities themselves in such form as may be agreed upon between the Comptroller and Auditor General and the Government concerned.

Certain *proforma* accounts relating to Irrigation, Navigation, Embankment and Drainage projects and Government residential buildings are required to be prepared by Civil Account Offices. *Proforma* accounts are also sometimes required to be prepared for transactions which do not relate to commercial or quasi-commercial undertakings of Government; e.g., transactions of the Famine Relief Fund. The form in which any *proforma* accounts are prepared in Accounts Offices is determined by the Comptroller and Auditor General in consultation with the Government concerned.

Journal and Ledger.

20. The accounts of Government are based in the main on the single entry system and the double entry system is applied only in regard to the maintenance of a set of technical accounts called the Journal and Ledger. The main purpose of the Journal and Ledger is to bring out by a scientific method the balances of accounts in regard to which Government acts as a banker or remitter or borrower or lender. Though such balances are worked out in the regular Government accounts, their accuracy can be guaranteed only by a periodical verification with the balances brought out in the double entry accounts. Provincial Accountants General maintain separate Journals and Ledgers for transactions of the Central Government and of the Provincial Government. The Comptroller and Auditor General also maintains a Journal and Ledger for Central transactions which is posted from the final accounts of each year received from all Account Officers in Pakistan.

Chapter 3.—GENERAL PRINCIPLES AND METHODS OF ACCOUNTS.

General.

Period of Accounts.

21. The annual accounts of the Central and Provincial Governments which the Comptroller and Auditor General is required to render under sub-paragraph (4) of paragraph 11 of the Audit and Accounts Order shall record transactions which take place during a financial year running from 1st July to 30th June. Similarly, the annual General Financial Statement (the Combined Finance and Revenue Accounts of the Central and Provincial Governments in Pakistan) which the Comptroller and Auditor General is required to submit under paragraph 12 of the aforesaid Order shall record transactions of the Central and Provincial Governments for the same period.

NOTE.—The Government accounts of a year may be kept open for a certain period in the following year for completion of the various accounting processes *Inter alia* in respect of the transactions of June, for the carrying out of certain inter-departmental adjustments, and for the closing of the accounts of several Provident Funds and Suspense heads. Adjustments may also be made after the close of the year owing to mispostings and misclassifications coming to notice after the 30th June. An actual transaction taking place after 30th June, should not however, be treated as pertaining to the previous financial year even though the accounts for that year may be opened for the purpose mentioned above.

Cash basis of Accounts.

22. With the exception of such book adjustments as may be authorised by any rules included in this Code or by any general or special orders issued by Government after consultation with the Comptroller and Auditor General, the

transactions in Government accounts shall represent the actual cash receipts and disbursements during a financial year as distinguished from amounts due to or by Government during the same period.

Currency in which Accounts are kept.

23. The accounts of Government kept in Pakistan shall be maintained in Pakistan Currency. With the exception of transactions representing certain genuine sterling assets and liabilities of the Central Government, all transactions of the Central and Provincial Governments taking place in the United Kingdom shall be passed on monthly to Pakistan through the Account Current between England and Pakistan and brought to account finally in the Pakistan books after they have been converted into Pakistan Currency according to the procedure prescribed in Chapters 16 and 17 of Volume IV of this Code. Transactions of a genuine sterling character, e.g., those of the Central Government under certain Debt, Deposit Advances, Suspense and Remittance heads the balance of which are kept in sterling, shall be accounted for finally in the books of the High Commissioner for Pakistan. In the Annual (Finance) Accounts of the Central Government these transactions shall be combined with the connected Pakistan transactions and exhibited in rupees, whereas in the Combined Finance and Revenue Accounts of the Central and Provincial Governments they shall be shown both in rupees and in sterling.

NOTE—The accounts of sterling branches of the various Provident Funds should be maintained in Pakistan as subsidiary accounts to the rupee accounts which shall be the main Governmental accounts of Provident Funds.

Form of Accounts.

Main Divisions of Accounts.

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

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

The first division shall deal with the proceeds of taxation and other receipts classed as revenue and the expenditure therefrom. The second division shall deal with expenditure met usually from borrowed funds, such expenditure being incurred with the object either of increasing concrete assets of a material character or of reducing recurring liabilities such as those for future pensions by payment of the capitalised value, and also final receipts of a Capital nature intended to be applied as a set-off to Capital expenditure. The third division shall comprise receipts and payments in respect of which Government becomes liable to repay the money received or has a claim to recover the amounts paid together with repayments of the former and the recoveries of the latter. The fourth division shall embrace all merely adjusting heads, under which shall appear remittances of cash between treasuries, State Bank of Pakistan Remittances, as well as items in transit between different branches of the accounts department including Accounting Officers in England. The initial debits or credits to the heads in this Division will be cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

25. Inside each of the four divisions mentioned in the preceding Article the transactions shall be grouped into Sections which shall be further subdivided into Major Heads of Account. The Sections shall be distinguished by letters of the alphabet, a double letter denoting the Capital portion of the particular set of transactions. The Major Heads in the Revenue and Capital Divisions shall be numbered serially, Roman numerals being employed on the receipts side, and Arabic on the disbursement side.

The various Sections classified under the four divisions shall be as given in the Annexure to this Chapter.

Major, Minor and Detailed heads.

26. The main unit of classification in the accounts shall be the major head which shall be divided into minor heads each of which, if necessary, shall have a number of subordinate heads generally known as detailed heads. In some cases, minor heads will be divided into sub-heads which again will be divided into detailed heads. The detailed classification of account heads used in Government accounts shall be such as is given in the List of Major and Minor Heads of Account of Central and Provincial Receipts and Disbursement—*vide* Appendix 2.

In all accounts, the major and minor heads shall be arranged in the exact order shown in the List of Major and Minor Heads of Account.

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

27. The introduction of any new major or minor head as well as the abolition or change of nomenclature of any of the existing heads shall require the approval of the Comptroller and Auditor General who will obtain the approval of the President, where necessary. The Accountants General shall have discretion to open all the prescribed detailed heads and, when necessary, to open a new one if a prescribed head is not suitable. Accountants General should, however, secure that the detailed heads are not multiplied unnecessarily and that only such heads are opened in the accounts as are really essential. The following principles should also be observed in this connection :—

- (a) A head which is definitely prescribed in the List of Major and Minor Heads of Account or any other list approved by the Comptroller and Auditor General as being subordinate to one minor head should not be placed under another.
- (b) If a new head is opened for transactions formerly merged in another head, the new head should be placed next after the letter when new forms are printed, if it is not possible to do so earlier.

1. The detailed heads subordinate to a minor head of expenditure should be so arranged in accounts as to exhibit separately the expenditure under each unit of appropriation as prescribed from time to time by Government.

Classification of expenditure as "charged" or as "Other expenditure—New and other than New".

28. Expenditure which under the provisions of the Constitution is charged upon the Central/Provincial Consolidated Fund shall be shown in the accounts separately from "other Expenditure". The extent to which the "other Expenditure" is "New" in terms of Articles 40 (2) and 89 of the Constitution

shall also be indicated in the accounts. The expressions "charged," "New" and "other than New" shall be appended to the heads concerned to distinguish the categories of expenditure according to the provisions of the Constitution.

Classification of transactions in Accounts.

General limitations.

29. Under paragraph 11 (5) of the Audit and Accounts Order, the President or a Governor after consulting the Comptroller and Auditor General, has the power to issue any general or special orders as to the head of account under which any specified transaction or transactions of any specified class is or are to be included. All rules of classification laid down in this Code shall not only be subject to the observance of this condition but shall also be subject to the directions regarding inter-departmental transfers contained in Chapter 4 and to any other rules or orders which have been or may be issued to regulate adjustments between Governments. Rules regulating adjustment between Governments of certain important categories of charges and receipts which have been accepted by all Governments are given in Appendix 3.

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

General Principle of Classification.

30. As a general rule, the classification of transactions in Government accounts shall have closer reference to the department in which the revenue or expenditure occurs, than to the object of the revenue or expenditure, or the grounds upon which it is sanctioned. For example, expenditure in the Public Works Department on buildings which are under its administrative control, but which are required by a non-commercial department shall be debited in the Public Works Accounts and not passed on for adjustment against the department benefited by the expenditure.

Important general orders governing classification.

Pay and allowances (other than Travelling Allowances) of Government servants.

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

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

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

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

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

NOTE 2.—The transit pay and allowances, both ways, of a Government servant transferred from one Government to another or to foreign service will be adjusted in such manner as may be mutually agreed upon by the Governments concerned or as may be laid down in the appropriate Service Rules. See also Section I in Appendix 3.

Travelling Allowances.

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

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

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

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

Expenditure on Civil Works.

33. Expenditure on Civil Works shall be classified in accounts in accordance with the following principles :—

- (1) Outlay on buildings and other works shall be debited in the accounts as expenditure of the Public Works Department if the administrative control of the works is vested in officers of the Public Works

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

(2) Civil Works expenditure pertaining to areas which under the provisions of the Constitution, are administered by the Governor in his discretion shall be classified under departmental heads of account if the control is transferred to Departments, but may be classified under the head '50-Civil Works' though the administrative control of such works is vested in a local works organisation and is not transferred to the Provincial Public Works Department. Works expenditure pertaining to the Foreign Affairs and States Department shall be debited as expenditure of that department while works expenditure connected with the Civil Armed Forces and Frontier Constabulary shall be classified under the head '34-Tribal Areas'.

NOTE.—Where the buildings, etc., are under the administrative control of the Public Works Department, it is open to Government to prescribe that expenditure on construction and repairs connected with these buildings, etc., up to a money limit fixed by Government shall be debited as expenditure of the civil department carrying out the works.

All works expenditure debitible to civil departments shall be classified, under the minor head 'Works' subordinate to the relevant departmental major head, unless Government by rule or Order prescribes that such expenditure up to a money limit fixed by it shall be classified as contingent expenditure of the department concerned.

Contributions made by or to Government.

34. (a) Contribution made by the Central or the Provincial Governments to District Boards, Municipalities, etc., or *vice versa* shall be debited as expenditure or shown as receipt (as the case may be) under the head of account most closely connected with the object for which the contributions are made. Thus, a grant for the construction of a school shall be debited to "37-Education"; a grant for the construction of a drainage system to "39-Public Health" and

a grant for the construction of a road to "50—Civil Works"; while a grant given for general purposes, such as a grant to make good a deficit or as compensation for revenue resumed, shall be classified under "57—Miscellaneous".

NOTE. 1.—If the financial assistance given by the Central or a Provincial Government to a local body does not take the form of a grant of cash, but of expenditure in the Public Works Department equivalent to the whole or a part of the cost of a work constructed by that department on behalf of the local body concerned the contribution thus made should be debited as expenditure under the minor head 'Grant-in-aid' of the Public Works Major Head concerned irrespective of the object of the assistance.

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

(b) Articles 38 and 87 of the Constitution provide that the Federation or a province may make grants for any purpose, notwithstanding that the purpose is not one with respect to which the Federal or the Provincial Legislature as the case may be, may make laws. A grant which a Provincial Government may make to the Central Government under these articles need not invariably take the form of a grant-in-aid. It would be open to the Provincial Government to incur by agreement with the Central Government direct expenditure on a Central Subject and such expenditure should be recorded in the accounts as Provincial expenditure under the appropriate head of account concerned. For example, if a Provincial Government by agreement with the Central Government incur direct expenditure on Ancient and Historical Monuments, a Central subject, such expenditure if incurred in the Public Works Department should be recorded under the minor head "Civil Works" subordinate to the head "50—Civil Works—Original Works—Buildings".

Refunds of Revenue

35. Refunds of revenue shall, as a general rule, be taken in reduction of the revenue receipts under the major head concerned.

Classification of transaction under "Advances Repayable".

36. Moneys advanced for miscellaneous purposes under special authority and recoverable in cash and sums overpaid on vouchers other than those for service payments shall be adjusted under the head "Advances Repayable". Payments made on account of Government expenditure should not be held under "Advances Repayable" on the ground that further proceedings in audit are necessary for their final admission. This head shall cover items which are from their inception debts due to Government recoverable either in cash or by deduction from pay and allowances. Pay and allowances of any kind in respect of an assignable period paid before they are due shall be debited to the same head as when paid after they are due, but advances of pay and travelling allowance made to a Government servant under orders of transfer may be debited to "Advances Repayable" or if the Government servant is transferred to another account circle should be passed on to the latter circle for adjustment. Advances for compensation for land may be debited to "Advances Repayable" and retained under that head until receipt of proper payment vouchers when the amounts should be transferred to the debit of the department concerned.

Advances for law suits shall be finally debited against the department concerned. Refunds of amounts remaining unspent out of these advances shall be dealt with as cash recoveries of service payments—*vide* Article 22 of Volume IV of this Code.

Classification of transactions under 'Suspense'.

37. Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reason may be held temporarily under the head "Suspense Account" in the Deposit Section of the accounts. A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Miscellaneous" under the revenue head to which it appears to belong pending eventual transfer to the credit of the proper head on receipt of detailed particulars. The charges under the head "Suspense Account" will consist not only of items for which full particulars have not been given which will enable the Audit office properly to classify them, but also charges written back on disallowance from Exchange Accounts or charges disallowed from the Inward Settlement Accounts, which are not susceptible of final adjustment against some other head. If, however, the only point of doubt in respect of any charge is whether it should be treated as Central or Provincial it should not be debited to 'Suspense' but should be taken to a proper service head of account, and shown as appertaining to the Government which actually incurred the expenditure pending final decision of the question of which Government should bear the charge.

NOTE.—No sums shall ordinarily be credited to Government by debit to a suspense head; credit must follow and not precede actual realisation.

Important special orders governing the classification of certain individual transactions.

Cost of acquisition of land.

38. The cost of land taken up by acquisition shall be debited to the department for which it is acquired. *See also Notes 1 and 2 to Article 62.*

Sale-proceeds of Government land and buildings.

39. The classification of the sale-proceeds of Government land and buildings shall be regulated in accordance with the schedules given below:—

I.—SCHEDULE.

Sale-proceeds of land, etc.

Heads to which creditable.

(i) When the cost of the land was originally debited to, or remains at the debit of, the Capital account of any project or undertaking for which regular Capital and Revenue accounts are kept or was originally met from the revenue account of such project or undertaking.

The Capital or Revenue account of the project, as the case may be according to the allocation rules applicable to the Department concerned.

(ii) When the cost was originally debited to a Capital expenditure head outside the Revenue Account, even though no regular Capital and Revenue accounts are kept for the work covered by the Capital expenditure.

The Capital expenditure head originally debited.

I.—SCHEDULE—*contd.*

Heads to which creditable.

(iii) When the cost was originally debited, within the Revenue Section of the accounts, to any service or revenue department for which no Capital and Revenue accounts are kept.	The receipt head relating to the department concerned or, in the case of departments not having a corresponding receipt head, "XLVI—Miscellaneous—Miscellaneous".
(iv) When the cost was not so debited— (a) the rights of Government in agricultural land not covered by clause (b);	VII.—Land Revenue.
(b) Nazul lands in the former Punjab or elsewhere and lands in the former Punjab equipped at the cost of provincial revenues for re-sale for building purposes;	XLVI.—Miscellaneous—Sales of Land and houses, etc.
(c) all other items...	XLVI.—Miscellaneous—Miscellaneous.

II.—SCHEDULE.

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

Heads to which creditable.

(i) When the cost of the building was originally debited to, or remains at the debit of, the Capital Account of a project or undertaking for which regular Capital and Revenue Accounts are kept or was originally met from the Revenue account of such project or undertaking.	The Capital or Revenue account of the project, as the case may be, according to the allocation rules, applicable to the Department concerned.
(ii) When the cost of the building was originally debited to a Capital expenditure head outside the Revenue Account, even though no regular Capital and Revenue Accounts are kept for the work covered by the Capital expenditure.	The Capital expenditure head originally debited.
(iii) When the sale affects irrigation, navigation, embankment and drainage works for which Capital Accounts are not kept.	XVIII.—Irrigation, Navigation, Embankment and Drainage Works for which no Capital Accounts are kept.
(iv) When the sale is of buildings, the cost of which was originally debited, within the revenue section of the accounts, to any service or revenue department for which no capital and revenue accounts are kept.	The receipt head relating to the department concerned, or in the case of departments not having a corresponding receipt head,—XLVI.—Miscellaneous—Miscellaneous.
(v) In all other cases :— (i) if sold in the Public works Department (ii) if sold in the Defence Department (iii) if sold by Civil agency	XXXIX.—Civil Works. XLVII.—Defence Receipts—Effective. XLVI.—Miscellaneous—Sales of Land and houses, etc.

NOTE 1.—Any special and non-recurring receipts unconnected with expenditure previously debited to a capital head falling under Schedules I and II of this rule may be credited to the Major Head "LI.—Extraordinary Receipts" if Government desires to distinguish them from the ordinary revenues of the year, provided that the amount involved is so large as to justify this special treatment.

NOTE 2.—The sale-proceeds realised from the disposal of all surplus lands and buildings in the Defence Department are to be credited to a special suspense head "Sale proceeds of surplus military lands and buildings" under "P.—Deposits and Advances—Suspense Accounts" so long as the temporary head remains in existence.

NOTE 3; *Deleted.*

Municipal rates and taxes.

40. Municipal rates and taxes on Government buildings shall be adjusted as follows :—

- (a) As a general rule, municipal rates and taxes on a non-residential building paid by, or passed on to, a department other than the Defence Department, occupying the whole or part of the building shall be debited to the contingencies of the Department concerned. Where, however, the whole or part of the tax is paid by the Public Works Department or by a Civil department as the department in administrative control of the building, the payments may be debited to the maintenance estimate of the building concerned.
- (b) Taxes on non-residential buildings occupied by Departments other than the Defence Department, if paid by a department nominated by Government in this behalf and not passed on to the occupying departments, shall be debited to "57—Miscellaneous—Rents, Rates and Taxes."
- (c) Taxes on residential buildings, if payable by Government, whether the buildings are under the administrative control of the Public Works Department or any other Civil department, shall be debited to the maintenance estimate of the building concerned.

NOTE.—In cases where the whole or any portion of the taxes which by local rule or custom are ordinarily leviable from the tenant, is paid by a department other than the department in administrative control of the building, the charge may be treated as contingent expenditure of the paying department.

- (d) Taxes both on residential and non-residential buildings owned or occupied by the Defence Department shall be debited to Defence Services estimates.

Cost of Survey of Pakistan and other scientific parties accompanying a military expedition

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

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

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

General Methods of Accounting.

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

42. For the sake of convenience or for other special reasons, receipts or charges pertaining to more than one head of account may be booked in the first instance under one of the heads concerned, but the portion creditable or debitible to the other head or heads involved should be transferred from the former head to the latter before the accounts of the year are closed. A few cases in which this procedure is authorised are cited below :—

- (1) Where the charges for the supply of water from Irrigation canals are consolidated with the Land Revenue demand the consolidated rates are in the first instance credited to the head "Land Revenue" and an approximate amount calculated as the share due to Irrigation is transferred to Irrigation Revenue head.
- (2) Charges for collection of Corporation Tax are accounted for under the head "4- Taxes on Income other than Corporation Tax" in the first instance, the amounts debitible to the head "3-Corporation Tax" being transferred later from the former head to the latter.
- (3) Interest paid by Government on loans is taken initially under the head "22-Interest on Debt and Other Obligations" and necessary transfers from this head are made subsequently in respect of amounts debitible to Commercial Departments.
- (4) The Establishment and Tools and Plant charges of Public Works Divisions are in the first place booked under a single major head subject to final apportionment among the several major heads concerned.
- (5) The charges relating to the audit of the transactions of the Posts, Telegraphs and Telephones, Railway and the Salt Revenue Branch of the Department of Central Excises and Salt, are recorded initially under the head "26-Audit" and are transferred subsequently to the accounts of the respective departments.

Record of Capital expenditure in accounts.

43. The following principles shall govern the record of Capital expenditure in the accounts :—

- (1) Save as provided otherwise, all expenditure of a Capital nature incurred in a Commercial Department or in connection with commercial undertakings for which regular Capital and Revenue accounts are kept shall be debited in the first instance to a capital head outside the Revenue Account. So much of this expenditure as Government may decide to finance out of revenue sources shall be transferred to a corresponding capital head within the Revenue Account.

NOTE.—Capital expenditure financed from ordinary revenues may be debited direct to a capital head within the Revenue Account if so desired by Government, provided that the expenditure is recorded in sufficient detail under the capital major head within the Revenue Account, so that it may be combined with the expenditure brought to account under the capital major head outside the Revenue Account in order to show the total capital outlay in one place in the administrative or *proforma* account maintained for the purpose. In the absence of an appropriate capital major head within the Revenue Account such capital expenditure shall be taken directly to a distinct sub-head with separate detailed heads to be opened for the purpose under the relevant Revenue major head concerned.

(2) In the case of other departments, expenditure of a capital nature on a project which Government may decide to finance from borrowings or from non-revenue sources shall be debited initially and finally to a capital head outside the Revenue Account while similar expenditure on all other projects shall be taken direct to the appropriate head within the Revenue Account. No question of transferring any portion of the expenditure initially recorded outside the Revenue Account to the Revenue Account should arise in these cases unless Government decide to write the expenditure back to Revenue over a period of years. If this process takes the form of amortisation of loans taken for the expenditure, the annual Sinking Fund payments shall be debited to the appropriate Revenue head of account concerned.

The detailed rules by which allocation of expenditure between Capital and Revenue in Commercial departments and undertakings should be determined shall be such as may be made by Government after consultation with the Comptroller and Auditor General.

Accounting for transactions relating to Excluded and partially Excluded Areas.

44. Receipts and expenditure pertaining to Excluded Areas and partially Excluded Areas in a province—shall be accounted for under the same major and minor heads under which corresponding receipts and expenditure pertaining to other areas of the province are accounted for, but the receipts and expenditure of the former kind may be shown in the accounts separately from the latter if Government so desires,

45. *Deleted.*

Accounting for losses.

46. Losses of Public money, stores or other property of Government shall be accounted for in accordance with the rules in Chapter 6.

Exhibition of recoveries in Government Accounts.

47. The rules to regulate the exhibition of recoveries in Government Accounts are contained in Chapter 5.

Accounting for recoveries of overpayments.

48. Recoveries of overpayments shall be adjusted in the accounts in accordance with the procedure set out in Article 22 of Volume IV of this Code.

Accounts of Commercial undertakings.

49. Where any undertakings of Government are conducted on commercial lines, the essential formalities of commercial accounts should, if Government so desires, be strictly observed. In such cases, separate Commercial accounts of the undertakings shall be kept outside the regular Government account. Gross receipts and expenditure of commercial undertakings shall be accounted for under the appropriate major and minor heads in the same way as ordinary receipts and expenditure of Government. The heads of accounts should, as far as possible,

be common to the Government accounts and the General Ledger maintained at the undertaking and should be selected with due regard to the principles of Governmental and commercial accounting so that the monthly classified account of income and expenditure of the undertaking may be prepared readily from the General Ledger maintained at the undertaking.

Working expenses of commercial departments.

50. As a general rule all expenditure pertaining to a department should be recorded on the expenditure side of the account. In the case of recognised commercial departments, however, it is permissible to take "Working Expenses" on the receipt side as deduction from gross receipts.

Transactions with other Governments and account circles.

51. The methods by which transactions between different account circles as well as between different Governments including foreign Governments and Pakistan States are settled shall be as described in the relevant Chapters of Volume IV of the Code.

Rectification of misclassifications.

52. The procedure to be followed in rectifying misclassifications in accounts shall be as prescribed in Chapter 19 of Volume IV of this Code.

Writes-off from balanced heads to "Government".

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

Accounts to work from balance to balance.

54. The accounts of each Government shall work from balance to balance. The closing balance shown in the accounts of each month shall work up to the general cash balances of each Government held in its treasuries (including remittances in transit) and by the State Bank of Pakistan at the end of that month.

NOTE.—A portion of the balances of the Central Government is held in England by the High Commissioner for Pakistan at the Lloyd's Bank Ltd. (Eastern Department).

ANNEXURE

(See Article 25.)

LIST OF SECTIONS UNDER THE FOUR DIVISIONS OF ACCOUNTS.

I.—Revenue.—

- A.—Principal Heads of Revenue.
 - (1) Direct Demands on the Revenue.
- AA.—Principal Revenue Heads :—
 - Capital Outlay on Salt Works within the Revenue Account.
 - B.—Railway Revenue Account.
 - BB.—Railway Capital Account within the Revenue Account.
 - C.—Revenue Account of Irrigation, Navigation, Embankment and Drainage Works.
 - CC.—Capital Account of Irrigation, Navigation, Embankment and Drainage Works within the Revenue Account.
 - D.—Posts, Telegraphs and Telephones Revenue Account.
 - DD.—Posts, Telegraphs and Telephones Capital Account within the Revenue Account.
 - E.—Debt Services.
 - F.—Civil Administration.
 - FF.—Civil Administration—Capital Account within the Revenue Account.
 - G.—Currency and Mint.
 - H.—Civil Works and Miscellaneous Public Improvements.
 - HH.—Capital Account of Civil Works and Miscellaneous Public Improvements within the Revenue Account.
 - I.—Electricity Schemes.
 - II.—Capital Account of Electricity Schemes within the Revenue Account.
 - J.—Miscellaneous.
 - JJ.—Miscellaneous Capital Account within the Revenue Account.
 - K.—Defence Services.
 - L.—Contributions and Miscellaneous Adjustments between Central and Provincial Governments.
 - M.—Extraordinary Items.

II.—Capital—

- AA.—Principal Revenue Heads :—
 - Forest and other Capital Accounts outside the Revenue Account.
- BB.—Railway Capital Account outside the Revenue Account.
- CC.—Capital Account of Irrigation, Navigation, Embankment and Drainage Works outside the Revenue Account.
- DD.—Posts, Telegraphs and Telephones Capital Account outside the Revenue Account.
- FF.—Civil Administration—Capital Accounts outside the Revenue Account.
- GG.—Currency and Mint—Capital Accounts outside the Revenue Account.
- HH.—Capital Account of Civil Works and Miscellaneous Public Improvements outside the Revenue Account.
- II.—Capital Account of Electricity Schemes outside the Revenue Account.
- JJ.—Miscellaneous Capital Account outside the Revenue Account.
- KK.—Defence Capital Account outside the Revenue Account.

III.—Debt—

- N.—Public Debt.
- O.—Unfunded Debt.
- P.—Deposits and Advances.
- Q.—Loans and Advances by the Central Government.
- R.—Loans and Advances by Provincial Governments.

IV.—Remittance—

S.—Remittances—

- I.—Remittances within Pakistan.
- II.—Remittances between England and Pakistan.
- T.—Transfer of Cash between England and Pakistan.

Chapter 4.—DIRECTIONS REGULATING INTER-DEPARTMENTAL TRANSFERS.

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Adjustments with outside bodies	...		58					
Inter-departmental adjustments	...		59					

Introductory.

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

NOTE.—Deleted.

Adjustments between Governments.

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

57. Deleted.

Adjustments with outside bodies.

58. Payment shall be required in all cases where a department of a Government renders service or makes supplies to a non-Government body or institution or to a separate fund constituted as such inside or outside the Public Account, unless Government by general or special order gives directions to the contrary. Relief in respect of payment for services or supplies given to any body or fund, should ordinarily be given through a grant-in-aid rather than by remission of dues.

Inter-departmental adjustments.

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

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

Examples of the first class are :—

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

Examples of the second class are :—

the departments of Survey, Government Printing, Stationery, Public Works (Building and Roads Branch), Supply and Development Department.

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

NOTE.—Government has the power in respect of these directions to decide whether a particular department or particular activities of a department shall be regarded as a Commercial department or undertaking. A list of departments and undertakings at present recognised by the Central Government as commercial is given in the annexure to this chapter. Lists of commercial concerns of the Provincial Governments will be found in the Manuals, etc. of the Governments concerned.

60. Save as expressly provided in this Chapter, a Service department shall not make charges against another department for services or supplies which fall within the class of duties for which the former department is constituted.

The following exceptions to the rule in this Article have been authorised:—

- (a) The Forest Department may charge any other department for vegetable, animal or mineral products extracted from a forest area.
- (b) Payment must ordinarily be made for convict labour as in the case of that supplied to the Public Works and other departments of Government but no charge shall be made for convict labour in the case of works undertaken by the Public Works Department which are treated as Jail Works.
- (c) The cost of additional Police Guards supplied to an Irrigation or other project while under construction, may be debited to the project concerned.

61. A commercial department or undertakings shall ordinarily charge and be charged for any supplies and services made or rendered to, or by other departments of Government.

This Direction may be applied to particular units or particular activities of any department even though the department as a whole may not be a Commercial department. Such a unit or activity shall ordinarily charge for its services or its supplies to, and may likewise be charged by, either the department of which it forms a part or any other department.

NOTE.—Save as otherwise provided in this Chapter, service rendered by a Service Department falling under clause A (a) of Article 59 in the normal discharge of its functions shall not be regarded as service rendered for the purposes of this Article.

NOTE 2.—The supply of residential accommodation by one department to the employees of another shall not for the purposes of the Directions in this Chapter be held to constitute a service rendered. In all such cases the rent charged for residential accommodation will be the rent recoverable under the rules for the time being in force from the persons actually using such accommodation.

62. Where one department makes payment or renders service as an agent of another department of the same Government the principal department may,

subject to such monetary limit as may be fixed by Government in this behalf, be debited with the expenditure incurred on its behalf by the agent department.

ad. of 1.
NOTE 1.—The cost of land acquired by a Civil department on behalf of the Public Works Department is debitible in the accounts of the latter as part of the cost of the works for which the land is taken up; but when land is taken up by two or more Service departments conjointly, the cost is wholly debitible to the department for which the major portion of expenditure was incurred, unless there are special reasons to the contrary.

NOTE 2.—When a special officer is employed for the acquisition of land for any department the expenditure on pay, allowances, etc, of the special officer and his establishment and any expenditure on contingencies, is debitible to that department as part of the cost of land. When the land is taken up by a Civil officer, not specially employed for the work, only special charges incurred in connection with the acquisition of the land on establishment, contingencies, etc, shall be borne by the department for which the land is acquired.

63. Without prejudice to the general principle contained in Article 60 the Defence Services shall, in respect of inter-departmental transactions, charge and be charged for services rendered and supplies made to or by other departments, unless in particular cases or classes of cases, Government in consultation with the Comptroller and Auditor General have decided that the inter-departmental adjustment would be unsuitable and undesirable.

NOTE 1.—The Defence Services shall not be required to pay rent for office accommodation supplied by the Public Works Department in Central buildings in any station in Pakistan nor shall rent be charged for buildings of the Defence Services in any station in Pakistan occupied by departments of the Central Government other than those falling under clause B of Article 59.

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

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

Examples.

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

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

Workshops of a department, Mathematical Instrument Office, Dockyards.

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

67. Notwithstanding anything contained in the Directions in this Chapter, a Government may, for special reasons which shall be recorded and communicated to the Accountant General, permit inter-departmental adjustment in any case where such adjustment may be considered necessary in the interest of economy or of departmental control of expenditure.

General.

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

69. Payments of amounts due by one department of Government to another shall ordinarily be made by book transfer except when such transfers do not suit the methods of accounts or of business adopted by the receiving department.

70. *Deleted.*

71. Any question of doubt or dispute arising in connection with the interpretation of the directions in this Chapter will be decided by the Comptroller and Auditor General with the approval of the President.

CHAP. 4] DIRECTIONS REGULATING INTER-DEPARTMENTAL TRANSFERS. [ANNEX.

ANNEXURE

List of departments and undertakings recognised by the Central Government as Commercial (vide Note under Article 59).

(This list does not purport to be exhaustive and may be modified by Government where necessary in consultation with the Accountant General.)

1. Posts, Telegraphs and Telephones.
2. Light Houses and Light Ships.
3. Irrigation, Navigation and Drainage Works for which Capital and Revenue Accounts are kept.
4. Bureau of Laboratories.
5. Government of Pakistan Presses.
6. Central Publication Branch.
7. Central Stationery, Forms and Publication Offices.
8. Jute Board, Narayanganj (from 28-10-1949).
9. Chalna Anchorage, Khulna (from 1-4-1957).
10. Commercial Service, Radio Pakistan (from 1-10-1961).
11. Military Farms.
12. Ordnance Factories (including Explosives Factories).
13. Ordnance Clothing Factories.

72-74] DIRECTIONS REGULATING THE EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS. [CHAP. 5

Chapter 5.—DIRECTIONS REGULATING THE EXHIBITION OF RECOVERIES OF EXPENDITURE IN GOVERNMENT ACCOUNTS.

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Recoveries by one Government from another	74				

Introductory.

72. The directions in this chapter shall regulate the exhibition of recoveries of expenditure in Government accounts.

In these directions the term 'recovery' means repayment by another Government, department or an outside body or person of expenditure initially borne by a Government department and recorded as such in its accounts.

Recoveries from private persons or bodies, Pakistan States and Governments outside Pakistan.

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

Exceptions.

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

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

Recoveries by one Government from another.

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

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

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EXPENDITURE IN GOVERNMENT ACCOUNTS.

(c) Recoveries of the classes falling under (a) and (b), if not effected within the accounts of the year in which the expenditure was incurred, should be treated as revenue.

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

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

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

Recoveries by one department from another department of the same Government.

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

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

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

Receipts and recoveries on Capital Account.

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

Settlement of doubts or disputes.

77. In case of doubt or dispute, the question whether any particular recovery is classifiable as revenue or as deduction from expenditure under the directions in this chapter will be decided by the Comptroller and Auditor General, with the approval of the President.

78. *Deleted.*

Chapter 6.—DIRECTIONS REGULATING THE EXHIBITION OF LOSSES IN GOVERNMENT ACCOUNTS.

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Receipts	...	80	Inevitable losses	...	84
Buildings, lands, stores and equipment	...	81	Exhibition of Losses in Appropriation Accounts	...	85
Cash in treasuries and in departmental charge	...	82		...	

Introductory.

79. The directions in this chapter shall regulate the exhibition and adjustment of losses in Government Accounts.

Receipts.

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

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

NOTE 1.—The term "Government servant" used in clause (2) of this Article includes persons who, though not technically borne on a regular Government Establishment, are duly authorised to receive money on behalf of Government.

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

Buildings, lands, stores and equipment.

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

Cash in hand, whether in treasuries or in department charge.

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

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

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

Irregular or unusual payments.

83. Irregular or unusual payments should be recorded in the accounts with general reference to the ordinary rules of classification according to the nature of the expenditure; for example, an overpayment of pay

shall be debited to the head "Pay". Similarly, an excess payment for bricks manufactured shall be debited to the work for which the bricks are used. It is only when special heads exist in the accounts for recording such charges, as compensations for damages, irrecoverable temporary loans written off and the like, that unusual or extraordinary payments shall be separately recorded.

Inevitable Losses.

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

Exhibition of Losses in Appropriation Accounts.

85. The rules relating to the exhibition of losses in the Appropriation Accounts are contained in the instructions issued by the Comptroller and Auditor General for the preparation of those Accounts.

APPENDIX 1

APPENDIX 1

(See ARTICLE 2.)

The Initial and Subsidiary Accounts Rules.

In exercise of the powers conferred by sub-paragraph (3) of paragraph 11 of the Government of Pakistan (Audit and Accounts) Order, 1952, the President is pleased, after consultation with the Comptroller and Auditor General of Pakistan, to make the following rules :—

1. These rules may be called the Initial and Subsidiary Accounts Rules.
2. In these rules—
 - (1) "Initial Accounts" means a primary record of all money transactions affecting the revenues of the Federation or of any Province as they occur ;
 - (2) the "Order" means the Government of Pakistan (Audit and Accounts) Order, 1952 ;
 - (3) "Treasuries" includes all treasuries and sub-treasuries whether under the control of the Federation or of a Province ; and other terms and expressions have the same meanings as have been assigned to them in the Order.
3. Under the rules the Comptroller and Auditor General of Pakistan has been relieved from the responsibility for keeping accounts of the under-mentioned class or character :—
 - (a) Initial Accounts required to be kept in treasuries ;
 - (b) Initial and Subsidiary Accounts that may be required to be kept in any office or department of the Federation, or as the case may be, of any Province ;
 - (c) Accounts of stores and stock that may be required to be kept in any office or department of the Federation or of a Province by order of the President or of the Governor of the Province ; and
 - (d) Trading, Manufacturing and Profit and Loss Accounts and balance sheets and any other subsidiary accounts that may be required to be kept by order of the President or of the Governor of a Province in any Department of the Federation or of the Province.
4. Nothing contained in Rule 3 shall be construed as derogating from the authority of the Comptroller and Auditor General of Pakistan :—
 - (a) to require any treasury, office or department keeping initial or subsidiary accounts to render accounts of such transactions as are included in them to the audit and accounts offices under his control on such dates as he may determine ; or
 - (b) to prescribe the form in which such accounts shall be rendered and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based, shall be kept.

APPENDIX 2

APPENDIX 2

(See ARTICLE 26.)

List of Major and Minor Heads of Account of Central and Provincial Receipts and Disbursements.

(Printed separately.)

APPENDIX 3

APPENDIX 3

(See ARTICLE 29.)

Principles and Rules regarding the distribution of certain charges and receipts between Governments.**A.—INTRODUCTORY****B.—PAY, ALLOWANCES, PENSIONS, ETC.**

- I. Incidence of Pay and Allowances, other than Leave Salaries.
- II. Incidence of Leave Salaries.
- III. Incidence of Cost of Passages.
- IV. Incidence of Pensions.
- V. Incidence of charges for Bonus in respect of Government servants who are employed on Bonus terms and who served under more than one Government.
- VI. Incidence of Government contribution to Indian Civil Service Family Pensions.
- VII. Incidence of Government contribution to the Civil Service of Pakistan (Non-European Members) Provident Fund.

C.—OTHER CHARGES

- VIII. Incidence of expenditure involved in Audit and keeping Accounts.
- IX. Incidence of Grants of Land and Alienations.
- X. Incidence of the cost of Police functions on Railways including the cost of protecting Railway Bridges.
- XI. Incidence of the cost of (1) Forest Surveys carried out by the Survey of Pakistan, and (2) Forest maps prepared by that Department.
- XII. Incidence of cost of Maintenance and Demarcation of Boundaries and of Settlement of Boundary Disputes.

D.—RECEIPTS

- XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign Service.

A.—INTRODUCTORY

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

B.—PAY, ALLOWANCES, PENSIONS, ETC.**I. Incidence of Pay and Allowances, other than leave salaries.**

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

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

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(ii) When the services of a Government servant are lent by one Government to another the transit pay and allowances including travelling allowances while he is joining and leaving the new service shall be debited to the borrowing Government. This principle applies even in cases where the Government servant lent takes leave either before joining the borrowing Government or before rejoining the lending Government and holds good even in respect of joining time admissible to a Government servant returning from leave out of Pakistan of more than four months' duration, the term four months' being interpreted to mean 90 days in case of Government servants subject to the Revised Leave Rules. For this purpose, officers of the Army Medical Corps employed under Provincial Governments should in all cases be regarded as lent to those Governments by the Central Government (Defence Department).

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

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

3. The following rules govern the incidence of the cost of troops lent to civil departments of the Central Government and to Provincial Governments. The words "military" and "troops" are used to include Pakistan Navy and the Air Force as well as the Army :—

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

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

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

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

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

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

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

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

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

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

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

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

6. Civilian Government servants, who belong to the Army in Pakistan Reserve of officers when called up for training receive the following emoluments—

- (i) when proceeding to carry out their training direct from their civil appointments, the pay and allowances which they would have drawn in their civil appointments but for the training, for the whole period of absence on such training inclusive of the time spent, in transit to and from ;
- (ii) when proceeding to carry out their training while on leave in Pakistan, Burma, Ceylon, Great Britain or Northern Ireland, the civil leave pay and allowances which they would have drawn but for the training ;
- (iii) when proceeding to carry out their training on the expiry of leave out of Pakistan taken from their civil appointments but before rejoining their civil appointments for duty, joining time civil pay from the date of disembarkation in Pakistan to the date preceding that on which their training commenced and full civil pay for the period of actual training and the period spent in journeying to the place of their civil appointments ; and
- (iv) Military pay and allowances for the period of actual training.

The emoluments drawn under (i) to (iii) are debitible to the Civil—Central or Provincial Estimates and that under (iv) to the Defence Services Estimates.

If it is necessary to provide a substitute in the place of such an officer undergoing training the additional cost will be a charge on Civil Estimates.

NOTE.—This rule is also applicable in regard to the allocation of the civil pay of a Government servant, who is a member of the Pakistan Naval Volunteers Reserve or the Pakistan Navy Reserve when called up for training.

7. Reservists of the Army employed under the Central or Provincial Governments will, when called up for periodical military training, receive military pay and allowances. They will also receive the excess, if any, of their civil pay over their military pay provided that this concession is specifically sanctioned by the Ministry or Division of the Government of Pakistan or the head of the attached or subordinate office concerned, or by the Provincial Governments in whose employ the reservists are serving in their civil capacity. Except where the civil pay of the reservists is met from the Defence Services Estimates the extra expenditure involved will not constitute a charge against the Defence Services Estimates.

8. *Deleted.*

9. *Deleted.*

10. Travelling allowances of Telegraph signallers accompanying Provincial Governors and other high officials on tour is debited to the Department concerned, although their pay for the period is debited to the Telegraph Department.

11. *Deleted.*

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

13. *Deleted.*

II. Incidence of Leave Salaries.

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

For the purposes of these rules—

- (1) Services under the Defence Department and Commercial Departments within the same Government should be regarded as service under a separate Government;
- (2) a lending Government is ordinarily a Government under which a Government servant first obtains permanent employment;
- (3) leave salary does not include a house rent allowance or other compensatory allowance drawn during leave.

1. Save as otherwise provided in these rules, when a Government servant is transferred to service under Government other than that under which he was first employed the leave salary drawn by him during any leave taken after the date of transfer should be debited to the borrowing Government until the entire leave earned under that Government has been exhausted, irrespective of whether the leave is taken while the Government servant is actually serving under the borrowing Government or not.

NOTE 1.—In cases in which a Government servant while in permanent service under one Government is transferred to equally permanent service under another Government, e.g., officers of the Army Medical Corps and Pakistan military Engineers transferred to permanent Civil employment and members of the Civil Service of Pakistan transferred to permanent employment in Central Departments such as the Pakistan Customs Service or the Pakistan Audit Department, the Government to which such a Government servant is permanently transferred should not be regarded as a borrowing Government but should be regarded as occupying the same position as the original lending Government. In other words, for the purposes of these rules, it is to be regarded in respect of that Government servant in future as a lending Government. This principle shall not, however, apply to cases in which a Government servant is transferred from one Government to another to fill a permanent post for a limited period, e.g., a Secretaryship in the Central Governments' Secretariat.

An important corollary of this principle is that when an officer of the Pakistan Army, Army Medical Corps or Pakistan Engineers in permanent civil employ is re-transferred temporarily to the Defence Department for war work, etc., the Defence Department should be regarded as a borrowing Government.

NOTE 2.—In the case of Government servants borne on joint cadres, service under a Government, other than the parent Government, will be treated as service under a borrowing Government; but see Rule 10.

NOTE 3.—No share of the leave salary of a Civilian Government servant belonging to the Army in Pakistan Reserve of Officers or the Pakistan Territorial Force for the period he is called out for military training will be debitible to the Defence Services Estimates.

NOTE 4.—Leave earned by service under the Government of Burma prior to separation will, for purposes of allocation, be treated as earned under the Government under which the officer concerned was permanently employed on the 1st April, 1937.

2. Except as provided in the two succeeding sub-paragraphs, the liability of a borrowing Government should be taken in all cases (including those of Government servants whose leave is regulated by the leave rules in the Civil Service Regulations or any other leave rule) in terms of leave on average pay, at 5/22nds of duty in the case of Government servants subject to the Special Leave Rules of the Fundamental Rules or the European Service Leave Rules of the Civil Service Regulations or any other corresponding leave rules and at 2/11ths of duty in the case of others, without regard to the maximum limit of leave that can be earned or granted to the Government servant under the leave rules to which he is subject. This principle applies also in the case of Military Commissioned Officers, Departmental Officers and Warrant and Non-commissioned Officers whose leave is regulated under Military Leave Rules and/or Fundamental

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Rule 100. For the purpose of determining the liability for leave-salaries, these officers should be considered to have earned leave as follows :—

- (a) Military Commissioned Officers—5/22nds of duty performed.
- (b) Others—2/11ths of duty performed.

In the case of officers serving in vacation departments the leave earned is subject to reduction by one month or a fraction of a month, as the case may be, for each year of duty in which the vacation was wholly or partly enjoyed. For the purpose of subsidiary leave accounts it may, however, be assumed, that vacation was enjoyed in all cases prior to 1st January, 1922, the true facts recorded in the leave accounts being taken into account in all subsequent calculations.

In the case of High Court Judges, the calculations for the purpose of subsidiary leave accounts should be made in accordance with the leave rules to which they are subject under the Government of India/Pakistan (High Court Judges) Order, 1937.

3. When the leave salary of a Government servant has to be allocated under these rules between an original lending Government and a second lending Government (*vide* Note 1 under Rule 1), it should save as provided in Rule 4, be debited first to the second lending Government to the full extent of the leave earned under it and a debit to the first lending Government will be made only when all leave earned under the second lending Government has been exhausted. Similarly, if the leave salary has to be allocated among three lending Governments, the leave earned under the third or the last lending Government will first be exhausted, then the leave earned under the second and finally the leave earned under the first or original lending Government. This principle of debit of leave salary according to the reverse order to that of employment shall also apply, subject to the provision of Rules 1 and 4, when leave salary has to be allocated among two or more borrowing Governments and in respect of different periods of service rendered by a Government servant under a particular Government. In the latter case, the leave salary in respect of the leave earned in each period of service under the particular Government will be dealt with separately.

The example given below illustrates how the principle laid down in this Rule read with Rule 1 should be applied in practice :—

Suppose a Government servant has rendered service under different Governments as follows :—

Permanently employed under Government A	...	on the 1st April 1930.
Lent to Government P	...	from the 1st April 1931 to 31st July 1931.
Reverts to Government A	...	on the 1st August 1931.
Transferred permanently to Government B (second lending Government)	...	on the 1st April 1932.
Lent to Government Q	...	from the 1st June, 1932 to the 31st August 1932.
Lent to Government P	...	from the 1st September 1932 to 30th September 1932.
Reverts to Government B	...	on the 1st October 1932.
Transferred permanently to Government C (third lending Government)	...	on the 1st December 1932.
Proceeds on leave for 28 months from Government C	...	on the 1st April 1933.

The leave salary of the Government servant will be debited to the different Governments in the following order :—

Firstly, Government P in respect of leave earned under it for the period 1st September 1932 to 30th September 1932.

Secondly, Government Q in respect of leave earned under it for the period 1st June 1932 to 31st August 1932.

Thirdly, Government P in respect of leave earned under it for the period 1st April 1931 to 31st July 1931.

Fourthly, Government C in respect of leave earned under it for the period 1st December 1932 to 31st March 1933.

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Fifthly, Government B in respect of leave earned under it for the periods 1st October 1932 to 30th November 1932 and 1st April 1932 to 31st May 1932.

Sixthly, Government A in respect of leave earned under it for the periods 1st August 1931 to 31st March 1932, 1st April 1930 to 31st March 1931 and in respect of leave earned under it by service prior to 1st April 1930.

3.-A. When a Government servant is granted an extension of service and the whole of the leave at his credit on the date of compulsory retirement lapses under FR 86(a) or any other corresponding leave rule and no leave is carried forward on extension of service, the Government for whose benefit the extension is sanctioned will bear the entire charge for leave salary in respect of the leave earned by him during the period of extension, any liability of any Government on that date as shown in his subsidiary leave account being automatically cancelled. When, however, such a Government servant carries forward any leave on extension of service, such liability continues, but only in respect of the leave actually carried forward.

4. When a Military Commissioned Officer claims under Note 2 to Fundamental Rule 90 the privilege of drawing the minimum leave-salary fixed by military rules in respect of any period of leave earned under those rules before coming under civil leave rules, such portion of the leave as was actually earned by military service should be debited to the Defence Department.

5. The Government which sanctions "leave not due" will bear the charge on account of such leave in the first instance in all cases, but in cases where the Government servant on return from such leave is transferred to another Government before the 'leave not due' taken by him is completely earned by duty, such readjustment of the charge may be made as may be agreed upon by the two Governments concerned.

6. Leave-salary in respect of Special Disability leave granted to a Government servant will be borne by the Government which sanctioned the leave, provided that where a Government servant has served under more than one Government and is granted Special Disability Leave on average pay under Fundamental Rule 83(7) (b), half of which is debitable to his leave account under Fundamental Rule 78 (b), the debit for such leave should be made both in the main and subsidiary leave accounts and the actual amount of leave-salary drawn by him for the whole period of such leave will be apportioned among the Government concerned in the proportion in which that leave is debited to his leave accounts with those Governments.

7. The allowances paid to a Government servant during study leave will be borne by the Government under which he was employed when the study leave was granted.

8. The Government which received or remitted the contribution for leave salary of a Government servant in Foreign service should bear the charges for his leave-salary in respect of the leave earned by him during such service.

9. In respect of Government servants subject to the Central Government's Revised Leave Rules, 1933, or similar rules issued by other Governments which make the calculation of leave in relation to the period of duty impossible contribution for leave-salary is recovered from borrowing Governments. The liability of a borrowing Government to pay contributions to the lending Government ceases when a Government servant is permanently transferred to the former, but the lending Government remains responsible for the leave-salary of the Government servant in respect of "earned leave" at credit on the date of his permanent transfer to the borrowing Government. This amount of "earned leave" should be exhausted first by the Government servant before any leave in respect of service after permanent transfer to the borrowing Government is taken by him. The leave-salary in respect of any other kind of leave which may be taken by the Government servant after his permanent transfer to the borrowing Government under the leave rules of that Government will be borne by that Government.

NOTE.—In the case of officers borne on joint cadres, allocation of leave-salary will be made in accordance with the arrangement mutually agreed upon by the Governments concerned.

10. Notwithstanding anything contained in these rules, the Government of former Sind liquidated their liability for the leave-salary of officers of the joint cadre services serving under them by payment of leave-salary contribution to the Government of Bombay in respect of such service up to and for 14th August 1947.

11. *Deleted.*

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III. Incidence of the cost of Passages.

The following rules govern the incidence of the cost of passages taken by Government servants who have served under two or more Governments, under the Regulations contained in Schedule IV to the Superior Civil Services Rules or under the Central Services (Non-Superior Officers) Passage Rules, 1939, or under the Railway Services (Non-Superior Officer) Passage Rules, 1939, or under identical terms in rules or orders of a Provincial Government, or under the rules of the Defence Department.

For the purposes of these rules, Commercial Departments are treated as separate Governments and the Defence Department of the Central Government is also treated as a separate Government.

NOTE.—It has been agreed by the Central and the Provincial Governments that no passage contribution should be paid in respect of an officer employed as the Governor of a province. (This decision does not apply to Governors who have demitted office prior to the 1st April 1943.)

1. (i) When the services of a Government servant who is entitled to passage concessions under the terms of the Service rules applicable to him are lent by one Government to another, the borrowing Government will pay contributions in respect of his passages to the lending Government at the rate specified below for the period of service, including leave, rendered by the Government servant under the borrowing Government. The cost of all passages taken by him (including those taken while serving under the borrowing Government) will then be borne by the lending Government. The calculation of the total amount payable by the borrowing Government may be made at the end of the Government servant's service under the latter or at the end of the financial year, whichever is earlier and the adjustment may then be made in one lump sum.

The rates of contributions applicable to the several classes of officers will be as follows—

Civil officers entitled to first class passages Rs. 50 p. m.
Civil officers entitled to second class passages	... Rs. 30 p. m.
Military officers	... At the rate prescribed in Appendix X, Financial Regulations for the Army in India/Pakistan, Part I.

NOTE.—In respect of officer of joint cadres serving two or more Governments the provisions of this clause may be varied by mutual agreement between the Governments concerned.

(ii) When such a Government servant is transferred permanently from one Government to another, the allocation of the liability for his passages will be made between the two Governments as follows:—

- (a) The Government under which the Government servant was originally employed will be debited with an amount equivalent to the contributions calculated at the rate mentioned in clause (i) above for the period of service, including leave, rendered by him under that Government. The expression "period of service" in this clause includes any periods of service under another Government in respect of which contribution for passage has been received but excludes any period of service in respect of which the Government servant was not eligible for passage concessions under the rules applicable to the Service to which he belonged.
- (b) That Government will be credited with an amount representing the cost of passages already taken by the Government servant while serving under it.

If (a) exceeds (b), the difference will be paid by the original Government to the second Government, and, conversely, if (b) exceeds (a), the difference will be recovered by the original Government from the second Government.

The cost of all passages taken by the Government servant after the date of transfer will be debited to the second Government.

NOTE.—A Government servant will not be considered to have been transferred permanently from one Government to another until he is confirmed in a permanent post other than a tenure post, under the latter Government.

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IV. *Incidence of Pensions.*

The following rules regulate the adjustment of pensionary charges of Government servants who have served under one Government or more than one Government. These rules also constitute the agreements relating to the distribution of pensionary charges contemplated by Section 156 of the Government of India Act, 1935 (as adapted).

2. *Deleted.*3. *For the purposes of these rules—*

- (1) "Length of service" means "length of qualifying service" ;
- (2) service under a Government includes periods for which a Government servant drew pay or leave salary from that Government, but periods of leave out of India/Pakistan prior to 1st April 1921 should be taken as service under the Government under which the Government servant rendered the service by which the said leave was earned ;
- (3) service rendered in a department the expenditure on which was debited to a divided head before 1st April 1921 should be treated as service under the Central or Provincial Government according as the head in question became Central or Provincial after 31st March 1921 ;
- (4) Foreign service should be treated as service under the Government which received or remitted, as the case may be, the contribution for pension in respect of such service ;
- (5) Compassionate allowances are treated as pensions.

4. When pensionary charges are apportioned under these rules between different Governments on the basis of length of service, the following, except as provided in Rule 5, should be excluded from the calculation of such service :—periods of probation or training during which the Government servant did not hold a sanctioned charge, periods of such leave as commuted furlough, leave on average pay other than the first four months of each period of such leave and leave on less than average or full pay and in the case of Government servants governed by the Central Government's Revised Leave Rules, 1933, any period of leave during which leave-salary was drawn other than earned leave not exceeding 90 days in any one spell, and special additions (excluding additions in respect of periods of war service—*vide* Rule 14 of these rules) to qualifying service periods during which no qualifying service has been rendered to Government, which are allowed by special rules or orders made by Government for example, Article 404-A, or the corresponding rules of Provincial Government. The effect of omitting these periods will be that the pensionary liability in respect thereof will be distributed among the employing Governments in the same proportion as the liability for the rest of the Government servant's service.

5. In the case of pensions which are earned by total service including leave, the pensionary liability should, subject to these rules, be distributed among the employing Governments in proportion to the periods for which the Government servant concerned has drawn pay or leave salary on each Government.

6. When deficiency in qualifying service is condoned, the period condoned should be reckoned as service under the Government which condones it.

7. Pensions, including wound or injury pensions and pensions to the dependents of Mutiny Veterans sanctioned before 1st April 1921, will be debited to the Central Government, if paid outside India/Pakistan and to the Government by which the payment is made, if the payment is made in India/Pakistan.

8. Except as provided otherwise in these rules, pensions sanctioned on or after 1st April 1921 will be adjusted as follows :—

(a) *Payments outside India/Pakistan :—*

- (i) If a Government servant has served under one Government only, that Government will bear the charge.
- (ii) If he has served under more than one Government, the pension will be divided among the several Governments in proportion to the length of service under each.

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(b) Payments made in India/Pakistan t—

(I) *Pensions sanctioned before 1st January 1942.*

- (i) If a Government servant has served under one Government only, that Government will bear the pension drawn by him on retirement even though it may be disbursed by another Government.
- (ii) If a Government servant has served under more than one Government (other than the Central Government) before retiring, his pension will be borne by the Government under which he was serving at the date of retirement.
- (iii) If a Government servant has served both the Central Government and under one or more other Governments before retiring, the Central Government will be debited with a proportionate share of the pension determined by mere length of service. The balance will be borne by the Government under which he was serving at the date of retirement, or, if that be the Central Government, by the Government under which he was serving prior to his transfer to the Central Government.

NOTE 1.—The initial allocation of a pension made under this rule shall not be altered subsequently merely by reason of its transfer from a place outside Pakistan to Pakistan or *vice versa*; but see Rule 34.

NOTE 2.—In the case of pensions of Government servants transferred from Burma to India/Pakistan before the 1st April 1937, and retiring on or after that date service rendered under the Government of Burma before that date should be ignored for the purposes of this rule. The effect of ignoring such service will be that the pensionary liability for that service will be distributed among the other employing Governments in the same proportion as the liability for the rest of the Government servant's service. The entire pensionary liability in cases of such transfers from India/Pakistan to Burma is borne by the Government of Burma. In the case of transfers on or after the 1st April 1937, liability of the Government or Governments in India/Pakistan as the case may be, and of the Government of Burma will be limited, unless settled otherwise by mutual agreement, to the pension earned by service under each.

NOTE 3.—In respect of pensions sanctioned on or after the 1st April 1937 for Government servants who have rendered a part of their service in Aden prior to its separation—including in their case any service after separation also—the liability of the Government or Governments in India/Pakistan as the case may be, and the Colonial Government should be fixed on the basis of length of service, any period of service in Aden for which India/Pakistan recovered pension contribution from the Colonial Government in any individual case being allocated as service in India/Pakistan.

(II) *Pensions sanctioned on or after 1st January 1942.*

If a Government servant has served under more than one Government (including the Central Government) before retiring, his pension will be divided amongst the several Governments in proportion to the length of service rendered under each. Where the pension rules of the Government concerned differ, the charges may by mutual agreement be distributed in accordance with the principles laid down in rule 24.

9. Special additional pensions sanctioned on or after 1st April 1921, whether paid in Pakistan or outside Pakistan will be treated as separate items and distributed according to the length of service between the different Governments under which the service by which the additional pension was earned was rendered. The allocation should be based on the total period of service in the lower and upper grades combined, without regard to the period of service by which the additional pension can be earned in any one grade alone. *see also Rule 11.*

NOTE 1.—The Railway, Posts, Telegraphs and Telephones and Defence Departments shall be regarded as separate Governments for the purpose of this rule.

NOTE 2.—Note 2 under Rule 8 applies *mutatis mutandis* to special additional pensions.

10. Wound and injury pensions sanctioned on or after 1st April 1921 will be debited to the Government under which the recipient of the pension was serving when the wound or injury was received.

NOTE.—The Railway, Posts, Telegraphs and Telephones and Defence Departments shall be regarded as separate Governments for the purpose of this rule.

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11. In respect of pensions, sanctioned on or after the 1st April 1921, for Government servants serving in the Irrigation Department, whether paid in Pakistan or out of Pakistan, the liability of the Central Government, in respect of services rendered prior to the 1st April 1921, should be fixed in each case in the proportion which the entire cost of the Irrigation establishment debited to wholly Imperial heads bore to that debited to Provincial or divided heads, or in the case of Madras to the total Public Works Establishment charges; the proportion being determined on the average of the ten years preceding the 1st April 1921. This rule also applies to special additional pensions dealt with under Rule 9.

12. Pensions sanctioned on or after 1st April 1921 for Military Officers and other ranks, including those of the Indian Medical Service/Army Medical Corps or Department who have been employed partly under the Defence Department and partly under the Civil Departments of the Central Government or Provincial Governments, will be distributed in accordance with the principles laid down in Rules 8 (a) (ii) and 8 (b) (iii) of these rules between the Provincial Government or Governments concerned, the Central Government (Civil Estimates) and the Defence Services Estimates in proportion to the length of service rendered in the Civil Departments of each Government and in the Defence Department. Special additional pensions awarded to Military Officers holding high civil posts will, as laid down in Rule 9, be distributed according to the length of service by which it was earned under the different Governments. These principles will also be applied *mutatis mutandis* to pensions sanctioned on or after the 1st April 1921 for Civilian Government servants who have been employed partly under the Defence Department; but no share of the pensionary charges of a civilian Government servant belonging to the Army in India/Pakistan Reserve of Officers for the period he is called out for military training will be debitable to the Defence Services Estimates, the share being debited to the Government from which the officer drew pay or leave salary for the period in question.

13. Civil servants who were placed on military duty during the Great War shall be deemed to have served under the Central Government for the period of that duty; the pensionary charges in respect of that duty being debited to the Defence Department in the case of pensions sanctioned on or after the 1st April 1921.

13-A. In the case of Civil Government servants who held higher temporary or officiating posts in the Defence Services during the Second World War (1939) to whom Art. 487-A of the Civil Service Regulations applies and for whom pension contributions were originally recovered on the basis of the substantive appointments held by them, the extra pensionary liability should be charged against the Defence Estimates.

14. The pensionary liability in respect of periods of War service rendered by a Government servant prior to civil employment and added to civil qualifying service under the relevant Service Rules is distributed as follows:—

(a) In the case of officers and men, who rendered military service in the Great War and are allowed under Article 357-A., C. S. R., to count such service towards civil pension, subject to a maximum of four years, no portion of the pensionary charge in respect of such added service should be debited to Defence Estimates. The entire charge in respect of the added service is debitable to the Civil Department the distribution between employing Governments being made in the same proportion as the liability for the rest of the Government servant's qualifying service.

Service of other kinds in His Majesty's forces during the Great War in the Dominion forces for which the War office has not accepted pensionary liabilities are allowed to count as service for their Indian/Pakistan pensions as in the above sub-paragraph up to a maximum of two years provided that no such service rendered before the age of 27 years should so count. The pensionary charges for such service should be distributed among the various employing Governments in Pakistan in the manner laid down in sub-clause (a) above.

(b) In the case of surplus officers of the Indian/Pakistan Army who retired under the Royal Warrant of the 25th April 1922 and subsequently obtained civil employment, the pensionary charges in respect of any special addition to Civil qualifying service are debitable to the Defence Department.

15. Pensions sanctioned on or after 1st April 1921 to the dependants of Mutiny Veterans are debitable to the Central Government (Civil).

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16. For the purpose of determining the share of pensionary charges between the Central Government and a Provincial Government, a Government servant who, during the last three years of his service, served under one Government but was concurrently remunerated by both Governments, or who served under and was remunerated by both the Governments simultaneously, should be considered to have served during this period under each of these Governments, for a period proportionate to the cost which each Government incurred.

17. *Deleted.*

18. Pensions of Government servants employed in the former North-West Frontier Province will be adjusted as follows :—

I. Pensions sanctioned before 1st April 1921 will be adjusted in accordance with Rule 7.

II. Pensions sanctioned between 1st April 1921 and 17th April 1932 (both dates inclusive) will be adjusted as follows :—

(a) If the whole of the pensionary service of the Government servant has been rendered under the Central Government (including the former North-West Frontier Province Administration)—

(i) If the pension for the 17th April 1932 was paid in the former North-West Frontier Province, the charge is debitible to the former North-West Frontier Province irrespective of the place of payment (including England).

(ii) If the pension for the 17th April 1932 was paid elsewhere, the charge is debitible to the Central Government irrespective of the place of payment.

(b) If the pensioner has served both under the Central Government (including the former North-West Frontier Province Administration) and under one or more other Provincial Governments—

(i) a proportionate share debitible to a Provincial Government in accordance with Rule 8 (b) (iii) is debitible to the Provincial Government concerned.

(ii) a proportionate share debitible to the Central Government under Rule 8 (b) (iii) will be adjusted in accordance with clause (a) above.

III. Pensions sanctioned on or after 18th April 1932 will be adjusted *mutatis mutandis* in accordance with the principles laid down in Rule 8—10 and 12—14, any service in the former North-West Frontier Province Administration in departments which have been provincialised being considered as service under the Government of the former North-West Frontier Province.

19. The pensionary charges of Government servants who have rendered service in the Railway Department will be adjusted as follows :—

(i) All pensions which were being debited to the Railway Department on 3rd September 1929 will continue to be so debited.

(ii) Pensions sanctioned on or after 3rd September 1929 should be distributed between the Railway Department and other Departments of Governments under which the Government servants served in accordance with the principles laid down in Rules 8 (a) (ii) and 8 (b) (iii).

19-A.—*Retirement benefits of permanent Railway Employees transferred to permanent Civil appointment.*

Permanent Railway Government servants, who elect to continue to remain under the Contributory Provident Fund benefits on their confirmation in Civil Offices, are entitled to the benefits of the Contributory (Transferred Railway Personnel) Provident Fund gratuity (now called special contribution to Provident Fund) and sterling accounts Rules. The Railway Department in their case is liable also for the proportionate Special Contribution gratuity that may be payable to such Govt. servants at the time of retirement. The Railway share being worked out in accordance with the formula prescribed in paragraph 1248 of the State Railway Guard Code, Vol. I. Such of the Government servants, who elect to earn pension for their service however cease to subscribe to the State Railway Provident Fund. The amount contributed to the Railway Administration with interest thereon standing to their credit in the fund then becomes creditable to Civil Estimates. The amount of the Government servants' subscription together with interest at their credit in the fund being transferred to their credit in the fund they are then entitled to count towards pension the period during which they held a lien or a suspended lien on permanent posts in the Railway Department, and subscribed to the State Railway Provident Fund.

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20. The incidence of pensionary charges of Government servants employed in the Posts, Telegraphs and Telephones Department is determined as follows :—

I. Pensions sanctioned before 1st April 1921—

- (a) If paid in a treasury situated in a province the charge is debitible to the revenues of that province.
- (b) If paid in a treasury situated in areas administered by the Central Government, or in a Pakistan State or if paid outside Pakistan—the charge is debitible to the Central Government (Civil).

II. Pension sanctioned between 1st April 1921 and 31st March 1935 (both dates inclusive)—

- (a) When the whole of the pensionary service of a Government servant other than an officer of the Civil Service of Pakistan or Pakistan Audit and Accounts Service, has been rendered under the Central Government (including the Posts, Telegraphs and Telephones Department) the charge, other than that debitible to Railways or Defence, will be debited irrespective of the place of payment, *i.e.*, whether it is made in or outside Pakistan—

(i) to the Posts, Telegraphs and Telephones Department, provided the pensioner was at the date of retirement serving in that Department.

(ii) to the Central Government (Civil), provided the pensioner was at the date of retirement serving in a Department of the Central Government other than the Posts, Telegraphs and Telephones Department.

- (b) If the pensioner, other than an officer of the Civil Service of Pakistan or Pakistan Audit and Accounts Service, has served both under the Central Government (including the Posts, Telegraphs and Telephones Department) and under one or more other Governments—

(i) the proportionate share debitible to the Provincial Government, in accordance with Rules 8 (b) (iii) and 18 will be debited to the Government concerned.

(ii) the proportionate share debitible to the Central Government under Rule 8 (b) (iii) will be regulated in accordance with II (a) above.

- (c) In the case of an officer of the Civil Service of Pakistan or Pakistan Audit and Accounts Service, the amount debitible to the Posts, Telegraphs and Telephones Department will be determined on the length of service rendered in that Department.

III. Pensions sanctioned on or after 1st April 1935—

The pensionary charges will be distributed between the Posts, Telegraphs and Telephones Department and other Governments and Departments *mutatis mutandis* in accordance with the principles laid down in Rules 8—10, 12—14 and 18—19.

21. *Deleted.*

22. *Deleted.*

23. Notwithstanding anything in these rules :

- (1) any pension or portion of a pension which would under these rules have been debitible to the old province of Bombay *cum* Sind, if Sind had not been separated from Bombay, shall be adjusted as provided in paragraph 14 of the Second Schedule to the Government of India (Constitution of Sind) Order, 1936 ;
- (2) in respect of officers of the joint cadre serving under it, Sind shall liquidate its liability for the pensionary charge in respect of such service by the payment of pension contribution to Bombay.

24. In the case of pensions divisible between the Central Government and one or more Provincial Governments the foregoing rules, in so far as they are applicable, are subject to the observance of the following convention which has been established between the Central Government and the Provincial Governments :—

- (1) When a pension granted by a Government under its own rules is more generous than that admissible under the rules of another Government, the latter Government will bear only the proportionate share which would be admissible under its own less favourable rules. This principle will come into operation when there is a divergence in

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the pension codes of two Governments, and a pension calculated under the normal working of one set of rules is more liberal than under the other set of rules. It does not take into account any concessions which may be allowed under the discretionary powers contained in the two sets of rules.

(2) When a pensionary concession other than the grant of a compassionate allowance or the condonation of a deficiency in qualifying service is granted by one Government under its own rules (irrespective of whether or not they are more liberal than the rules of another Government) that Government will bear the resulting increase in pension, unless any portion of the increased liability has been accepted by the other Government or Governments affected. In the event of another Government agreeing to the grant of a concession, the share of the total pension debitable to each Government will be determined on the basis of the length of service under each.

These principles will not apply to military service in respect of any matter in regard to which special orders already exist—e.g., paragraph 192-B of the Pension Regulations for the Army in India/Pakistan.

In respect of pensions divisible between themselves Provincial Governments have by mutual agreement adopted these principles.

NOTE 1.—In the case of a Government servant who has served partly under the Central Government and who retires on or after 2nd March 1938 under the Pension Rules of the Government of the Central Provinces and Berar before completing qualifying service of 30 years and is entitled under those rules to a retiring pension, the Central Government's share of his pension will be calculated according to the following formula :—

$$\text{Central Government's share } \frac{A}{B} \times \frac{Y}{X} \times C$$

when C=the total pension admissible,

A=the number of years of qualifying service under the Central Government,

B=the number of years' service which the Government servant would have rendered on attaining the age of 55 years ; or 30 years' service whichever is less,

X=the commutation value at the actual age (next birthday) of retirement, of the pension admissible (C) expressed as number of years purchase, and

Y=the commutation value of the pension admissible (C), expressed as number of years, purchase, at the age (next birthday) of the Government servant (i) at the date on which he would have completed 30 years' qualifying service or (ii) at the date on which he attains the age of 56, i.e., age next birthday after the age of superannuation (assumed as 55 years for this purpose for all classes of Government servants) whichever would have come first.

For the purpose of calculating X and Y reference shall be had to the tables prescribed from time to time under Rule 7 of the Central Government's Civil Pension (Commutation) Rules.

This formula will apply only to retiring pensions of Government servants other than those to whom Article 465-A, Civil Service Regulations, would have applied if the Central Government pension rules were applicable.

NOTE 2.—In the case of a Government servant in Superior Service who has served partly under the Central Government and who retires on a retiring pension on or after the 1st April 1940 under the pension rules of the Government of former Sind before completing qualifying service of 30 years the Central Government's share of his pension will be calculated in accordance with the formula under Note 1 above.

In the case of such a Government servant who retires on a retiring pension after completing qualifying service of 30 years or more the Central Government's share of pension will be determined according to rule 279-A of the Bombay Civil Services Rules.

NOTE 3.—In the case of Government servants governed by the pension rules in the Bombay Civil Services Rules, the share of pensionary charges of the Central Government for the period of service rendered under that Government will be calculated under those rules.

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25. For the purpose of determining the share of pensionary charges payable by two or more Governments, the service of the pensioner under the several Governments should be expressed in terms of months, 15 days or more being regarded as a month. When the share of pension debitable to a particular Government comes to less than a rupee, it should be neglected.

26. When an adjustment has to be made under these rules between two or more Governments, it may, except as provided in Rule 31, be made either by the payment in lump or in instalments of the commuted value of pension, or in accordance with any special arrangement which may be concerned between the Governments concerned. The system of lump sum adjustments of pensionary charges by payment of commuted value between the Central Government and Provincial Governments is not however to be applied to pensions which are subject to revision after retirement. In such cases the adjustments with the Governments concerned should be made as pensions are paid with reference to the actual amounts paid.

27. In adjusting pensionary charges between two or more Governments by payment of Commuted value, the tables of present values prescribed respectively for Officers of non-Asiatic and Asiatic Domicile under Rule 7 of the Civil Pensions (Commutation) Rules should be employed, unless the Governments concerned mutually agree to employ any other table.

(a) The table prescribed for Officers of non-Asiatic Domicile should be used in the case of—

- (1) Civil Officers whose domicile at the time of their first appointment to Government service was non-Asiatic, and
- (2) Officers of the Army, Medical corps and Navy, Departmental and Warrant Officers whose domicile at the time of their first appointment to Government service was non-Asiatic.

(b) The table prescribed for Officers of Asiatic Domicile should be used in the case of—

- (1) Civil Officers whose domicile at the time of their first appointment to Government service was Asiatic, and
- (2) Officers of the Army, Medical corps and Navy, Departmental and Warrant Officers (including Military Sub-Assistant Surgeons), non-Commissioned officers and men of the Army, whose domicile at the time of their first appointment to Government service was Asiatic.

(c) In respect of the portions of their pensions earned by periods of service under Provincial Governments or Civil departments of the Central Government, such other officers of the Defence Department whose pensions are governed by the Civil Service Regulations should be treated as civil officers for the purposes of clauses (a) (1) and (b) (1) of this rule.

28. The Defence Department's share of a divisible pension should in all cases, excepting those falling under Rule 31, be extinguished by credit of the commuted value of that share to Central (Civil) by debit to Defence, the adjustment being made as and when each case arises. This procedure will have the effect of converting the Defence Department's share of the divisible pension into one relating to Central (Civil) for all purposes and will not in any way affect the arrangement that may be agreed upon for the adjustment of pensions between the Central and Provincial Governments.

29. The provisions contained in the preceding rule will be applied conversely for the settlement of the civil shares of military pensions which are not subject to revision after retirement. That is to say the civil share of a divisible pension debitable to a province or to the Central Government (Civil) will be extinguished by credit of the commuted value of that share to Defence by debit to Central (Civil), the adjustment being made as and when each case arises. The Defence Account Officer will report periodically to the Provincial Accountant General the amount of pensions paid in respect of cases where the arrangement between the Central and the Provincial Governments concerned for the adjustment of pensions is with reference to actual payments. This report should also cover cases where a pension which has been adjusted as provided in this rule is subsequently transferred for payment in the United Kingdom.

30. Pensionary charges of Government servants who have served under the Posts, Telegraphs and Telephones Department and another Department of the Central Government (with the exception of the Railway Department) will, except in cases falling under Rule 31, be adjusted in the following manner. In the case of such a pension sanctioned on or after 1st April

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1938, if the actual monthly pension payments are not made at the Post Office and the Government servant concerned was not borne on the cadre of the Posts, Telegraphs and Telephones Department at the time of retirement, the Posts, Telegraphs and Telephones Department will be debited with the capitalised value of the share of pension debitible to it according to the length of service rendered in that Department, and the entire pension will then become a charge against Central Government (Civil). In cases in which the actual monthly pension payments are made by the Posts, Telegraphs and Telephones Department that Department will be credited with the capitalised value of the share of pension which is debitible to the other Departments according to the length of service principle, and the entire pension will then become a charge on the Posts, Telegraphs and Telephones Department. These provisions apply also in cases where the pensions are divisible between the Crown Representative's Department and the Posts, Telegraphs and Telephones Department.

In cases where the pensions are divisible between the Posts, Telegraphs and Telephones Department and the Railway Department, the adjustment will be made on the basis of actual pensions paid.

31. The system of adjustment between Governments or Departments by payment of commuted value does not apply to pensions payable in England.

32. When a portion of a pension which is debitible to more than one Government is commuted by payment of the capitalised value of a portion of his pension to the pensioner, the amount commuted may be taken as being in absorption or reduction of the shares debitible to the different Governments in the order in which those shares rise from the least to the largest amount, except in the case of pensions paid by the High Commissioner for Pakistan in the U. K. where the amount commuted is taken first in absorption or reduction of the share debitible to Defence estimates.

Thus, if, out of a pension of Rs. 400 per month which is apportioned as follows :—

	Rs.
Government A ...	80
Government B ...	100
Government C ...	220

Rs. 100 is commuted, the commutation will have the effect of extinguishing the share of Rs. 80 debitible to Government A and reducing from Rs. 100 to Rs. 80 the share debitible to Government B.

The capitalised value of the amount commuted should, in such a case, be debited to Government A and B in proportion to the amounts by which their monthly shares of the pension have been reduced.

In respect of pensions which are divisible between the Central Government and a Provincial Government, the Central Government may authorise the debit to Central Revenues of the whole commuted value of a portion of the pension not exceeding the commuted value of the share of the pension debitible to it, if the Provincial Government concerned cannot find funds to meet the payment of its share of commuted value.

33. Commutations in respect of pensions adjustable between former Sind and Bombay, which are paid in India/Pakistan or by the High Commissioner in England will be divided into two portions according to the length of pre-separation and post-separation service of the Government servant, and the portion relating to the pre-separation service will be shared between Bombay and former Sind in the ratio of 85 : 15.

34. When the payment of a pension which was sanctioned after 31st March 1921 and paid outside India/Pakistan is transferred to India/Pakistan and the transfer involves the payment by one Government of a charge for which another Government is responsible under Rule 8 (b) (i), the adjustment of the charge will be effected in accordance with Rule 26. In the reverse case of transfer outside India/Pakistan of such a pension paid in India/Pakistan the classification of the payments made out of India/Pakistan will be the same as it was at the time of the transfer.

35. The allocation of pensionary charges of the officers and subordinate establishments of the Ecclesiastical Department will be as follows :—

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(i) With effect from the 1st April 1942 the Defence Services, the Civil and the Railway Estimates, will contribute towards these pensionary charges in accordance with rule 21 of the Ecclesiastical Charges Allocation Rules, 1940 ; an extract of the rule is given below :—

"21. Twenty per cent. of the expenditure incurred during a year on the pay including overseas pay and leave pay but excluding the allowances of (i) the Bishops of Calcutta and Bombay, so long as the present incumbents remain in office, (ii) Chaplains on the Indian Ecclesiastical Establishment and (iii) subordinate ecclesiastical (church and cemetery) establishments holding pensionable posts shall be taken as representing the charges.

Subordinate ecclesiastical (church and cemetery) establishment who are in receipt of the benefits of provident fund and gratuity in lieu of pension, shall be deemed to be holding pensionable posts for the purpose of this rule.

In respect of service rendered before the 1st April 1942, no recovery of pensionary charges will be made from the Defence Services and the Railway Estimates."

(ii) The pensionary charges in respect of pensions already sanctioned before the 1st April 1942, will continue to be allocated in accordance with the ordinary rules in this Appendix except that the incidence of pensions of Chaplains will be governed by the following rule :—

"Pensions of Chaplains sanctioned prior to the 1st April 1928 will be treated as a charge against the Defence Services Estimates if paid or adjusted in India/Pakistan and as a civil charge against Central Revenues if paid out of India/Pakistan and adjusted finally in the Home accounts ; provided that if a Chaplain rendered military service during the Great War, the portion of this pension corresponding to that service will be charged against Defence Services Estimates. Pensions sanctioned from the 1st April 1928 will be adjusted in accordance with the ordinary rule in this Appendix."

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

The Government to which a subscriber to a special provident fund originally belongs is primarily responsible for payment of bonus and interest on his subscriptions to the Fund, when the services of a subscriber to such a fund are lent to another Government, the borrowing Government may be required to pay the bonus contribution to the lending Government under such arrangement as may be settled between the two Governments concerned.

The recoveries from the borrowing Government shall be classified as reduction of charges under the major head "55—Superannuation Allowances and Pensions Donations to Provident Funds".

In the case of Commercial Departments or undertakings in which the payment of bonus to Special Provident Funds is debited to working expenses the recoveries should be adjusted as reduction of charge under the appropriate head of account concerned.

VI. Incidence of Government Contribution to Civil Service Family Pensions.

With effect from the 1st April 1937, the contribution payable by Government in respect of Civil Service Family Pensions should be allocated in accordance with the following principles :—

- (1) Where the family pensions were sanctioned before the 1st April 1921, the liability for the Government share of the pension should be wholly central.
- (2) Where the family pensions were sanctioned on or after the 1st April 1921, the allocation of the Government contribution should follow the allocation of the annuity of the officer in respect of whom the family pension is paid and no fresh allocation should be made in cases where the officers drew pension in undivided India but the family pensions were paid in England, or vice versa.
- (3) In the case of an officer dying after 1st April 1921, without drawing pension the contribution should be allocated on the same basis as would be followed had the officer retired from service on the date on which he died.

NOTE 1.—The principles of clauses (2) and (3) also apply in the case of allocation of the donation of £ 250 payable to a female orphan on marriage, which is provided by Government under Rule 19 (2) of the Indian Civil Service Family Pension Fund Rules.

NOTE 2.—Deleted.

NOTE 3.—In respect of Civil Service of Pakistan officers who have served in Burma, retiring after 1st April 1937, the allocation of Government contribution to family pensions should follow the principles of clauses (2) and (3) above.

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2. The following basis of allocation should be followed in the case of former Bombay-Sind joint cadres :—

- (a) In the case of family pension sanctioned prior to 1st April 1936, the allocation should be made on the same basis as the annuity of the officer.
- (b) In the case of family pensions sanctioned on or after 1st April 1936, the allocation should be made in proportion to the length of service under each Government—the term "length of service" being interpreted to mean completed service.

3. The allocation of the Government contribution to the Family Pension Fund will be made by the authority who disbursed the annuity in cases where both the annuity and the family pensions are paid outside Pakistan. Where, however, the allocation of the contribution has to be determined afresh with reference to the record of service of the officer, the disbursing authority should allocate the contribution on the basis of data which may be obtained from the Audit Officer concerned in Pakistan.

The agency for allocating the contribution, where the family pension is paid in Pakistan should be the Audit Officer who issued the authority for payment of the annuity of the officer in Pakistan or would have issued the authority had the annuity been paid.

VII. Incidence of Government contribution to the Civil Service of Pakistan (Non-European Members) Provident Fund.

The contribution payable in each case under Rule 6 of the Indian Civil Service (Non-European Members) Provident Fund Rules should be apportioned among the Governments concerned in accordance with the principle laid down in Rule 8 (a) (ii) of the Rules regulating the incidence of pensions. This rule applies also to officers borne on joint cadres.

NOTE.—In allocating the contribution in respect of officers of the former Bombay-Sind joint cadre, the term 'length of service' occurring in the rule quoted above, should be interpreted to mean completed service.

VII-A. Incidence of Family Pensions in respect of Military and Naval Officers.

Family Pensions in respect of Military or Naval officers granted under the Army Regulations or the Regulations for the Pakistan Navy—whether at the ordinary or other rates—are charged to the Defence Services Estimates even though the officers concerned may have served under Civil Departments of the Central or Provincial Governments. Family pensions in respect of Military or Naval officers in civil employ granted under the provisions of section III of Chapter XXXVIII of the Civil Service Regulations or the Superior Civil Services (Extraordinary Pensions) Rules or under similar rules framed by Provincial Governments are debited wholly to the Civil Department—Central or Provincial—as the case may be.

C—Other Charges

VIII. Incidence of expenditure involved in Audit and keeping Accounts.

The following rules govern the incidence of expenditure on Audit and Account :—

- (i) Under paragraph 13 (1) of the Government of Pakistan (Audit and Accounts) Order, 1952 (hereinafter referred to in these rules as the Order), the Comptroller and Auditor General is responsible for the audit of all expenditure from the revenues of the Federation and of the Provinces, and of certain accounts specified therein. In conducting such audit the Comptroller and Auditor General performs a statutory function entrusted to him and the cost of this function is a charge of the Central Government.
- (ii) If a Provincial Government requests the Comptroller and Auditor General to arrange for a more detailed or a local audit of expenditure, transactions or accounts which relate to or form part of the accounts of the Province the criterion for deciding the incidence of the expenditure involved in such audit is whether or not the Comptroller and Auditor General agrees to do the work as part of his legitimate statutory functions. If he does, the cost of the audit should be treated as a charge of the Central Government, since what is involved is an extension of audit for which the Comptroller and Auditor General is statutorily responsible. The fact that such audit is undertaken in a single Province is not a decisive consideration in the apportionment of cost as the extent of audit to be conducted in any case is determined by the Comptroller and Auditor General, in consultation with the President.

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(iii) The Comptroller and Auditor General is not responsible *ab initio* for the audit of any accounts mentioned in paragraph 13 (2) of the Order, but, when he undertakes the audit of any such accounts he becomes statutorily responsible for the work. In this case also, the cost of audit is a charge of the Central Government.

(iv) The Comptroller and Auditor General is not statutorily responsible for the audit of the accounts of local or quasi-public bodies whose accounts do not constitute part of the accounts of the Federation or of any Province. Such audit can be undertaken by the Comptroller and Auditor General only on a "consent" basis and on such terms and conditions as may be settled between him (after consultation with the President) and the Governor of the Province concerned.

(v) Expenditure involved in keeping the accounts of a Province, in so far as the responsibility for keeping such accounts remains with the Comptroller and Auditor General under paragraph 11 of the Order, is a charge of the Central Government. The cost of keeping such accounts of a Province as are covered by the initial and Subsidiary Accounts Rules issued by the President under paragraph 11 (3) of the Order is a charge of the Province concerned. Similarly, if in any Province the Comptroller and Auditor General is relieved of the responsibility for the keeping of the accounts of any particular service or department of a Provincial Government in pursuance of paragraph 11 (2) of the Order, the cost of keeping such accounts will be a liability of the Government of the Province.

(vi) The Maintenance of the internal accounts of a department of a Province is part of the ordinary duties of a Provincial Government and is therefore a Provincial responsibility. Thus, if the Comptroller and Auditor General is asked to scrutinise or advise on the modification of an existing system of internal accounts kept in a department of a Province, such work can be undertaken by him on a 'consent' basis and on specified terms and conditions as in rule (iv) above.

IX. Incidence of Grants of Land and Alienations.

Provincial Government receive compensation from the revenues of the Central Government for all grants of land and assignments or remission of land revenue sanctioned on or after the 1st April 1921 in favour of officials and non-officials in recognition of exceptional services rendered by them to the Central Government.

1. The value of compensation for grants of land, etc., by the Defence Department should be debited against the Defence Services Estimates.

2. All special pensions and jagirs in the form of assignments of land revenue sanctioned for Military Officers on a date previous to the 1st April 1921 under the undivided Government of India Special War Rewards Scheme should also be debited to the Defence Services Estimates.

X. Incidence of the cost of Police Functions on Railways including the cost of protecting Railway Bridges.

Police functions in Railways are divided into three categories :—

(a) Crime—for which Civil Governments are entirely responsible and the expenses of which these Governments have to pay.

(b) Order—for which Civil Governments are responsible but the expenses of which Railways have to pay, and

(c) Watch and Ward—for which Railways bear both responsibility and cost.

Special requisitions on the police by Railways for (c) must be paid for by the latter; special requisitions for (a) beyond what a Civil Government considers necessary should also be debited to Railways but Railways cannot be called upon to pay for special measures under (a) which a civil Government considers necessary.

2. The following rules regulate the incidence of the cost of protecting railway bridges :—

(1) Railway bridges, in common with railway goods and premises, will ordinary be protected by watchmen in the employ of the Railway concerned.

(2) In the event of the replacement of these watchmen by military or police guards :—

(a) When the services of the military or police guards are placed at the disposal of the Railway at the request of the Railway Administration, the cost of the guards will fall upon the Railway.

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(b) If the substitution is made on general grounds of State policy and the service be taken over by the Police, Defence Services or other public service department as part of their regular duties, the charges will fall upon the Government and will be debited to Police, Defence Services or the public department concerned, as the case may be.

XI. Incidence of the cost of (1) Forest Surveys carried out by the Survey of Pakistan and (2) Forest maps prepared by that Department.

The rules governing the incidence of the cost of (1) Forest Surveys carried out by the Survey of Pakistan and (2) Forest maps prepared by the department are given in Chapter IX of the Survey of India/Pakistan Handbook of Topography.

XII. Incidence of the charges relating to the maintenance and demarcation of and disputes over boundaries.

The incidence of these charges is regulated by the following principles :—

A. Between a Pakistan State and Pakistan (Governor's Provinces and Centrally Administered Areas).—All charges relating to boundaries will be shared equally by the parties concerned, provided that, where a boundary dispute is referred to arbitration, the decision of the arbitrator in respect of costs also should be sought and the costs allocated accordingly and that where agreements with states in respect of boundaries exist, the allocation of costs will be in accordance with the terms of those agreements.

B. Between a Pakistan State and a Foreign Country.

(a) *Maintenance.*—Half the maintenance charges should be borne by the Pakistan State, the other half being recovered as far as practicable from the Foreign Country, failing which the Foreign Country's share will be borne by the Central Government.

(b) *Demarcation and Disputes.*—Charges relating to demarcation of boundaries and boundary disputes will be borne by the Central Government under Entry 3 of the Federal Legislative List, subject to such recovery as may be made from the Foreign Country.

C. Between a Foreign Country and Pakistan (i.e. Governor's Provinces or Centrally Administered Areas).

(a) *Maintenance.*—Half of the maintenance charges will be borne by the Governor's Province or the Centre, in the case of a Chief Commissioner's Province as the case may be, the other half being recovered, as far as practicable, from the Foreign Country, failing which, the Foreign Country's share will be borne by the Central Government.

(b) *Demarcation and Disputes.*—Charges relating to demarcation of boundaries and boundary disputes will be borne by the Central Government under entry 3 of the Federal Legislative List subject to such recovery as may be made from the Foreign Country.

NOTES 1 and 2.—Deleted.

D. In cases where streams or other water courses from the boundary and where the ordinary principle of median line applies the Governments concerned, i.e., Pakistan State, Foreign Country or Pakistan will bear the cost of maintenance of the boundary line on its side. Where a separate set of survey marks is maintained by each of the two Governments on its side, the cost of maintenance of the survey marks should be borne by the Government concerned.

D—Receipts

XIII. Incidence of Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign Service.

Contributions towards leave salary and pension recovered on behalf of a Government servant in foreign service are creditable to the Government (Central or Provincial) under which he was permanently employed at the time of his transfer to foreign service.

NOTE.—Deleted.

2. Contributions towards the leave salary and pension of Military Officers and others in permanent Military employ, including those in temporary Civil employ, should be adjusted in the Defence Services accounts, while the contributions in respect of such officers in permanent Civil employ should be credited to Civil estimates. When a Government servant on whose behalf the contributions are received belongs to the Posts, Telegraphs and Telephones Department or Railways the credits should be passed on to the Department concerned.

NOTE OF POSTING OF CORRECTIONS

Serial number of correction.	Article affected.	Date of posting.	Serial number of correction.	Article affected.	Date of posting.	Serial number of correction.	Article affected.	Date of posting.