

Office of the VC & MD
AUDIT WING
Mushirabad Hyderabad 500 020
Dated 16th March 1984

No CA/442(1)/81 FD

C I R C U L A R

Sub ORGANISATION & METHODS - Reintroduction of DAO s set-up in
all Divisions of City/ HR - Withdrawal of the system - Reg

Ref 1) Circular No CA/442 (1)/81 FD dt 30-11-1981
2) Circular No CA/442 (1)/81 FD dt 10-12-1981

Divisional Accounts Officer s set up was reintroduced in all the Divisions of City and Hyderabad Regions on an experimental basis with effect from 2nd January 1982 with an expectation of revitalising the Accounts & Finance Functions and expectations were made for a blanket implementation of this set up in the entire Corporation after a close watch on the results thereof Meanwhile Corporation has retained the services of M/s Tata Consultancy Services (M/s TCS) for revamping the entire Accounting Costing & Auditing functions in the Accounts Department which have taken up the studies from January 1983

In the terms of reference entrusted to M/s TCS for study the Review of working of The DAO s set up and recommending for a blanket implementation in the entire Corporation was also included for their study Accordingly they have conducted study of the working of DAO set up and gave their negative recommendation and stood firmly on their recommendations in several of their meetings where the system and their inherent benefits experienced by the Corporation were explained Besides there were many representations from Staff and Trade Unions for abolition of the set up on several of their grievances In addition certain Managers have also expressed their apathetic feelings towards this set up which altogether led for a decision to wind-up this set up

Accordingly it has now been decided to dispense with this set up and revert back to Depot set up of Accounts functions restoring all the transactions to their original stature

Detailed instructions to be implemented for closing of DAO s Offices and functioning of Accounts Section in DM s Offices thereafter are being issued separately The salient features on the subject are given hereunder

1 ACCOUNTS

Accounts upto March 1984 shall be maintained in DAOs Offices and monthly Accounts of March 1984 shall be submitted by 10-4-1984 along with all enclosures including Bank Reconciliation Statement as on 31-3-1984 To the extent possible action may be taken to transfer the Suspense Balances upto March 1984 to the respective Depots with particulars compiled in relevant Subsidiary Registers with full details duly posted and reconciled upto 31 3 1984

Under any circumstances transactions shall not be passed in Cash Books Cheques Issue Register and Traffic Revenue Register after 31 3 1984 All transactions shall be operated only through Journal Entries and payments received from police Department postal etc upto 15 4 1984 should be diverted to DY CAO or DMs as the case may be

After closing of Accounts for the month of March 1984 action shall immediately be taken to pass necessary entries in March 1984 (supplementary) accounts in the books of DAOs March 1984 (Supplementary) Accounts shall consist of the following

- i) Entries for incorporating the outstanding revenue & expenditure upto 31 3 1984 (by operating AH Nos 294 and 291)
- II) Tran fer of such outstanding Income & Expenditure to respective Depots through Debit/ Credit Advices with particulars
- III) Transfer of Suspense Balances with details to respective Depots by means of Credit/ Debit Advices to Depots/ DY CAO (HR)
- iv) Transfer of amounts held in AH Nos 381 to 385 to Depots through Debit Advices (cash held at Depot on 31 3 1984 Cash in Transit on 31 3 1984 Conductors Imprest and other Imprest Cash of Depots)

All the above transactions shall be finalised on priority basis taking the target date as 20 4 1984 On finalisation of March 1984 (supplementary) accounts there shall not be any balance in any of the Suspense Account Heads As ar as Revenue Heads of Accounts are concerned all transactions of Revenue and expenditure shall be booked by DAOs only and question of operating these Account Heads by Depot Managers during 1983 - 84 shall not arise

All the Debit/Credit Advices issued by DAOs shall be accepted by Depots and DY CAOs in the Supplementary Accounts for the month of March 1984 These transactions may be incorporated through formal entires in Depots and posted in Ledgers opened for the year 1984 - 85 As far as Depots are concerned only suspense Heads of Accounts shall be operated

2 FINANCES

After reintroduction of Accounts set up at Depot level from 1 APR 1984 Demand Drafts for the Earnings of Depots from 1 4 1984 onwards shall be remitted to the Credit of DY CAO Hyderabad Region (procedure available prior to DAO s set up) instead of to Head Office as at present Debit Advice at the end of the month shall be sent by the DMs to the DY CAO(HR) for the total amount remitted by the Depot by

clearing AH No 740 debited in Traffic Revenue Register for the month
This transaction shall take place starting from the month of April 1984

For the funds required by the Depot Managers requisitions in advance shall be sent to the DY CAO(HR) for transfer of funds to meet the expenditure at depot level Such requisition for the month of May 1984 shall be sent by 25 APR 1984 and similar schedule followed thereafter Every care shall be taken by the DMs to ensure that they do not hold excess balances in Bank than their requirements and the balance of Rs 2 000/- (Rupees two thousand only) shall be kept as limit for them

For all the tunas received from the DY CAO(HR) during a month a Credit Advice shall be sent by DMs to DY CAO(HR) by clearing the Credit balance in AH No 351 as at the end of the month This procedure shall be followed from the month of April 1984 onwards

By following the above procedures it shall be ensured that there will not be any balance in AH Nos 740 and 351 as at the end of any month in the Ledger/ Account Current

3 STAFF

Full complement of Accounts staff shall be posted to Depots by issuing orders so as to enable them to report at the respective Depots on 2 4 1984 Depot-wise requirement of staff is worked out vide Annexure- A based on the existing staff norms recommended by O & M Staff to DY CAO(HR) Office shall also be posted keeping certain skeleton staff in DAOs Offices to finalise the March 1984 (Supplementary) accounts On closing of final Accounts by DAOs these staff shall also be posted to Dy CAOs Office to attend to audit functions

4 STATIONERY & FORMS

Stationery & Forms required for functioning of Accounts Section in DM s Office such as books of primary entry viz Traffic Revenue Register Cash Books Cheques Issued Register Money Receipt Books Journal and Ledger etc shall be obtained by the accountants/ Asst Accountants posted to the Depots by placing necessary indents to start the functioning from 2 4 1984 To the extent available such blank records may be collected from the DAO s Offices

5 TOOLS & PLANT

The Tools & Plant items such as tables and chairs required for the Accounts Staff at Depots shall be got transferred from the concerned DAOs Offices by means of Transfer Forms (68Bs) Assistance of AI should be taken to close the Annual T & P Returns and effect transfers

6 CERTAIN PRECAUTIONS

In view of closing of DAO s set up by 31 3 1984 and starting of Accounts set up at Depot level from 2 4 1984 certain precautions shall be taken for smooth shifting of Accounts records from DAOs Offices to Depots and DY CAOs Office HR

The following precautions are suggested for implementation

- i) To the extent possible DMs shall not send any claims to DAOs for payment after 24 3 1984 They may be kept at Depot level and paid after 2 4 1984 by the DMs Payments of emergency nature may be met from the DMs Imprest upto 31 3 1984
- ii) The DMs Imprest at Depot level may be closed by 31 3 1984 and vouchers along with Recoupment Statement sent to DY CAO (H R) for audit and return No amount shall be drawn against this audited imprest and shall be got regularised as per procedure going to be prescribed in the detailed instructions
- iii) All claims to be pre-audited as per existing procedures shall be sent by Depots to the DY CAO(HR) for pre-audit and return for drawal and disbursement at Depot level
- iv) Bank reconciliations for the amounts held in the Bank towards Depot Manager s Imprest shall be prepared as on 31 3 1984 and got adjusted against the Current Account of Depot Manager which shall come into force from April 1984 The procedure to be followed in this regard is being communicated in the detailed instructions separately
- v) Every care shall be taken by DAOs to make the balances NIL in General Cash Book (MTA 51 /B) and PWD 4 Cash Book by 31 3 1984 The amounts received upto 31 3 1984 in General Cash Book along with Imprest Cash of DAO s Office shall be remitted on 31 3 1984 The balance outstanding in PWD 4 Cash Book as on 30 3 1984 shall be transferred to General Cash on 31 3 1984 to the credit of AH No 292 and remitted into Bank on 31 3 1984 itself All such amounts along with vouchers shall be transferred to respective Depots through Credit Advices in March 1984 accounts itself duly clearing the credit given to AH No 292 in General Cash Book

These Credit Advices shall be accepted by Depots in March 1984 (supplementary) Accounts by taking the amount to the credit of AH No 293 The same shall be drawn and paid to the respective staff during the month of April 1 1984
- vi) Every care shall be taken by the DAOs not to keep excess funds in their Bank Account on 31 3 1984 Concerned authorities of Banks shall be contacted in advance to get the Bank Statements latest by 5 4 1984 and Bank Reconciliation Statement as on 31 3 1984 prepared and sent along with Account Current of March 1984
- vii) Any balance left over after providing for unencashed cheques as on 31 3 1984 shall be transferred to DY CAO(HR) at the earliest by means of a letter to the Bank or by obtaining Demand Draft This transaction shall pass through the Supplementary Account of March 1984 by sending Debit Advice to DY CAO (H R) by debiting Inter Depot Transactions(IOT) Head of Account and crediting Bank Account

- viii) Action shall be initiated by DAOs for transfer of all records either to Depots or to DY CAO of the Region. The records which ought to have been kept at Depot in the Depot Accounts set up may be transferred to respective Depots. Paid Vouchers and all Accounts records shall be transferred to DY CAO's Office to keep them under records. A separate Record Room may be provided in DY CAO's Office to keep these Records separately till such time AG's audit of the period of DAO's set up i.e. Jan 1982 to March 1984 is completed.

II SPECIAL PROVISION FOR CITY REGION

City Region has been working with 9 City Depots consisting of 6907 employees and 901 vehicles (as on 2/84). Though the staff and Officers for all wings were arranged, no accounts staff and Officers have been provided separately as the Region does not have a separate Workshop and Stores. But the need is now identified for an Accounts Officer exclusively to man the Accounts Wing of City Region for pre-audit and consolidation of Regional Accounts of City Region based on the pre-audit in that the Regional Account Current of DAO(CITY) was directly sent to Head Office and the Accounts are not mixed up with Hyderabad Region. Besides the huge work load in DY CAO(HR)'s Office is also taken cognizance of the following functions and the same have been attached to the AO(CITY) who shall seek functional guidance from DY CAO(HR) being under the administrative control of RM(CITY).

FUNCTIONS OF ACCOUNTS OFFICER (CITY)

- 1) Pre-audit of personnel Claims
 - (a) Claims like TA, OTA, Mileage Allowances etc and Medical Claims if any
 - (b) Salary Bills
 - (c) Encashments
 - (d) Depot Incentives
 - (i) Collection Incentives
 - (ii) Fuel Incentives
- 2) Consolidation and Review of monthly/ Annual Accounts and maintenance of all books of Accounts
- 3) Preparation of Annual Budget and Budget Review of City Region
- 4) Revenue Audit (Way Bills, Misc / Bills etc) of City Depots
- 5) Audit of MTD 27 Returns (Stores transactions) of City Depots
- 6) Periodical review of Suspense Balances
- 7) Pre-audit & payment of MV taxes in respect of City Region vehicles
- 8) Funds Management Collection of Earnings and allotment of Funds from and to the Depots
- 9) Payment of salaries of his establishment
- 10) Preparation of Budget and allied work

He shall work under the close supervision of DY CAO(HR) and be responsible for up-keep of all books of Accounts & Financial Records of City Region including Depots.

7 SUSPENSE BALANCES

It shall be the foremost responsibility of the respective DMs to render all Accounts for Advances drawn and clear the suspense Balances in March 1984 so as not to carry forward the Suspense Balances accumulated during DAO s set up As the accumulation of Suspense Balances is a direct result of failure to submit the Accounts review the position it shall be the personal responsibility of the Depot Manager to keep all up-dated balances in his books of accounts He shall not escape from penal action if items of unrendered accounts are found toward advances drawn for purposes beyond the purview of delegation of powers accruing during one s tenure of Office

8 SUBORDINATE STAFF

The entire rank and file including Supervisory Staff in Accounts Wing working under Depot Manager shall be responsible for accuracy and upkeep of all books of accounts and financial transactions It shall be the inherent responsibility of the Accounts Supervisor to guide the DM on all financial matters and advise him wherever matters are likely to drift away from the financial standards and maintain books of accounts and vouchers and keep them in a state of currency No staff of Accounts Wing shall escape from serious disciplinary proceedings for misguiding DM falsification of accounts or committing frauds due to errors of omission or commission which may be detected at a later date

9 ACCOUNTABILITY OF DMs

In discharge of their duties on the financial side DMs/Unit Officers are required to observe strictly the Canons of Financial propriety (Annexur e- B) and vences strict financial discipline They shall be squarely accountable for all acts of financial mismanagement like falsification of records frauds embezzlements undermining the financial facts and negligent acts having financial impact on the exchequer of the Corporation

Depot Managers should be more cost consious and put forth due interest on all items and observe precautions while signing documents of financial transactions including cheques Precautions contained in Chief Audirot s Confidential Circular No CA/56 (1)/82 FD dt 7 61982 may be kept in constant practice while authenticating records/ payments

10 ARREARS OF WORK

Arrears of work in-

- a) Audit of Way Bills
- b) Audit of MTD 27 Returns
- c) Raising of Police Warrants Bills
- d) Compilation of Suspense Registers
- e) Clearance of Revenue Suspense transactions and
- f) any allied work

should be brought upto date before the relevant records are parted with to respective Depot Managers The DAOs shall organise properly and update them before 30 4 1984 DY CAO(HR) should ensure this before the DAOs are repatriated as AOs to assume their responsibility

11 MEETING

This circular and the circular with detailed working instructions may be circulated among all the Accounts Supervisors and problems identified by them may be reported to the Chief Auditor Hyderabad before 24 3 1984 for further clarification A meeting of all DAOs and DY CAO(HR) is scheduled at 14 00 Hrs on 24 3 1984 with Chief Auditor to discuss on the subject

This issues with the approval of VC & MD

FINANCIAL ADVISER

&

CHIEF ACCOUNTS OFFICER

Encl Two

To

RM(HR)/RM(CITY)

DY CAO(HR)

Copy to All Officers in the Corporation