



सत्यमेव जयते



कर्मचारी राज्य बीमा निगम
Employees' State Insurance Corporation

Manual of Audit & Accounts Vol.-I 2023

Fourth Edition

Disclaimer: "This document is strictly for internal use in ESIC only. No part of this manual may be reproduced, stored in any system or form, or transmitted in any form by any means - electronic, mechanical, photocopied, recorded or otherwise without the prior consent of Financial Commissioner, ESIC

The manual shall NOT be distributed in part or as a whole, to third parties unless formally approved by the Financial Commissioner, ESIC.

The manual is not intended for the use of officials of other departments.

FOR OFFICIAL USE ONLY



कर्मचारी राज्य बीमा निगम
Employees' State Insurance Corporation

Manual of Audit & Accounts Vol.-I 2023

Fourth Edition

Issued by:
The Director General, Employees' State Insurance Corporation, New Delhi



भारत 2023 INDIA
वशुपेव कुटुम्बकम्
ONE EARTH • ONE FAMILY • ONE FUTURE

मंत्री
श्रम एवं रोज़गार
पर्यावरण, वन एवं जलवायु परिवर्तन
भारत सरकार



सत्यमेव जयते

MINISTER
LABOUR & EMPLOYMENT
ENVIRONMENT, FOREST AND CLIMATE CHANGE
GOVERNMENT OF INDIA

भूपेन्द्र यादव BHUPENDER YADAV

संदेश



मुझे यह जानकर अत्यंत प्रसन्नता हुई है कि कर्मचारी राज्य बीमा निगम लेखापरीक्षा और लेखा नियम-पुस्तक का चौथा संस्करण प्रकाशित कर रहा है।

यह कार्य में उत्पादकता बढ़ाने और वित्त प्रभाग को अधिक उत्तरदायी और कुशल बनाने के समग्र उद्देश्यों के साथ-साथ लेखापरीक्षा, वित्त एवं लेखा के लिए एक व्यापक मार्गदर्शिका है। इसमें संगठनात्मक लक्ष्यों, कार्यों की प्रक्रियाओं और उनके निर्वहन की जिम्मेदारी सौंपे गए पदाधिकारियों के बीच सामंजस्य सुनिश्चित करने के प्रयास किए गए हैं। वर्तमान में कर्मचारी राज्य बीमा निगम में कार्यरत कार्मिकों तथा साथ ही भविष्य में आने वाले कार्मिकों के लिए यह नियम-पुस्तक प्रशिक्षण, मार्गदर्शन और संदर्भ का अमूल्य स्रोत होगी।



(भूपेन्द्र यादव)



भारत 2023 INDIA
वसुधैव कुटुम्बकम्
ONE EARTH • ONE FAMILY • ONE FUTURE

मंत्री
श्रम एवं रोज़गार
पर्यावरण, वन एवं जलवायु परिवर्तन
भारत सरकार



सत्यमेव जयते

MINISTER
LABOUR & EMPLOYMENT
ENVIRONMENT, FOREST AND CLIMATE CHANGE
GOVERNMENT OF INDIA

भूपेन्द्र यादव
BHUPENDER YADAV



MESSAGE

I am immensely pleased to note that the Employees' State Insurance Corporation is bringing out the Fourth Edition of the 'Audit and Accounts Manual'.

It is a comprehensive guide to audit, finance and accounts with the overall aim to increase productivity in work and make the Finance Division more responsive and efficient. Efforts have been made to ensure cohesion between organizational goals, procedures of work and functionaries entrusted with the responsibility of discharging them. For those who are working in the ESIC as well as for future entrants, this Manual will be an invaluable source of training, guidance and reference.

(Handwritten signature and date)
11/3/23

(Bhupender Yadav)

रामेश्वर तेली
Rameswar Teli
बामेश्वर तेली



सत्यमेव जयते

राज्य मंत्री
श्रम एवं रोजगार और
पेट्रोलियम एवं प्राकृतिक गैस
भारत सरकार
Minister of State for
Labour & Employment and
Petroleum & Natural Gas
Government of India

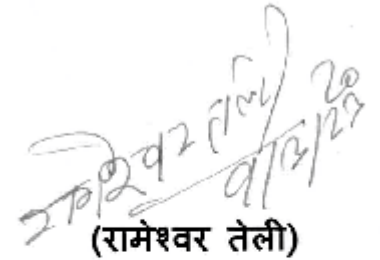


संदेश

मुझे यह जानकर खुशी हुई कि कर्मचारी राज्य बीमा निगम लेखापरीक्षा एवं लेखा नियम-पुस्तक का चौथा संस्करण प्रकाशित कर रहा है।

पिछले प्रकाशन के बाद वित्त एवं लेखापरीक्षा प्रणाली में हुए सभी बदलावों को इस चौथे संस्करण में शामिल किया गया है। यह संस्करण न केवल एक व्यापक मार्गदर्शक का कार्य करेगा बल्कि इससे सभी उपयोगकर्ताओं के ज्ञान में भी वृद्धि होगी।

दिनांक : 09.03.2023


(रामेश्वर तेली)

रामेश्वर तेली
Rameswar Teli
ৰামেশ্বৰ তেলী



सत्यमेव जयते

राज्य मंत्री
श्रम एवं रोजगार और
पेट्रोलियम एवं प्राकृतिक गैस
भारत सरकार
Minister of State for
Labour & Employment and
Petroleum & Natural Gas
Government of India

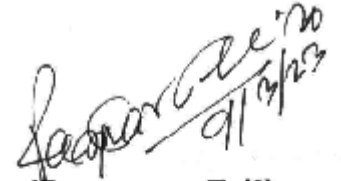


MESSAGE

I am pleased to know that Employees' State Insurance Corporation is bringing out the Fourth Edition of the Audit and Accounts manual.

Fourth edition incorporates all the changes in the financial and auditing system that has taken place since publication of last edition. It will not only serve as a comprehensive guide but also enhance the knowledge base of all the users.

Date : 09.03.2023


(Rameswar Teli)



आरती आहुजा, आई०ए०एस०
भारत सरकार के सचिव
ARTI AHUJA, I.A.S.
Secretary to Govt. of India

MINISTRY OF LABOUR & EMPLOYMENT
SHRAM SHAKTI BHAVAN
NEW DELHI - 110001

श्रम एवं रोजगार मंत्रालय
श्रम शक्ति भवन
नई दिल्ली-110001
Tele : 91-11-23 71 02 65
E-mail : secy-labour@nic.in



Message

I am happy to learn that Employees' State Insurance Corporation is bringing out the Fourth Edition of the Audit and Accounts manual. The Corporation had released its 3rd edition on 31st March 1990 and since then several changes in GFR, procedural instructions, entitlements etc. have taken place.

I hope that this manual will further enhance the working knowledge of all the field units and the intended objective of updating the manual is achieved.


(Arti Ahuja)

Place : New Delhi
Dated: 6th March, 2023



भारत 2023 INDIA

वन्दे मातरम्

ONE EARTH • ONE FAMILY • ONE FUTURE



आज़ादी का
अमृत महोत्सव



सत्यमेव जयते

डॉ. राजेंद्र कुमार, भा.प्र.से.
पीएचडी (एम्बआइसी, यूएसए)
महानिदेशक

DR. RAJENDRA KUMAR, I.A.S.
Ph.D. (MIT, U.S.A.)
Director General

क.रा.सी.नि.
E.S.I.C.

कर्मचारी राज्य बीमा निगम
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)
EMPLOYEES' STATE INSURANCE CORPORATION
(Ministry of Labour & Employment, Govt. of India)

MESSAGE


The promulgation of Employees' State Insurance Act, 1948 (ESI Act), by the Parliament was the first major legislation on social Security for workers in independent India. From the humble beginning in 1952 to the 71 years of its existence, ESIC has grown from strength to strength.

The last edition of the Audit and Accounts manual was published in March 1990. Therefore, it has become necessary to bring out a revised edition of the Manual of Audit and Accounts incorporating all the changes that have taken place since the release of the 3rd edition.

The efforts put in by the officers and staff of the Finance Division in preparation of this manual are appreciated.

I am sure this Manual would be of immense help to all who serve in the Employees' State Insurance Corporation and to increase their efficiency and effectiveness in the performance of their duties.

Date : 16/03/2023



(DR. RAJENDRA KUMAR)



Introduction to the Audit & Accounts Manual (4th Edition)

Audit and Accounting are two essential components of an organization for course correction and accountability in line with organizational goals. It is vital that officials responsible for financial reporting have a strong understanding of the underlying principles and extant instructions.

The 3rd edition of Audit and Accounts manual was published 23 years ago. Since then major modifications in GFR and banking arrangement, implementation of pay commission etc have taken place. Keeping in view these facts, a comprehensive revision of the manual was a critical requirement.

The fourth edition of the manual is an attempt at providing a comprehensive guide, encompassing the changes made since the publication of the last edition and introduces new sections on Budgeting and Accounting for Medical Benefits, Medical Education and Property Management Division.

I would like to commend the officers involved in revising the manual, for their efforts in creating a comprehensive and accessible resource for ESIC officials. This manual will serve as a guide to officers and staff posted at HQs as well as field offices and will enable them in discharging their duties in a more effective way.

T. L. YADEN
Financial Commissioner

New Delhi
Dated : 16.03.2023

Contents

CHAPTER 1 - GENERAL PRINCIPLES AND RULES

1.1	Introductory	19
1.2	Definitions	19
1.3	Custody of Corporation Fund	20
1.4	Authorities by whom money may be received	20
1.5	Credit of money received	21
1.6	The powers and duties of the Financial Commissioner	21
1.7	Maintenance of Accounts	21
1.8	Corrections and alterations in accounts	22
1.9	Elimination of paisa	22
1.10	Issue of duplicate or copies of receipts and bills	22
1.11	Revenue Account	23
1.12	Audit of Accounts	23
1.13	Powers of Statutory Auditors	23
1.14	Report of Auditors	24
1.15	Consideration of Reports of Statutory Auditors	24
1.16	Authentication of Annual Accounts and Audit Reports	24
1.17	Cost of Statutory Audit	24
1.18	Publication of Accounts	24
1.19	Impropriety, Irregularity in Accounts	24
1.20	Disallowance of Expenditure Incurred and Surcharge for loss or deficiency	25
1.21	Recovery of amounts certified to be due	26
1.22	Powers of internal auditor	26
1.23	Interdepartmental consultations	26
1.24	Divisional orders of financial character	26
1.25	Permanent Advance or Imprest	27
1.26	Advances for Contingent and Miscellaneous purpose	27
1.27	Adjustment of Temporary Advances	27
1.28	Removal of doubts	27
1.29	Modification	27

Contents

CHAPTER 2 - RECEIPTS AND PAYMENTS OF MONEY

2.1	Appointment of Bank	28
2.2	Maintenance of Bank Accounts	28
2.3	Deposits	28
2.4	Authorized officer for withdrawals from accounts	29
2.5	Issue of transfer advice note	29
2.6	Online access to view bank statements	29
2.7	Operation of ESI Fund Account No. 2	29
2.8	Obtaining of detailed account of ESI Fund Account No.2	30
2.9	Receipt of money in ESI Account No. 2	30
2.10	Automation of contribution collected and reconciliation	30
2.11	Collection of receipts in ESI Fund Account No.1	30
2.12	Withdrawals	30
2.13	Remittances	31
2.14	Action by Finance & Accounts Branch-II Headquarters	32
2.15	Action by Regional/ Sub-Regional Office/ Other Accounting Units	32
2.16	Action by Branch Office/DCBOs	34
2.17	Change in Automatic Fund Transfer Limit –	34
2.18	Opening of ESI Fund Account No. 2	35
2.19	Deposits in ESI Fund Account No. 2	36
2.20	Withdrawals from ESI Fund Account No. 2	36
2.21	Cheques and Cheque Books	36
2.22	Writing of Cheques	37
2.23	Currency of Cheques & Action to be taken when Currency of the Cheques Lapses	38
2.24	Lost Cheques	38
2.25	Disposal of Cancelled cheques	39
2.26	Accounting of Cheques and Online payments in the Cash Book	39
2.27	Bank Reconciliation	39

Contents

CHAPTER 3 RECEIPTS OF THE CORPORATION

3.1	General Rules	40
3.2	Discrepancies in Cash Balance	41
3.3	Acknowledgement of Money and the Receipt Books	42
3.4	Custody of Receipt Books and Stock Register of Receipt Book	42
3.5	Acceptance Of Cheques In Payment Of Corporation Dues	43
3.6	Issue of Receipt Otherwise Than In Accordance With The Rules/ Instructions Are Strictly Prohibited	43
3.7	Daily Deposit Of Moneys Into The Bank	43
3.8	Accounting Of Daily Deposit Of Money Into The Bank	44
3.9	Direct Deposit Into The Bank	44
3.10	Accounting of The Money Received Directly Into The Bank	44
3.11	Arrangement for the Safe Custody of Funds And Other Important Documents in the Corporation Offices And Disposal Of Duplicate Keys	44

CHAPTER 4 WITHDRAWAL FROM THE EMPLOYEES' STATE INSURANCE FUND

4.1	Definition of withdrawal	47
4.2	Authorities Competent to withdraw from Fund	47
4.3	Procedure for Transfer of Funds	47
4.4	Limitations On Withdrawal	48
4.5	Purpose for which the Fund may be Expended	48
4.6	General Instructions regarding the Preparation and Form of Bills	49
4.7	Signature and Countersignature of Bills	51
4.8	Communication of Sanctions	51
4.9	Effect of Sanction	52
4.10	Retrospective Sanction	52
4.11	Lapse of Sanctions	52
4.12	Presentation of Claims	53
4.13	Arrear Claims	53
4.14	Circumstances in which Payments may be made	56
4.15	Manner of making Payments	56

Contents

CHAPTER 5 DETAILED PROCEDURE CONCERNING RECEIPTS AND PAYMENTS TO BE FOLLOWED BY DIFFERENT OFFICES

5.1	Account No. 1	60
5.2	Account No. 2	63
5.3	Branch Offices/DCBOs	66
5.4	Pay Offices	68

CHAPTER 6 IMPREST ACCOUNT

6.1	Form of Cash Book for Imprest Account	69
6.2	Receipts	69
6.3	Payments	69
6.4	Setting up and modification in imprest limit.	70

CHAPTER 7 PERSONAL CLAIMS OF EMPLOYEES

7.1	Due Date	71
7.2	Forms and Preparation of Bills	71
7.3	Charge Reports	71
7.4	Orders Regarding Appointments	73
7.5	Deductions from Bills	74
7.6	Recoveries	75
7.7	Attachment of Pay and Allowances etc. for Debt	75
7.8	First Payments of Pay, Allowances etc.	79
7.9	Leave Salary	81
7.10	Payment of Pay, Leave Salary, etc., through Agents	81
7.11	Alterations of Pay, etc.	81
7.12	Advances	82

CHAPTER 8 BILLS OF GROUP A, B AND C OFFICERS AND STAFF

8.1	Introductory	83
8.2	Bills for Payment	83
8.3	Forms and Preparation	83
8.4	Absentee Statement	84
8.5	Over Time Allowance	84

Contents

8.6	Service Books	85
8.7	Leave Accounts	87
8.8	Arrear Bills	87
8.9	Travelling Allowance Bills	87
8.10	Cost of Medical Treatment	88
8.11	Disbursement of Pay and Allowances	88

CHAPTER 9 CONTINGENT AND MISCELLANEOUS EXPENDITURE

9.1	Introductory	90
9.2	Permanent Advances	90
9.3	Advances for Contingent and Miscellaneous purpose	91
9.4	Authorities Empowered to sanction Contingent Charges	91
9.5	Payment of Contingent Bills	92
9.6	Record of Contingent Expenditure	95
9.7	Bills for Contingent Charges	95
9.8	Abstract Bill	96
9.9	Withdrawal of amounts for making Benefit Payments	96

CHAPTER 10 MISCELLANEOUS

10.1	Payment of Deductions made from Bills	97
10.2	Leave and Pension Contributions	97
10.3	Stock Registers of Equipment etc	98
10.4	Postage Account	99
10.5	Lands and Buildings	100
10.6	Payments to State/UT Governments and ESI Societies towards Expenditure on Medical Benefits of Insured Persons and their Families	101

CHAPTER 11 GENERAL PRINCIPLES OF CLASSIFICATION, AUDIT OF EXPENDITURE AND SANCTIONS TO EXPENDITURE ETC.

11.1	General	102
11.2	Audit of Classification	102
11.3	Allocation of Expenditure Between Capital and Revenue	103
11.4	Incidence of Pay and Allowances	104

Contents

11.5	Audit Of Expenditure	106
11.6	Audit of Expenditure against Provision of Funds	106
11.7	Scrutiny of sanctions to expenditure	106
11.8	Audit Against Rules and Orders— (Audit Against Regularity)	108
11.9	Audit Against Propriety	108
11.10	Miscellaneous Instructions about Scrutiny of Expenditure	110
11.11	Audit of Pay and Allowances - General Rules	111

CHAPTER 12 AUDIT OF EXPENDITURE OF GROUP A, B & C STAFF

12.1	Group A & B Officers Audit	112
12.2	List of Registers for auditing the pay bills of Group “A” & “B” Officers	112
12.3	Audit Register	113
12.4	Opening of Register	113
12.5	New Names	113
12.6	Alterations of Pay etc	114
12.7	Leave and Transfer	115
12.8	Charges Certificates	116
12.9	Audit of Pay Bills	116
12.10	Advances	117
12.11	Rent Recoveries	118
12.12	Adjustment of Objections	118
12.13	Leave Account	118
12.14	Last Pay Certificate	118
12.15	Scale Audit Register	118
12.16	Service Cards	119
12.17	Files of Correspondence	119
12.18	Duties of Auditors in respect of Group “A” & “B” officer’s bills.	120
12.19	Group C Staff Audit	121
12.20	Establishment Audit Register	121
12.21	Audit Procedure	122
12.22	Increment Certificates	122

Contents

12.23 Audit of Supplementary Bills	124
12.24 Advances to Employees	124
12.25 Objections raised and their Adjustments	125
12.26 Duties of Auditors in respect of Group C Staff's bills	125

CHAPTER 13 TRAVELLING ALLOWANCE AUDIT

13.1 Fundamental Requirements	127
13.2 Records	127

CHAPTER 14 CONTINGENT AUDIT

14.1 Audit of Contingent Bills	128
14.2 Audit of Special Charges	129
14.3 Bills countersigned after payment	129
14.4 Advances for Purchase/Building Houses	130
14.5 Other Advances	131
14.6 Deposits	132
14.7 Lapsed Deposits	133
14.8 Account of Interest Bearing Securities	134
14.9 Investments	135
14.10 Portfolio Managers	135
14.11 Custodian	136
14.12 External Concurrent Auditor	137
14.13 Consultant	139
14.14 Scope of Investment committee	139
14.15 Reserve Funds	140
14.16 Loan	141

CHAPTER 15 MISCELLANEOUS AUDIT

15.1 Objection Book	142
15.2 Adjustment Register	142
15.3 Closing of Objection Book	143
15.4 Abstract of Objections	143

Contents

15.5	Review of Objections	143
15.6	Branch Note Book	143
15.7	Destruction of Records connected with Accounts	143
15.8	Correction to Manual of Audit and Accounts	144
15.9	Calendar of Returns	144

CHAPTER 16 TRANSFER ENTRIES

16.1	Object of Transfer Entries	145
16.2	General Rules	145
16.3	Correction of Accounts	145
16.4.	Form of Transfer Entry Book	146

CHAPTER 17 EXCHANGE ACCOUNTS

17.1	Nature and scope of Exchange Account	147
17.2	Vouchers accompanying Exchange Accounts	148
17.3	Cash Remittances between Accounting Units	149
17.4	Recovery towards Provident Funds of the Corporation	149
17.5	Watching of Adjustments	149
17.6.	Due Dates	150
17.7	Reconciliation and Summary Report of Exchange Account.	150

CHAPTER 18 MONTHLY AND ANNUAL ACCOUNTS

18.1	Form of Classified Abstract and Method of its Posting	151
18.2	Providing of Classified Abstract	151
18.3	Consolidated Abstracts	152
18.4	Monthly review of trends of Income and Expenditure	153
18.5	Detail Book	153
18.6	Adjustment of Recoveries	154
18.7	Rectification of Errors	154
18.8	Annual Accounts	155

CHAPTER 19 GENERAL PRINCIPLES OF BUDGET ESTIMATES

19.1	Introductory	156
------	--------------	-----

Contents

19.2	Procedure of submission of Budget Estimates	156
19.3	Form and material for budget estimation	156
19.4	General procedure for estimating	157
19.5	Estimates on new Expenditure	161
19.6	Adherence to timetable	162
19.7	Preparation of Budget Estimates for Administration	162
19.8	Preparation of Budget Estimates for Cash Benefits	163
19.9	Preparation of Budget Estimates for ESIC Medical Services and Medical Educational Institutions.	163
19.10	Preparation of Budget Estimates for Medical Benefits (On account payment)	164
19.11	Preparation of Budget Estimates for purchase, construction and maintenance of land and building owned by the Corporation.	164
19.12	Estimation of revenue receipts	165
19.13	Dates and channel of submission	165
19.14	Certain Estimates to be prepared by Finance & Accounts Branch (Headquarters)	166
19.15	Communication and Distribution of Grant	167
CHAPTER 20 CONTROL OF EXPENDITURE		
20.1	General procedure of control of expenditure	169
20.2	Surrender of Anticipated Savings	170
20.3	Expenditure not Provided for Re-Appropriation and Supplementary Grants	171
20.4	Re-appropriation of Funds	171
20.5	Supplementary Grants	172
20.6	Inevitable Payments	172
20.7	Surrender of Surplus Funds	172
20.8	Appropriation Accounts	172
CHAPTER 21 EMPLOYEES' STATE INSURANCE CORPORATION PROVIDENT FUND		
21.1	Introductory	174
21.2	Duties of Staff in Fund Section & Auditors' duties	174
21.3	Ledger Examiner's Duties	175
21.4	Branch Superintendent's Duties	176

Contents

21.5	Nominations	177
21.6	Subscriptions	179
21.7	Final Payment of Provident Fund Money	182
21.8	Unclaimed Deposits	184
21.9	Maintenance of Provident Fund Accounts	185
21.10	Posting of Accounts	187
21.11	Verification	188
21.12	Annual Closing of Accounts	190
21.13	Annual Closing of BROADSHEETS	191
21.14	Annual Account Statements to Subscribers	191
21.15	Investment of Provident Fund Balance	192
21.16	Annual Account of the Provident Fund	192
21.17	Periodical Review of Provident Fund Accounts	192

Chapter 22 INSPECTIONS AND LOCAL AUDIT

22.1	Introductory	193
22.2	Local Audit Check-Percentages	193
22.3	Central Audit Party	194
22.4	Programme of Local Audit	194
22.5	Preparation of Internal Audit Report	195
22.6	Checking by Audit Party Incharges	196
22.7	Despatch and disposal of Inspection Report and Test Audit	197
22.8	Inspections by Finance & Accounts Officer of RO/SRO	198
22.9	Periodicity of Inspections	200
22.10	Submission of Progress Reports of Local Audit	200
22.11	Inspection of Finance & Accounts branches by Finance officer of RO/SRO etc.	200

CHAPTER 1

General Principles and Rules

1.1 Introductory

1.1.1 The instructions contained in this Manual deal with the rules connected with the accounting of transactions relating to receipts, investment and expenditures of the Corporation funds and also prescribe the procedures along with the extent of audit to be applied to such transactions.

1.2 Definitions

1.2.1 In this Manual unless there is something repugnant to the subject or context: -

- (a) "The Act" means the Employees' State Insurance Act, 1948 (XXXIV of 1948). It would also refer to the overriding provisions of the Code on Social Security 2020.
- (b) Accounting Unit means Regional and Sub-regional offices, ESIC Hospitals, Medical Education Institutions, NTA, Headquarter, D(M)D, F(W)P etc. which submits monthly and annual accounts to Headquarter Office. The Branch Offices/Dispensary cum Branch Offices hereinafter called as DCBOs would be part of the Regional and Sub-regional Offices accounting unit and would not be treated as separate accounting unit. Model Dispensary cum Diagnostic Centre herein after called as MDCC would be part of the ESIC Hospitals
- (c) "Appropriation" means the assignment, to meet specified expenditure, of funds included in a primary unit of appropriation.
- (d) "The Bank" means the State Bank of India or any other Scheduled Commercial bank with which account of the fund has been opened with the general or special sanction of the Competent Authority.
- (e) "Budget" means the estimate of income and expenditure for a financial year including Capital Expenditure and provisions for liabilities.
- (f) "Corporation" means the Employees' State Insurance Corporation.
- (g) "Controlling Officer" means an officer entrusted with the responsibility of controlling the incurring of expenditure and/or the collection of revenue. The term shall also include a Head of the Office.
- (h) "Drawing and/or Disbursing Officer" means a Head of Office, and also any officer designated by the Competent authority, to draw bills and make payments on behalf of the Corporation. The term shall also include a Head of the Office, where he himself discharges such functions.
- (i) "The Fund" means the Employees' State Insurance Fund established under Section 26 of the Act.

- (j) “Non-recurring expenditure” means expenditure sanctioned as a lump sum charge, whether the money is paid in one lump sum or by installments.
- (k) “Re-appropriation” means the transfer of funds from one unit of appropriation to another such unit.
- (l) “Recurring expenditure” means all expenditure which is not non-recurring.
- (m) The term “Finance & Accounts Officer” includes a “Director/Jt. Director/Deputy Director/Assistant Director” holding charge of Finance and Accounts branch in the offices of the Corporation.
- (n) RTGS/NEFT/ECS/CBS means the terms used for electronic transfer of funds used in banking parlance.
- (o) "SBI-CMP" means State Bank of India-Cash Management Product, a customized and secured payment gateway for Government Departments including ESIC which will be a uniform and approved process across the country with stricter Turn Around Time (TAT).
- (p) “On Account Payment (OAP)” means the amount/fund paid or payable by ESIC to the respective State Governments/ESI Societies for provisioning of medical services under the ESI Scheme.
- (q) Words and expressions not defined in this Manual have the same meaning as in the Act, General Financial Rules Or separately defined by the Standing Committee.

1.3 Custody of Corporation Fund

- 1.3.1 All moneys at the credit of the Fund, other than those invested under rules 27 of the Employees’ State Insurance (Central) Rules, 1950, shall be kept in the Reserve Bank or the State Bank of India or any other authorized bank; as may be approved for this purpose by the Competent Authority. The deposit of such moneys in the bank shall be governed by the terms of the arrangements made with the Bank (see Appendix 1 to Vol-II).

1.4 Authorities by whom money may be received

- 1.4.1 All moneys accruing or payable to the Corporation may be received by the Bank in the prescribed manner or any of the following officers of the Corporation: —
 - a) Director General.
 - b) Financial Commissioner.
 - c) Any Finance & Accounts Officer of the accounting unit, Regional Director, In-charge of Sub-Regional Office or Manager of Branch Office/DCBOs or MS/Dean of the ESIC Hospitals/Medical Education Institutions as may be authorized in this behalf by the Director General or the Financial Commissioner.
 - d) In case of petty cash receipts in Branch Offices, Receipts in prescribed form shall be signed by the Branch Manager, who is responsible for incorporating all such receipts in the Cash Book daily as hitherto

1.5 Credit of money received

- 1.5.1 All contributions paid under Section 26 of the Act, and all other moneys received on behalf of the Corporation shall be deposited in ESIC Account No. 1 “Central” to the credit of the Employees’ State Insurance Fund by means of prescribed electronic challans.
- 1.5.2 All money transactions, to which any officer or staff of the Corporation in his official capacity is a party, shall immediately and without any reservation, be brought to account in the books of the Corporation and all moneys received, other than moneys withdrawn from the bank to meet current expenditure, shall be deposited forthwith in full into the ESIC Account No. 1 (Central) into the appropriate Head of Account by means of prescribed electronic challans and shall not be utilised to meet other expenditure.

1.6 The powers and duties of the Financial Commissioner

- 1.6.1 The powers and duties of the Financial Commissioner as envisaged in Rule 19 of the Employees’ State Insurance (Central) Rules, 1950, are:
- to maintain the accounts of the Corporation and to arrange for the compilation of accounts by the collection of returns from the field units;
 - to prepare the budget estimates of the Corporation;
 - to arrange for internal audit of the accounts of the field units and of the receipts and payments thereat;
 - to make recommendations for the investment of the funds of the Corporation;
 - to undertake such other duties and to exercise such other powers as may, from time to time, be entrusted or delegated to him/her.

1.7 Maintenance of Accounts

- 1.7.1 Every Officer whose duty is to prepare and render any accounts or returns in respect of the Corporation’s money or stores is personally responsible for their completeness and strict accuracy and its timely submission in the prescribed manner.
- 1.7.2 An Officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his/her duty to know or to the extent to which he may reasonably be expected to be aware of them. The fact that a certificate is printed or typed is no justification for his/her signing it unless it represents the fact. It is his/her duty to make necessary amendment(s) which will call to the deviation and so to give to the authority concerned the opportunity of deciding whether the amendments cover requirements.
- 1.7.3 The Corporation shall maintain complete and accurate accounts of its income and expenditure in such form and in such manner as may be prescribed by the Central Government, specify from time to time. The books shall be balanced on the thirty-first of

March each year duly including the provisions for accrued financial transactions pertaining to the financial year concerned. The Finance & Accounts Branches of the Corporation at Headquarters and field Accounting Units shall be responsible for the maintenance of proper accounts. These branches will be under the immediate charge of the Finance & Accounts Officers.

1.7.4 All accounts and registers shall be maintained in bilingual form i.e. English/Hindi in the prescribed manner including electronic form.

1.7.5 Financial Year of accounts of the Corporation shall commence on the 1st day of April of each year and end on the 31st day of March of the following year or any other period as per the directions of Central Government.

1.8 Corrections and alterations in accounts

1.8.1 Corrections and alterations in accounts shall be neatly made in red ink (a single line being drawn through the original entry which it is desired to correct) and attested by the dated signature of the Finance & Accounts Officer. Each correction or alteration in the order of payment must be attested by the dated signature of the officer ordering the payment. Corrections and alteration in accounts in ERP system would be done by passing entries through journal or such other voucher as per extant instructions. In no case, any amount entered erroneously, the entry would be erased or altered or overwritten.

1.8.2 Erasures and over writing shall, on no account, be made in registers, statements, cheques, vouchers or accounts of any description.

1.9 Elimination of paisa

1.9.1 Unless otherwise provided in any other rules/guidelines, the financial transactions involving fractions of a rupee shall be brought to account to the nearest rupee i.e. 50 Paise and above are to be rounded-off to the next higher rupee and below 50 Paise the amount is to be ignored.

1.10 Issue of duplicate or copies of receipts and bills

1.10.1 An employee of the Corporation shall issue duplicates or copies of the receipts granted for money received or duplicates or copies of bills or other documents for the payment of money which has already been paid on the allegation that the originals have been lost. If any necessity arises for such a document, a certificate may be given that on a specified day, a certain sum on a certain account was received from or paid to a certain person. This prohibition extends only to the issue of duplicate on the allegation that the originals have been lost and does not apply to cases authorized by these rules or by special orders of the Corporation in which duplicates have to be prepared and tendered with originals.

1.10.2 All Bills would be passed in ERP System where loss of passed bills does not arise. However, in exceptional conditions, where manual bills are passed and in the case of a bill passed by the Drawing Officer/Controlling Officer for presentation to the Finance and Accounts Branch but lost either before payment or before presentation to the Finance

and Accounts Branch, the officer, who drew the original bill shall ascertain from the Finance & Accounts Branch concerned that payment has not been made on it before he issues a duplicate thereof. The duplicate copy, if issued must bear distinctly on its face the word 'duplicate' written in red ink. The fact that a duplicate bill has been issued shall be immediately communicated to the Finance & Accounts Officer concerned with instructions to refuse payment on the original bill, if presented.

- 1.10.3 For the above purpose of this paragraph, the Finance & Accounts Officer on receipt of a request from the Drawing/Controlling Officer, shall, after due verification from his records, furnish a certificate in the following form:

Certified that Bill No. Dated..... for Rs.....reported by(Rupees.....) reported by (the drawing officer) to have been drawn by him or payment by this office in favour of.....has not been paid, and will be paid, if presented hereafter.

- 1.10.4 When any kind of bill is required to be prepared in duplicate or triplicate, only one copy shall be signed or countersigned in full and the other copy or copies may be initialed. If the pre-audit is required only the original copy shall be sent to the Finance & Accounts Branch.

1.11 Revenue Account

- 1.11.1 The Corporation shall prepare Revenue Accounts for the financial year ended on the thirty-first March, and Balance sheet as on the thirty-first March, by the thirty first of May or any other date prescribed by the Central Government.
- 1.11.2 Provided that on the application of the Corporation, the Central Government may extend the said date by a period not exceeding thirty days.
- 1.11.3 Provided further that the Corporation may, and if so required by the Central Government shall, cause to be prepared the Revenue Accounts and the Balance Sheet for any other period or as on any other date.

1.12 Audit of Accounts

- 1.12.1 In accordance with the provision of Rule 36 of the Employees' State Insurance (Central) Rules, 1950, the Director General of Audit (Central Expenditure) or any other authority authorized by the Comptroller and Auditor General of India shall be the Statutory Auditors of the Corporation.

1.13 Powers of Statutory Auditors

- 1.13.1 The Corporation shall submit all accounts to the auditors as required by them. The auditors may: —
- by written notice, require the production before them or before any officer subordinate to them of any document which they may consider necessary for the proper conduct of their audit;
 - by written notice, require any person accountable for, or having the custody or

control of, any such document to appear in person before them or before any officer subordinate to them; and

- c) require any person so appearing before them or before any officer subordinate to them to make and sign a declaration with respect to such document or to answer any question or prepare and submit any statement.

1.14 Report of Auditors

- 1.14.1 The auditors' report on the annual accounts of the Corporation shall state the opinion of the auditors as to whether the financial statements of the Corporation are properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs and in case they have called for any explanation or information from the Corporation or any of its officers.

1.15 Consideration of Reports of Statutory Auditors

- 1.15.1 The annual accounts together with the report of the auditors shall be submitted to the Budget & Accounts Committee for consideration then duly considered annual accounts together with the report of the auditors before Standing Committee for approval and thereafter placed for adoption at a meeting of the Corporation held before 10th December of the year succeeding to the financial year to which the accounts are prepared and audited.

1.16 Authentication of Annual Accounts and Audit Reports

- 1.16.1 The annual accounts and audit reports as adopted by the Corporation shall be authenticated by affixing the common seal of the Corporation and shall be submitted to the Central Government on or before 20th December of the year succeeding to the financial year to which the accounts are prepared and audited.

1.17 Cost of Statutory Audit

- 1.17.1 The audit fee bills received by respective accounting units shall be forwarded to Hqrs Office, immediately on its receipt and the cost of audit shall be paid timely by the Finance and Accounts Division at Hqrs' Office, ESIC

1.18 Publication of Accounts

- 1.18.1 The Corporation shall publish the annual accounts and the auditors' report thereon together with replies to each item included in the report within three months of their submission to the Central Government.

1.19 Impropriety, Irregularity in Accounts

- 1.19.1 The auditors shall submit to the Corporation and the Central Government a separate statement, if necessary, in regard to:
 - a) any material impropriety or irregularity which they observe in the expenditure, or in the recovery of moneys due to, or in the accounts of the Corporation; or

b) any loss or waste of money or other property owned by or vested in the Corporation which has been caused by neglect or misconduct with the names of the persons, who in their opinion are directly or indirectly responsible for such loss or waste.

1.19.2 The Standing Committee shall forthwith remedy any defect or irregularity that may be pointed out by the auditors and shall report to the Central Government the action taken by it thereon within ninety days of the receipt of the report of the auditors.

1.19.3 Provided that, if there is a difference of opinion between the Standing Committee and the auditors, or if the Standing Committee does not remedy, any defect or irregularity within a reasonable period, the Central Government may, and on a reference specifically made therefore, shall, pass such orders thereon as they think fit and the Standing Committee shall thereafter take action in accordance therewith within such time as may be specified by the Central Government.

1.20 Disallowance of Expenditure Incurred and Surcharge for loss or deficiency

1.20.1 Rule 45 of the Employees' State Insurance (Central) Rules, 1950 is reproduced below:-

1.20.2 The Standing Committee or any authority authorized by it in this behalf may, after giving the person concerned an opportunity to submit an explanation, and after considering any such explanation, disallow any item of account contrary to the provisions of the Act or of the rules or regulations made thereunder, and surcharge the same on the person making or authorizing the making of payment of such account and shall charge against any person accounting, the amount of any deficiency or loss incurred by the negligence or misconduct of that person, or of any sum which ought to have been but is not brought into account by that person, and shall in every such case certify the amount due from such person:

Provided that no certificate made by the authority authorised by the Standing Committee shall have effect unless it is approved by the Standing Committee.

1.20.3 The Standing Committee shall state in writing its reasons for every disallowance, surcharge or charge made or approved by it and shall serve a certificate of the amount due and a copy of the reasons for its decision on the person against whom the certificate is made and shall also furnish copies thereof to the Central Government

1.20.4 Any person aggrieved by a certificate made under this rule may, within one month from the date of the service of certificate on him, file an application to the Central Government for setting aside or modifying the disallowance, surcharge or charge in respect of which the certificate was made.

1.20.5 On receipt of an application under sub-rule (1.20.3) or on its own motion, the Central Government may, after making such inquiry as may be necessary, pass such order as it thinks fit either confirming, modifying or setting aside the disallowance, surcharge or charge in respect of which the certificate was made and the Standing Committee shall thereupon take action in accordance with such order within such time as may be specified by the Central Government.

- 1.20.6 The Central Government may by order direct that all further action under the certificate made under this rule shall be stayed until the disposal of the matter pending before it under sub-rule (1.20.4).

1.21 Recovery of amounts certified to be due

- 1.21.1 Every sum certified to be due from any person by the Standing Committee or if the certificate has been modified by the Central Government, the sum shown to be due from such person in the modified certificate, shall be paid by such person to the Corporation within three months, after he has been served with the certificate of the Standing Committee; or within such longer time as may be allowed by the Central Government; any such sum, if not so paid, shall be recovered as if it were an arrear of land revenue.
- 1.21.2 Any sum or part of a sum so paid or recovered, the certificate in respect of which is set aside or modified, shall, as the case may require, be wholly or partly refunded to the person who paid it.

1.22 Powers of internal auditor

- 1.22.1 The Head of Offices of accounting units and their subordinate authorities shall be responsible for the providing record/information as requisitioned by the internal audit authorities as required by them for the proper conduct of their audit. Internal Audit authority reserves the right to require any authority to make and sign a declaration with respect to any official document or to answer any question or prepare and submit any statement required for internal audit.
- 1.22.2 If the contents of any file are categorized as 'Confidential' the file may be sent personally to the Finance & Accounts officer specifying this fact, who will then deal with it in accordance with the standing instructions for handling and custody of such classified files.

1.23 Interdepartmental consultations

- 1.23.1 When the subject of a case concerns more than one Department, or Branch no order shall be issued until all such departments have concurred, or, failing such concurrence, a decision has been taken by or under the authority of the Director General. In this regard, it is clarified that every case in which a decision, if taken in one Department/Branch, is likely to affect the transaction of business allotted to another Department/branch, shall also be deemed to be a case which concerns more than one Department/Branch.

1.24 Divisional orders of financial character

- 1.24.1 All Divisional Orders, in so far as they embody orders or instructions of a financial character or have important financial bearing, must invariably be made by, or with the approval of the Financial Commissioner. This also applies in case of Field offices, where such orders may be issued with the consent of concerned Finance & Accounts Officer.

1.25 Permanent Advance or Imprest

- 1.25.1 Permanent advance or Imprest for meeting day to day contingent and emergent expenditure may be granted to an officer of Corporation by the Head of the Office in consultation with Finance & Accounts Officer, keeping the amount of advance to the minimum required for smooth functioning.

1.26 Advances for Contingent and Miscellaneous purpose

- 1.26.1 The Head of the Office may sanction advances to an Officer/Official of the Corporation for purchase of goods or services or any other special purpose needed for the management of the office, subject to the following conditions:

- a) The amount of expenditure being higher than the Permanent Advance available cannot be met out of it.
- b) The purchase or other purpose cannot be managed under the normal procedures, envisaging post- procurement payment system.
- c) The amount of advance should not be more than the power delegated to the Head of the Office for the purpose or any amount specifically approved by the HQrs' Office.
- d) The Head of the Office shall be responsible for timely recovery or adjustment of the advance.

- 1.26.2 Head of the Office/Regional Director/SRO I/c/MS/Dean may sanction the grant of an advance to an empanelled counsel in connection with lawsuits assigned to him/her, to which Corporation is a party, up to the maximum limit of amount approved by the competent authority at a time. The amount so advanced should be adjusted at the time of settlement of lawyer's/Counsel's fee bills.

1.27 Adjustment of Temporary Advances

The adjustment bills, along with balances, if any, shall be submitted/rendered by the concerned officer/employee of the Corporation within fifteen days of the completion, purpose for which temporary advance was drawn, failing which the advance or balance shall be recovered from his next salary(ies).

1.28 Removal of doubts

- 1.28.1 Where a doubt arises as to the interpretation of any of the provisions or instructions of this Manual, decision of the Financial Commissioner shall be binding.

1.29 Modification

- 1.29.1 The instructions contained, or systems and procedures established by the provisions given in this manual are subject to general or special instructions/orders of the Financial Commissioner after the approval of the Corporation. The systems and procedures established by the provisions given in this manual may be modified by any other authority only with the express approval of the Corporation.

CHAPTER 2

Receipts and Payments of Money

2.1 Appointment of Bank

The State Bank of India, the Associate banks of the State Bank of India, and some other Scheduled Banks have been appointed bankers to the Corporation. The Banks will act as the Banker of the Employees' State Insurance Fund. [Rule 21]

2.2 Maintenance of Bank Accounts

The Bank will maintain two accounts namely Employees' State Insurance Fund—Account No. 1 and Employees' State Insurance Savings Fund—Account No. 2. However, Account no. 1 would be maintained at Headquarters and some other units exclusively authorized by Headquarters. No field office other than above would open & maintain Account no. 1. All moneys accruing or payable to the Employees' State Insurance Fund from whatsoever sources will be credited to Account No. 1 by creating an electronic challan on the ESIC portal and payment through net banking or another online channel, as provided by the Corporation.

2.3 Deposits

- 2.3.1 Deposits by the Employers - Contribution, Interest, damages etc. shall be paid by the employers by creating an electronic challan on the ESIC portal and payment via net banking channel selecting their preferred bank empaneled by ESIC for this purpose and available in the drop-down list or depositing the electronic challan at SBI counters with an instrument of payment. SBI shall deposit the challan via separate screen enabled in SBI for the purpose.
- 2.3.2 Deposits by the Employees of ESIC - In the same way, ESIC employees would create an electronic challan on the ESIC portal and deposit the amount, refundable by them to the corporation, either directly through online net banking channel or depositing the electronic challan at SBI counters with instrument of payment. SBI will deposit the challan via a separate screen enabled in SBI for the purpose.
- 2.3.3 Deposits by the Recovery Officer – Amount recovered by the recovery officer would be deposited by F&A branch of RO/SRO. For this purpose, the recovery officer would generate a challan in Revenue Module of ERP and forward the same to the F&A branch along with the instrument of the recovered amount. In order to avoid delay the recovery officer, while issuing the prohibitory order, would mention the details of Account No. 2 of RO/SRO in the order issued to the defaulter's bank. The defaulter's bank would directly credit the recovery amount in ESIC Account No 2. Once the amount is received in Account No 2 of RO/SRO, the recovery officer would create an electronic challan in the revenue module and send it to F&A. The F&A Branch would deposit this amount to Account No. 1 by issuing a cheque to SBI.

- 2.3.4 Deposit by third parties- Deposit by third parties, who do not have access to create challan in the ESIC portal like the maturity of Group Insurance from LIC etc. would deposit the amount directly in Account No. 2 of the Accounting Unit.
- 2.3.5 Deposit by field offices to HQ Account no. 1 - The unutilized fund at the end of the financial year is required to be remitted to HQ Account No. 1 by field offices as per the extent instructions. This would be remitted directly by accounting units to HQ Account no. 1.

2.4 Authorized officer for withdrawals from accounts

Withdrawals from Account No. 1 cannot be authorized by any officer of the Corporation other than the Director General, Financial Commissioner, or Additional Commissioner/ Director/Joint/Deputy Director (Finance) of Headquarters Office. These officers may authorize withdrawals for one or the other purpose mentioned below: —

- a) for transfer of funds from Account No. 1—Central to Account No. 2 of Regional and Branch Offices of the Corporation for meeting administration, benefits, capital and other expenditures.
- b) for investment as per the Investment Policy of ESIC[Rule 27]
- c) to meet other charges & expenditures as authorized by the Corporation.

2.5 Issue of transfer advice note

The transfers will generally be affected by the issue of Transfer Advice Notes in Form No. A-2 or online transfer through Cash Management Service (CMS) of SBI / other bank or any other electronic transfer arrangement made by the Corporation duly signed / electronically authorized by any (or jointly) of the officers mentioned in the paragraph above. The transfers for the investment of funds will also be done in the same way.

2.6 Online access to view bank statements

The authorized officers as mentioned in para 1.4 would obtain online access to view bank statements. He can also obtain physical bank statements as and when required. The bank would transfer funds to the ESIC Fund Account No. 1 (Central), the main collection account as per the agreement with the respective banks.

2.7 Operation of ESI Fund Account No. 2

- 2.7.1 ESI Fund Account No. 2 is authorized for the followings: —
- a) Headquarters Office,
 - b) All accounting units.
 - c) Branch Offices/DCBOs.

In addition, there will be Account No. 2—Central for each Scheduled Commercial Bank with whom transactions are made centrally at Delhi/New Delhi.

- 2.7.2 There would be a separate account for each office. ESI Account No. 2 will be credited by transfer of money from ESI Account No. 1—Central by the Headquarters Office as stated in paragraph 1.4. Each Head of Office will be provided access with Electronic Clearance System (ECS) like CMP/NEFT/ RTGS of bank or with a cheque book by means of which the funds for disbursements will be drawn from the bank.
- 2.7.3 To accommodate the receipts of the Corporation, Accounts styled “Employees’ State Insurance Fund—Account No. 1” with various banks have been opened by the Corporation in respect of Headquarters at New Delhi [Rule 21]. The system of Regional Account No. 1 has been dispensed with.
- 2.7.4 All receipts of the Corporation, shall be deposited in full into the Bank. These receipts shall be deposited by the officers of the Corporation authorized in this behalf and by the employers, etc. directly into the Bank. These receipts shall be deposited online by Net banking/ CBS/NEFT/RTGS or by another electronic mode. This shall also be deposited at the Bank in legal tender, coins or notes. Cheques drawn on the banks which have clearing accounts with the Bank and drafts payable on demand shall also be accepted by the Bank.

2.8 Obtaining of detailed account of ESI Fund Account No.2

A detailed account for a calendar month in respect of Account No. 2 of each accounting unit would be obtained monthly by the authorized officer of the accounting unit from bank, copy to the Headquarters Office of the Corporation, as and when demanded.

2.9 Receipt of money in ESI Account No. 2

Receipts of the Corporation for which the challans cannot be created would be received in ESI Fund Account No.2 directly through Net banking/ CBS/NEFT/RTGS or another electronic mode, as per the extent instructions. Such receipts shall be deposited in full into the Bank in ESI Fund Account No. 1 by the accounting units by creating challans.

2.10 Automation of contribution collected and reconciliation

The Contribution Collection and reconciliation is automated. The amount collected online is reconciled by the system and post-reconciliation entry in ESIC C-6 is done by the system automatically. C-6 is maintained in ERP and is fully automated.

2.11 Collection of receipts in ESI Fund Account No. 1.

The receipts of the Corporation will be collected online in ESIC Fund Account No. 1 by specified bank branches situated at New Delhi. These banks will then transfer the amount collected in ESIC Fund Account No. 1 to ESIC Fund Account No. 1 (Central) maintained with SBI, Main Branch, New Delhi, electronically, on daily basis through CBS/NEFT/RTGS before the start of the working hours of the bank. These banks would make the arrangements accordingly.

2.12 Withdrawals

- 2.12.1 The withdrawals from ESI Fund Account No. 1 will be made by the Director General,

Financial Commissioner, and Additional Commissioner/Director/Joint/Deputy Director (Finance) HQrs Office. These withdrawals will not be affected by means of cheques, but by the issue of “Transfer Advice Notes” in Form No. A-2 or electronically as per specific arrangement with the bank.

2.12.2 Forms No. A-2 shall be bound in books, each containing 200 printed and machine-numbered forms. The first four will be allotted one specific number and the next four forms will be allotted the next consecutive number and so on. Four forms of each number will be marked as follows: —

1st form—Original (Pink) for Bank

2nd form—Duplicate (Blue) for Head Of Office

3rd form—Triplicate (Yellow) for Finance Officer

4th form—Quadruplicate (White) as Office copy.

2.12.3 On receipt of the advice, the bank branch will transfer the amount to the branch bank mentioned in the advice issued by the Financial Commissioner, Additional Commissioner/Director /Joint/Deputy Director (Finance) of the HQ Office. The transferee branch will advise the Head of Office of the Corporation on whose behalf the Account is maintained by it and the transferee bank branch will advise the credit to the Head of Office of the Corporation on whose behalf (advice) ESI Fund Account No. 2 is maintained by it. On receipt of this advice from the Bank branch, the concerned Officers will make necessary entries in their appropriate cash books.

2.13 Remittances

2.13.1 Remittances to Accounting Units-

- a) Regular Remittances -The automatic monthly credit to Accounting Units are fixed once a year at the HQ Office and informed to accounting units as well as SBI, Main Branch, New Delhi. The automatic monthly transfer is initiated by Accounts Branch- II of Headquarters and informs SBI, Main Branch to transfer. These remittances, once enabled in SBI-CMP may be done directly from HQ Office also. This transfer is to be affected at the end of the current month. The fund is remitted to Accounting Units only by the headquarters. Funds to Branch Offices/DCBO are remitted by the Regional/Sub-Regional Office only.
- b) Emergency Remittances - In the case of an emergency, the accounting units demands additional fund from Headquarter from time to time. Fund requisition and remittance are done in the ERP system only.

2.13.2 Remittances to Branch Offices/DCBOs by ROs/SROs- Funds to all the Branch Offices/DCBOs are provided by the Regional Offices/ Sub-regional offices. The automatic 1st limit of the fund is transferred from the Regional/Sub-Regional Offices. The Regional/Sub-Regional Offices in turn remit fund to Branch Offices through processing in ERP and transfer through NEFT/CBS/RTGS. This can be done directly by RO/SRO once SBI-CMP is enabled for this purpose.

- a) Regular Remittances- The 1st automatic limit of the Regional/ Sub-regional offices is determined at headquarters on the basis of information collected from these offices. The Regional/Sub-Regional Offices provides details to Headquarter Accounts Branch-II, which includes details of fund requirement of Branch offices under the jurisdiction of Regional/Sub-Regional offices. Funds to Branch Offices are transferred on 1st working day of the month or another date as determined by HQ from time to time.
- b) Emergency Remittances- the branch offices demand additional funds from RO/SRO from time to time. Fund requisition and remittance are done in the ERP system only.

2.14 Action by Finance & Accounts Branch-II Headquarters

- a) Every year in the month of February, F&A Branch-II HQ issues a circular to all accounting units to submit their requirement of funds for the 1st automatic limit for next year. All Accounting units provide details in the prescribed proforma to F&A Branch-II by 20th February of each year.
- b) The details of (i) above is submitted by the Regional/Sub-Regional Offices in respect of RO/SROs and all Branch offices/DCBOs under their jurisdiction.
- c) F&A Branch-II HQ compiles the details and determines the unit-wise 1st limit and submits the same for approval of the Financial Commissioner.
- d) After the approval of the Financial Commissioner, F&A Branch -II Hqrs sets the 1st limit in ERP module accounting unit-wise.
- e) F&A Branch-II processes the 1st limit fund transfer in ERP on a date within the last 2-3 days of the close of the month and an accounting unit-wise fund transfer list is generated in ERP.
- f) The above list along with Transfer Advice Note is sent to SBI Main Branch for remitting the fund. On receipt of the above list along with the Transfer Advice Note, SBI transfers the fund to the respective accounting units' bank accounts.

For additional funds, as and when required by field offices, an online requisition is submitted in ERP. F&A Branch reviews the requisitions every day in ERP and remits fund to accounting units according to the availability of fund.

2.15 Action by Regional/ Sub-Regional Office/ Other Accounting Units

- 2.15.1 On receipt of circular from HQ in February every year seeking information for setting the limit, collects detail from all the Branch Offices under their jurisdiction, analyses and submits a proposal to F&A Branch-II, HQ within the time limit prescribed in the circular, for determining the first fund limit. The Finance & Accounts Officer of the accounting unit will send the proposal to HQ after approval of the head of the accounting unit.
- 2.15.2 Once the limit is approved for the accounting units, the Finance & Accounts Officer of the Regional/Sub-Regional Offices will set the limit in ERP for each Branch

office/DCBOs. The Branch Office/DCBOs wise limit approved by HQ will also be intimated to each Branch office/DCBOs Manager by the Finance & Accounts Officer of the Regional/Sub-Regional offices.

- 2.15.3 On 1st working day or another date as per HQ instructions of the month the Finance & Accounts Officer of the Regional/Sub-Regional Offices will process the transfer of funds in ERP and remit the fund to the Branch office/DCBOs either by sending advice/cheque along with the list generated in ERP to SBI of the RO/SROs or remit the fund through operating CMP or other arrangement made by Headquarter.
- 2.15.4 On remitting the fund proper entry would be made in Cash Book on the same day. Entry in ERP Ledger would appear automatically. The Finance & Accounts Officer of the Regional/Sub-Regional Offices must verify the entry in Cash Book and ERP.
- 2.15.5 All accounting units will watch the credit of the consolidated amount in their ESI Fund Account No. 2 with reference to the up-to-date consolidated list showing the amount of automatic credit, on the date of transfer.
- 2.15.6 All Regional/Sub Regional Offices will verify the number of debits in the Bank Statement of ESI Fund Account No. 2 by viewing and downloading the online bank statement. Thereafter, a comparison will be made to ascertain that credit have been effected to all the Branch office/DCBOs correctly. This will serve the purpose of the Broad Sheet and will also enable the Regional/Sub Regional Offices to ensure that the amount debited by the Bank to the ESI Fund Account No. 2 has actually been credited to Account No. 2 of the concerned Branch office/DCBOs, where necessary, the matter will be taken up with the Branch office/DCBOs Manager or the Bank Branch.
- 2.15.7 The Regional/Sub Regional Offices will watch the balances in ESI Fund Account No. 2 of the Branch office/DCBOs with reference to the Daily Summaries on Receipt and Payment on the last working day of every month and all the amounts debited in Regional/ Sub Regional Offices ESI Fund Account No. 2. The cases of lapses of Branch office/DCBOs Managers either in not reviewing the balance in the Bank on the last working day or in not depositing the surplus funds in ESI Fund Account No. 2 of the Regional/Sub Regional Offices on the first working day of the following month for credit to ESI Fund Account No. 2 of the Regional/Sub Regional Offices may be reported to the Regional/Sub Regional Head Of Offices directly and also to HQ office in a consolidated statement by 10th every month.
- 2.15.8 The Finance & Accounts Officer of the Regional/Sub Regional Offices would monitor receipt of the contribution, interest, damages, etc. through ERP reports as the entire collection and reconciliation system has been automated.
- 2.15.9 Amounts credited to ESI Fund Account No. 2 of Regional/Sub Regional Offices will be exhibited in the monthly Accounts of the Region/Sub Regions as “Remittances between Account No. 1—Central and Account No. 2—Regional/Sub Regional Offices”. The debits raised to ESI Fund Account No. 2 of the Regional/Sub Regional Offices in respect of automatic credits effected to Account No. 2 of Branch Offices on 1st working day of every month will be exhibited in the Accounts of the Region/Sub Regions as

“Remittances between ESI Fund Account No. 2— Regional/Sub Regional Office and ESI Fund Account No. 2— Branch office/DCBOs”.

2.16 Action by Branch Office/DCBOs

- 2.16.1 Branch office/DCBOs Manager will ensure that the amount as per the monthly limit of the Branch office/DCBOs approved by the Headquarters has been credited to ESI Fund Account no. 2 of the Branch office/DCBOs on 1st working day of the month or another day as decided by the Headquarter. This remittance is done from RO/SROs to Branch office/DCBOs ESI Fund Account No. 2. All the Branch office/DCBOs Managers will obtain “VIEW ONLY” rights from SBI to monitor transactions in their Branch Office account online through the SBI Net Banking facility.
- 2.16.2 The Branch office/DCBOs Manager will review the position of Cash in hand and bank at the end of the last working day every month and after retaining the balance of Rs. 1,000/- in the bank account, deposit amounts in Multiples of Rs. 1,000/- for credit to Account No. 2 of the RO/SRO on the first working day of the following month through an Account Payee Cheque drawn in favour of Employees’ State Insurance Fund Account No. 2—Regional/Sub-Regional Offices concerned. On the same day, an intimation of such transfer shall be sent by the Branch office/DCBOs Manager by name to the Finance & Accounts Officer of RO/SROs. For this purpose, a payment voucher would be prepared in ERP by the Branch Office manager in the accounting Head- Remittances Between ESI Fund Account No 2 Regional /Sub Regional Offices and Branch office/DCBOs. The Branch office/DCBOs Manager will not prepare any challan in ERP for this purpose.
- 2.16.3 The Finance & Accounts Officer of RO/SRO will monitor funds remitted by the Branch office/DCBOs Manager on next day of the transfer of funds and if the fund is not remitted from any Branch office/DCBOs, the Finance & Accounts Officer would seek clarification of the same from those Branch office/DCBOs.
- 2.16.4 It is likely that with the introduction of the above system, there may be occasions when balances in the Branch office/DCBOs ESI Fund Account No, 2 on the last working day of a month exceeds the funds immediately required for the Branch office/DCBOs. The Branch office/DCBOs Managers should, therefore, be instructed to review the position of balances in the Bank Account on the last working day of every month invariably and deposit amounts in multiples of one thousand (after leaving a balance of less than Rs. 1000/- in that Account) for credit to Account No. 2 of RO/SRO on the first working day of the next month. Any laxity on the part of the Branch office/DCBOs Managers in compliance with these instructions should be viewed seriously as they would be solely responsible for accumulating and blocking of funds unnecessarily.

2.17 Change in Automatic Fund Transfer Limit –

The amount of automatic credit can be changed by Headquarter only. The Finance & Accounts Officer or the Branch office/DCBOs Manager is not empowered to do so. Demands for additional funds may continue to be sent through ERP to the Finance & Accounts Branch, Hqrs. Office (Accounts Branch II as of present).

2.18 Opening of ESI Fund Account No. 2

- 2.18.1 ESI Fund Account No. 2 will be opened for: —
- Headquarters Office,
 - Regional and Sub Regional Offices,
 - Directorate Medical Delhi, Director ESI Scheme NOIDA, ESIC Model Hospitals & Medical Educational Institutions or any other unit declared as an accounting unit.
 - Branch Office/DCBOs Managers.
 - Each Office will have a separate account. These accounts are primarily meant to enable the, Headquarters' Office/Regional/Sub Regional Offices, Director Medical Delhi/Noida, ESIC Model Hospitals and Medical Educational Institutions etc. and Branch Office/DCBOs to draw funds for meeting administrative, benefits, Capital and other payments on behalf of the Corporation.
- 2.18.2 Whenever, it becomes necessary to open an ESI Fund Account No. 2 for any office, the name allotted to the account and the name and designation of the officer authorized to operate on the account shall be intimated by the Financial Commissioner to the State Bank of India, Parliament Street, New Delhi and in doing so, he shall also intimate the monetary limitations on withdrawals, if any, placed on these powers, in respect of any authorized officer.
- 2.18.3 The Finance and Accounts Branches at Headquarters or field accounting units as the case may be, shall forward the specimen signatures of the drawing officer to the branch bank concerned duly attested by some superior or another officer, whose specimen signature is already with the branch bank. In forwarding the same, the reference to the authority of the Financial Commissioner for opening the Account shall invariably be stated in the forwarding letter.
- 2.18.4 Subsequent changes in the incumbency of the Branch Office/DCBOs Managers within the Region/Sub Region will be intimated to the branch bank concerned by the respective Finance & Accounts Officer or by Regional/Sub Regional Office in the absence of Finance & Accounts Officer on leave or tour whereupon the authority to operate on the Employees' State Insurance Fund-Account No. 2 of the Branch Office/DCBOs concerned by the relieved officer of the Branch Office/DCBOs concerned will automatically cease in favor of the relieving Manager, the Finance & Accounts Officer will intimate changes in withdrawal limits of Branch Office/DCBOs Managers as approved by the Financial Commissioner to the Bank. The Finance & Accounts Officer of Region/Sub Regions can authorize the Bank to allow a Branch Office/DCBOs Manager to draw funds in excess of the limits fixed by the headquarter limit of up to 50% for a period not exceeding 3 months if the situation so warrants.
- 2.18.5 In all Regions/Sub Regions, authority to operate on Regional/Sub Regional Office Account No. 2 has been given to two officers simultaneously. Since the overall charge of the maintenance of the cash book and custody of cheque book will be vested in one of

the officers, who will be authorized to operate on the account regularly, the other officer will operate only in the absence, on leave, or tour of the officer authorized to operate regularly. No intimation is required to be sent to the bank. Formal handing over/taking over of the current cheque-book etc. will be done as usual. The arrangement in the Regions/Sub Regions/Directorate (Medical) Delhi/Noida/ESIC Hospitals/Medical Educational Institutions etc. will be as follows: -

- a) In the Regions/Sub Regions, where two or more Finance & Accounts Officers are authorized to operate on the account, the Finance & Accounts Officer entrusted with the maintenance of the Cash Book, will operate on the Account regularly, and the other Finance & Accounts Officer only in the absence on leave or tour of the former. Three officers from the Accounts side can operate on the Account in Hqrs. Office and D(M)D.
- b) Where the Finance & Accounts Officer and any other officers are authorized to operate, the Officer in-charge will operate on the accounts only in the absence on leave or tour of the Finance & Accounts Officer.

2.18.6 The Finance & Accounts Branches at Regional Offices/Sub-Regional Offices/Directorate (Medical) Delhi/ Noida/ESIC Hospitals/Medical Educational Institutions etc. shall maintain a Register in Form A-3 to show the names of officers in Regional and Branch Office/DCBOs, their designations, the particular branch bank with which placed in an account and the dates, etc., from which authorized to operate the account. The Finance & Accounts Branch at Headquarters Office shall also maintain this register for the officers of the Headquarters and will also keep a record in Form A-3 of the maximum limits (both daily and monthly) of the amounts which can be withdrawn by drawing officer in respect of all accounts opened with the bank.

2.19 Deposits in ESI Fund Account No. 2

2.19.1 The ESI Fund Account No. 2 of the Headquarters, Regional Offices/Sub-Regional Offices/ Directorate (Medical) Delhi/Noida/ESIC Hospitals /Medical Educational Institutions etc. will be credited by transfer of amounts from Account No. 1-Central by the Headquarters Office. The Savings Accounts No. 2 Branch Offices will be fed by transfer of amounts from Account No. 2 by the Regional/Sub-Regional Office.

2.20 Withdrawals from ESI Fund Account No. 2

2.20.1 The withdrawals from ESI Fund Account No. 2 will be by means of cheques which will be supplied by the bank or through online transfer via CMP or other arrangements done from HQ. The withdrawal from ESI Fund Account No. 2 will be done by the authorized officer for the purpose.

2.21 Cheques and Cheque Books

2.21.1 Except when the account is opened for the first time, the Bank shall supply a cheque-book only on receipt of the printed requisition form which is inserted in each cheque-book towards the end. The requisition must be signed by the Officer authorized to draw

on the bank. The necessary arrangement for taking delivery of the cheque book will be made by the cheque drawing officer.

- 2.21.2 Cheque books shall on receipt be carefully examined by the drawing officer who should count the number of forms contained in each and record a certificate of count in the fly-leaf as follows: —

“Certified that I have this day thecounted the cheques in this book and found them to be.....in number.”

Signature

Designation

A stock register shall be maintained in form No. A-4.

- 2.21.3 The entries of the cheque books should be made as soon as they are received from the Bank. The entries in columns 4, 5 and 6 should be attested by the officer authorised to operate on the account.
- 2.21.4 Each cheque book must be kept under lock and key in the personal custody of the cheque drawing officer who, when relieved, shall take a receipt for the exact number of cheques made over to the relieving officer.
- 2.21.5 The loss of a cheque book or a blank cheque form shall be notified promptly to the branch bank with whom the disbursing officer concerned has a drawing account.

2.22 Writing of Cheques

- 2.22.1 Payment to Employees, Pensioners, ESIC Beneficiaries i.e. Insured Persons, Insured Women, Dependents of Dependent Benefit beneficiaries, any other third party etc. through Cheque is totally prohibited. Payment to all is to be done through CMP/CBS/NEFT/RTGS/ Other electronic mode only for which cheque is issued to SBI only. In exceptional cases, wherever, payment through electronic mode is not possible then the F&A Officer would with reasons recorded in writing and with the approval of the Head of Office shall issue cheque for payment to third parties.
- 2.22.2 All cheques shall have written across them in words at right angles a sum in whole rupees just above that for which the cheque has been issued, e.g. “under rupees twenty only” will be written, if the cheque is for Rs. 19/- or in between Rs. 19/-and Rs. 19.99 p. and “under rupees one hundred and thirty-two” if the cheque is for Rs. 131/- or in between Rs. 131/- and Rs. 131.99 p., the amount shall be written in the manner prescribed for bills and no abbreviation such as “eleven hundred” for “one thousand one hundred” is permissible.
- 2.22.3 Every cheque in favor of a Corporation Officer must be made payable to order only.
- 2.22.4 In the absence of a specific request to the contrary from the payee or provided under any regulation, cheques drawn in favour of Corporate bodies, firms, or private persons shall always be crossed. Subject to any instructions received from the payee a cheque shall be crossed “.....& Co.” with the addition of words “Not negotiable” between the

crossing. Cheques drawn in favour of Government Officers and departments in settlement of the Corporation dues shall always be crossed "A/c payee only-not negotiable".

- 2.22.5 As a rule, no cheque should be drawn until it is intended to be paid away. It is a serious irregularity to draw cheques and deposit them in the cash chest at the close of the year for the purpose of showing the full amount of the grant as utilized. The cheque shall not be drawn in favor of any person other than the actual payee.
- 2.22.6 In case a mistake happens in writing a cheque such as pertaining to beneficiary name, date of cheque drawing, amount in numerals or in words, such cheque leaf should not be used and "cancelled" by marking such in red ink across it under dated signature of the Finance & Accounts Officer. This cheque leaf should be left in the cheque book and next fresh cheque leaf should be used. Finance & Accounts Officer to ensure that adequate care is exercised in writing a cheque as to minimize such mistakes and wastage of cheque leaves to the minimum.

2.23 Currency of Cheques & Action to be taken when Currency of the Cheques Lapses

- 2.23.1 Cheques shall be payable at any time within the validity as prescribed by the bank from the date of issue.
- 2.23.2 If the currency of the cheque has expired owing to its not having been presented at the Bank within the period specified above and the cheque is returned, a fresh cheque needs be issued against the lapsed cheque so returned in the following manner:

A liability should be created in Cash Book in Receipt Side on date of receipt of the returned cheque by recording "Liability against returned Cheque No _____ dated _____" and amount thereof. Returned cheque should be "cancelled" by red ink signature of the Accounts Officer across on date of receipt and securely pasted on the Receipt Side folio of Cash Book. The liability so created shall be discharged after issue of fresh cheque by recording "Liability discharged against returned Cheque No _____ dated _____" and amount thereof with details of fresh cheque issued in appropriate columns in the Payment Side of Cash Book. The amount of returned cheque, liability created and liability discharged shall be the same.

2.24 Lost Cheques

- 2.24.1 If a Finance & Accounts Officer is informed that a cheque drawn by him has been lost or destroyed, he shall obtain a certificate from the payee that the cheque has been lost/destroyed. The Finance & Accounts Officer shall proceed to block the cheque issued by him by writing a letter to bank and shall obtain written confirmation from bank of cheque being blocked from payment now and Finance & Accounts Officer shall then ask simultaneously the payee to deposit extant charges applicable in stop payment/blocking of the cheque issued in ESI Fund Account No.2, through direct NEFT/RTGS etc. On confirmation of receipt of the cheque blocking charges, as direct deposited by the payee, a fresh cheque shall be issued in favour of payee in the manner

followed in case of returned cheque. However, in the case of lost cheque, confirmation of deposit of cheque blocking charges and confirmation of stop payment of cheque issued earlier, shall be pasted on Receipt Side folio of Cash Book.

2.25 Disposal of Cancelled cheques

- 2.25.1 When it is necessary to cancel a cheque, the cancellation must be recorded in red ink over the signature of the officer cancelling the cheque upon the counter-foil, and on the cheque if in the drawer's possession and across the pay order on the bill or voucher. The cheques shall then be attached to the counter-foil till the accounts are audited. If the cheque is not in the drawer's possession, he must promptly address the branch bank on which it is drawn to stop payment of the cheque and on ascertaining that the payment has been stopped shall make the necessary entry in his accounts.

2.26 Accounting of Cheques and Online payments in the Cash Book

- 2.26.1 The cheques issued and all online payments from ESI Fund Account No. 2 shall be accounted for in the cash book and other accounts on the dates these are issued or payment made. No post-dated cheque would be issued except for exceptional circumstances and with the approval of the Head of the Office.

2.27 Bank Reconciliation

- 2.27.1 Bank Reconciliation Statement – All Accounting and their subordinate units maintaining ESI Fund Account No. 1 & 2 will prepare Bank Reconciliation Statements (BRS) for all the bank accounts.
- 2.27.2 BRS by Branch Offices- All Branch Offices/DCBOs Managers will prepare bank reconciliation statement (BRS) on monthly basis and submit to the Regional/Sub Regional office by 10th of next month. The RO/SROs will send the quarterly BRS of Branch Offices/DCBOs to HQ Accounts –II Branch within 15 days from the close of the quarter.
- 2.27.3 BRS by Accounting Units- All Accounting Units would submit BRS of the respective unit to HQ Accounts Branch-II within 10 days from the close of the month.
- 2.27.4 The F&A head of the accounting unit would scrutinize the BRS and ensure that all entries are duly recorded in the Cash Book & Monthly Accounts.
- 2.27.5 Any unreconciled entry in BRS should be examined immediately and if found unusual must be reported to HQ F&A Branch-II.

CHAPTER 3

Receipts of The Corporation

3.1 General Rules

- 3.1.1 GENERAL INSTRUCTIONS FOR HANDLING CASH- Cash transaction has been restricted in ESIC except for Imprest Account Expenditure, Receipt under Rule 60/61, recovery of excess payment to IPs, RTI fee, and such other receipts especially permitted by the Financial Commissioner. The following instructions shall be observed by all Corporation officers, who are required to receive and handle cash: —
- 3.1.2 Every officer receiving money on behalf of the Corporation should maintain a cash book, the pages of which should be machine numbered.
- a) All monetary transactions should be entered into the cash book as soon as they occur and attested by an authorized officer in token of the check.
 - b) The cash book should be closed daily and completely checked. The authorized officer should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial, if as, correct.
 - c) At the end of each month, the authorized officer should verify the cash balance in the cash book and record a signed and dated certificate to that effect. The certificate should also be recorded on the monthly cash account where such account is required to be submitted to the Finance & Accounts Branch at Headquarters Office or at the Regional Offices/Sub-Regional Offices etc. Such certificates must be signed by the authorized officer who should invariably date the signature.
 - d) When Corporation money in the custody of the Corporation officer is paid into the Bank, the authorized officer who is making such payments should compare the Bank's receipt on the challan/credit in the Bank statement with the entry in the cash book before attesting it and satisfy himself that the amounts have been actually credited into the Bank.
 - e) Any erasure or overwriting of an entry once made in the cash book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The authorized officer should attest every such correction under his dated signature. As far as possible, no lines should be left blank, but if any space on a page of the Cash Book has to be left blank owing to the whole of the other page of the same folio being written up completely, a diagonal line should be drawn to cancel the blank space, so that it may not be possible to make any subsequent entries therein
 - f) Private cash shall under no circumstances be mixed with the Corporation money.

- g) The employment of Multi-Tasking Staff (MTS) to fetch or carry money should be discouraged. When it is absolutely necessary, a man of some length of service and proved trustworthiness should only be selected and in all cases, when the amount to be handled is large, one or more guards should be sent to accompany the messenger.
- h) All signatures and initials in the cash book shall be dated.

NOTE: 1. The term authorized 'Officer' used in this paragraph means any officer mentioned herein above and those who have been declared as Heads of Offices.

The duties imposed on the authorized officer may be entrusted to a subordinate Officer with prior approval of the competent authority for the purpose.

3.2 Discrepancies in Cash Balance

3.2.1 The discrepancies noted in cash balances, on physical verification, should be reported immediately by the cashier and/or Manager without delay and should be dealt with as follows: —

- a) Deficit in Cash Balance— This must be made good before the employee concerned can leave his place of duty and the fact must also be recorded in the Cash Book. The Head of the Office or other officer in charge of cash should make necessary note of this fact in the cash book under his dated signature. He should also institute necessary inquiries into the matter and submit a report to the Headquarters Office through proper channels where necessary, as soon as possible, after the incident giving his suggestions and recommendations.
- b) Excess in Cash Balance— The amount should be entered separately in the Cash Book and the necessary note made therein by the Head of the Office or the officer in charge of cash, under his dated signature. An investigation may then be made and pending finalization of the investigation proceedings, the amount should be taken under "Deposits-(c) Miscellaneous" in the accounts.
- c) Director General's decision- Individual cases of deficit/excess in the cash balance' where the amount involved does not exceed Rs. 5/- and where the shortages have been made good by the persons concerned, need not be reported by the Branch Office/DCBOs Manager to the Regional /Sub Regional Offices. Such cases may be finalized by the Branch Office/DCBOs Managers, where the person at fault should be cautioned in writing. A record of all such cases indicating clearly the action taken, if any, should, however, be maintained, and the Regional/Sub Regional Office-in-charge/Finance & Accounts Officer may review these cases at the time of their inspections.
- d) In cases where the amount of excess/deficit exceeds Rs. 5/- or where the deficit of less than Rs. 5/- each has occurred more than twice in a month in an office in a particular case, there is reason to believe that there is deliberate loss or an instance of carelessness on the part of an employee. Such cases should be reported every

month to the Officer-in-charge with complete details for taking further necessary action against the persons concerned in accordance with the procedure prescribed in the Employees' State Insurance Corporation (Staff and Conditions of Service) Regulations, 1959.

3.3 Acknowledgement of Money and the Receipt Books

- a) All money received in any of the Corporation office shall be acknowledged on receipt in Form-1 appended to Employees' State Insurance (Central) Rules, 1950 under the signature of any officer authorized for this purpose. The above provision shall not apply to the money received through electronic challans.
- b) All receipts must be written in figures and in words.
- c) These forms shall be bound in counterfoil books, each containing 100 printed forms consecutively machine numbered.

3.4 Custody of Receipt Books and Stock Register of Receipt Book

- a) All unissued receipt books must be kept under lock and key in the personal custody of the Deputy Director (Finance) holding charge of Accounts-II branch or such other officer as may be authorized by the Financial Commissioner on this behalf. A Stock Register of such Receipt Books shall be maintained in Form No. A-5. Before a Receipt Book is brought into use, the number of the forms contained therein shall be counted and the result recorded on the cover of the book over the signature. During the day, the receipt book in use should be handled only by cashiers in the Branch Office/DCBOs and Accounts branches in Regional/Sub Regional Offices/ESIC Hospitals/Medical Education Institutions etc. The heads of Offices should ensure at the outset and at the time of putting the receipt book in safe custody that all the unused forms and the counterfoils of the used forms are intact. Counterfoils of used receipt books shall be kept in his personal custody. Any loss of receipt forms should be reported to the Headquarters Office through proper channel.
- b) All the receipt Books held by the Finance & Accounts Officers should be physically verified at the close of the financial year.
- c) Before signing a receipt in Form-1 and initialing its counter-foil it shall be the duty of the officers signing the receipt to see that the money received has been duly recorded in the Cash Book and in token of this check, each entry in the cash book shall be attested by him.

3.4.1 Receipts by money orders

Postal receipts for money orders shall only be signed by an officer authorized for the purpose and in, no case by the Cashiers. The officers shall at the time of signing the money order receipt cause an entry for the amount to be made in the cash book under his own initials and hand over the postal coupon to the clerk maintaining the cash book.

3.5 Acceptance of Cheques In Payment Of Corporation Dues

- 3.5.1 Cheques may be accepted in payment of Corporation dues or in settlement of other transactions. Such cheques must be crossed as 'Payees Account only' in all cases and issued in name of ESIC Fund Account No. 1. Until, however, a cheque has been cleared, the Corporation cannot admit that payment has been received, and consequently receipts in Form I cannot be granted. When a cheque is tendered, a receipt for the actual cheque only will be given in the first instance, and, if the person making the payment in this manner so desires, a formal confirmation may be sent by email and payment receipt will be sent by post to his address after the cheque has been cleared.
- 3.5.2 All such cheques shall on receipt be entered in a register in Form No. A-6 to be maintained by the Finance & Accounts Branches at Headquarters and Regional/Sub-Regional Offices/Directorate of Medical and other accounting units etc., each entry being attested by Finance & Accounts Officer. The cheque shall then be deposited to the Bank for collection along with e-challans.
- 3.5.3 The Officer who endorses a cheque in blank shall be held primarily responsible for the loss, if by chance, such a cheque is paid in cash. Necessary entries in the Cash Book and the issue of formal receipt if necessary shall be made only when intimation of credit is received from the Bank. Delay in the collection of over 3 days should be investigated.

Notes - (1) In the event of a cheque being dishonored by the bank concerned on presentation, the fact shall be intimated at once to the tender but the Corporation cannot accept any liability for loss or damage which may possibly occur as a result of a delay in intimating that a cheque has been dishonored.

(2) When Corporation dues that are payable by certain fixed dates are paid by cheque, the person desiring to make such payment in this manner without risk must take suitable precautions to ensure that his cheque reaches the Bank or the receiving office of the Corporation at the latest on the working day preceding the date on which the payment is to be made. Demand Drafts shall not be distinguished from cheques for the purpose of these rules.

3.6 Issue of Receipt Otherwise Than In Accordance With The Rules/ Instructions Are Strictly Prohibited

The issue of receipts for money by any officer or staff of the Corporation otherwise than in accordance with these rules is strictly prohibited and shall be treated as a serious offense calling for severe disciplinary action.

3.7 Daily Deposit of Moneys Into The Bank

- 3.7.1 All sums of moneys received by the officers of the Corporation are to be paid forthwith into the Bank for credit to the ESI Fund Account No. 1. They should, therefore, watch that the money received, as far as possible, is paid into the Bank on the same day. No portion of the daily receipts shall remain with Finance & Accounts Branches at the end of the next working day except under the written orders of the Head of the Accounting Unit.

3.7.2 For a deposit of the amounts, Receipt e-Challans in ERP must be created. Duplicate copies of e-Challan depositing cash will be returned by the Bank with acknowledgment of the amount received recorded thereon on the day of deposit and of the challan deposited with cheque/Demand draft etc. after cheques etc. are realized. In case a copy of the challan is not received from the Bank within a week, an inquiry shall be made as to the exact position of payment from the Bank. However, such enquiry would not be required in case the challan appears as reconciled in the statement of reconciled e-challans.

3.8 Accounting of Daily Deposit Of Money Into The Bank

3.8.1 All the remittances into the Bank, other than those made in ESI Fund Account No. 1 by means of e-challans, shall be entered in the Cash Book of the Office which deposited the money and each item shall be attested by the dated initials of the F&A Officer after receipt of Bank acknowledgment which shall be used as a voucher for the remittances and filed separately.

3.9 Direct Deposit Into The Bank

3.9.1 As far as possible, the employers should be encouraged to deposit online the contributions payable to the Corporation directly into the authorized Bank for credit to the Employees State Insurance Fund—Account No. 1. For this purpose, the employers are provided login id & password of ESIC portal. Collection through net banking of different banks has already been enabled at ESIC Portal.

3.10 Accounting of The Money Received Directly Into The Bank

3.10.1 Accounting of the money directly received into the bank through the ESIC Portal is to be done on the basis of the report generated from ERP for the purpose.

3.11 Arrangement for the Safe Custody of Funds And Other Important Documents in the Corporation Offices And Disposal Of Duplicate Keys

3.11.1 All articles or documents of value from-a financial point of view should be kept in the safe, when not in actual use, e.g. (i) Cash, (ii) Cash books and Current Vouchers (iii) Receipt Books, (iv) Stock Register of Receipt Books, (v) Cheque Books and Stock Register of Cheque books. If no safe is provided, these may be kept in the steel almirah. The safe should not be used to store records that are unimportant from a financial point of view, e.g. statistics, office copies of documents sent to Headquarters or Regional Offices.

3.11.2 The room containing the safe/cash box should not be left unoccupied during office hours when these contain cash.

3.11.3 A safe should be securely fastened to the floor or the wall and the cash box to the table.

3.11.4 The safe and cash boxes shall be secured by two locks of different patterns manufactured by approved firms with the approval of the competent authority. The safe and cash boxes with one lock may be used by those offices, where the volume of cash

transactions and amount of cash balance generally held at the end of the day are not considerable.

3.11.5 The following instructions should be observed in regard to the use of safe and cash boxes: —

- a) The original keys of the safe and cash boxes with the Heads of Offices and cashiers should always be carried on the persons authorised to keep them.
- b) The duplicate keys of the safe and cash boxes should be deposited in the State Bank of India or an authorized bank in a stout envelope (preferably cloth lined) or card box, wrapped in cloth and securely sealed with the Corporation's seal. The name of the office to which the keys belong should be written on the packet. The keys will be placed in the envelope/card box by the cashier in the presence of the Head of Office. The sealed packet should be lodged with the bank and the receipt obtained from the bank should be retained by the Head of Office. A register of duplicate keys shall be maintained. Once in a year, in April, the keys must be sent for examination jointly by the Head of the Office and Cashier by opening and locking the safe to which they pertain and redeposited under fresh seal with the bank, a note being made in the register, in the column 'remarks', that these have been checked and found correct. In case the keys are withdrawn from the bank on the change of the Head of Office or the Cashier during the course of the year, it is not necessary to withdraw the packet from the bank in the following April for testing the keys. In offices where there are more than one Cashier/Teller the duplicate keys of all the Cash Boxes (other than that of the Chief Cashier) sealed in separate covers/cover should be kept in the safe of Branch Office under the signatures of the Teller, Chief Cashier (holding the key of the safe) and the Manager of the Branch Office/DCBOs instead of keeping the same in the bank.
- c) When there is a change in the incumbency of the Head of Office and/or the Cashiers, the sealed packet containing the keys should be sent for from the bank. The requisition calling for the sealed cover shall always be signed by both the Head of Office and the Cashier of the office to which the keys belong and they will satisfy themselves that the seals of the packet are intact and the seals fixed are of the Corporation.
- d) The keys taken out of the packet should then be tried in the presence of the person taking over. In case the person taking over be the Head of Office, the Cashier shall always be present when the keys are tried in the safe or cash boxes. Similarly, if there is a change in the Cashier, the Head of Office should be present. Thereafter, the keys may be placed in a fresh packet and deposited in the bank as stated in above.
- e) A note of verification should be recorded in the remark column.
- f) The handing over and taking over of the keys should always be recorded in the cash book and this entry should be signed by the outgoing and in-coming persons and invariably by the Cashier.

- g) In case any key is lost, immediate report shall be made stating the amount of cash etc. in the safe or cash box of which the key is lost, and also the circumstances in which the key was lost. The report shall be sent to the Regional/Sub Regional Office/ESIC Hospitals/Medical Educational Institutions etc., which will send a preliminary report immediately to the Headquarters. It will also conduct further investigation into the cause of the loss and forward their report of findings and the steps taken for the future to the Director General.
- h) The loss of the keys in all shall be reported to the police authorities.
- i) The Register of duplicate keys will be as in Form A-7.
- j) Safe, in which cash is kept should always be kept locked under double lock system whereby the key of one of the two locks is held by the authorized officer and that of the other is held by the Cashier. The safe should not be kept to be opened and locked by the Cashier alone at any time. When the safe etc., is opened, every precaution should be taken to ensure that no other person has access to its contents.
- k) All locks to the safes and cash boxes should be utilized.

CHAPTER 4

Withdrawal from The Employees' State Insurance Fund - General Rules

4.1 Definition of withdrawal

In this Chapter “withdrawal” with its cognate expressions, refers to the withdrawal of funds from the Account of the Employees' State Insurance Fund with the Banks for disbursements on behalf of the Corporation.

4.2 Authorities Competent to withdraw from Fund

4.2.1 No withdrawals from the Employees' State Insurance Fund shall be made without the written permission of the

- a) Director General
- b) Financial Commissioner
- c) Addl. Commissioner/Director/Joint/Deputy/ Assistant Director(F)
- d) such Finance & Accounts Officers, Regional Directors/SRO In Charges/Medical Superintendents and Managers of Branch Offices/DCBOs as may be authorised in this behalf by the Director General/Financial Commissioner.

4.2.2 The competent authority shall, from time to time, intimate to each branch of the Bank the names and designation of the officers who are for the time being authorised in this behalf under (iv) above, and in doing so shall also intimate to such branch of the Bank, the limitations on withdrawals if any, placed on these powers in respect of any authorised officers. In CMP environment respective Nodal Officer of the ESIC may authorize Finance & Accounts Officer or such others officer as required by the system.

4.3 Procedure for Transfer of Funds

4.3.1 The Headquarters Office and each of the accounting units and Branch Offices/ DCBOs will draw funds from ESI Fund-Account No, 2 for making payments on behalf of the Corporation. The transfer of funds from ESI Fund Account No. 1 to the ESI Fund Account No. 2 of the Headquarters, Regional Offices and Branch Offices/DCBOs etc. shall be arranged by the Finance & Accounts Branch at Headquarters Office.

4.3.2 In the case of accounting units, monthly funds are transferred through ERP Module wherein a fund transfer list is generated and the same is sent to bank along with transfer advice note during last two three working days of the month, the bank on receipt of the Transfer Advice note remit the funds to ESI Fund Account No. 2 of accounting units. Funds to the credit of ESI Fund Account No. 2 of Branch Offices/ DCBOs are done by the Regional/Sub Regional Offices by following the same procedure mentioned above.

4.4 Limitations On Withdrawal

- 4.4.1 Branch Offices/ DCBOs Managers will **not** be permitted to draw funds by means of cheques drawn on the branch bank with which they are placed in the account for the disbursement of benefits to the insured workers. **Disbursement of benefits and other expenditures are to be done only through electronic mode**, otherwise exclusively permitted. The withdrawal may be done for imprest amount only and another amount including advances exclusively permitted in writing by Financial Commissioner/Head of the accounting unit. The maximum amounts that can be drawn by them daily with monthly limits shall be fixed by the Financial Commissioner and will be intimated to the branch banks concerned through the Finance & Accounts Officers. The Branch Offices/ DCBOs Managers should see that the limits prescribed are not exceeded. The limits on withdrawals of funds should be taken with regard to the date of issue of cheques and not with regard to the date of encashment of cheques in the bank. For this purpose, they should note the progressive total of the amounts of cheques drawn on the back of the counterfoils. In case of exhaustion of limits imposed on the Branch Offices/ DCBOs Managers, the Finance & Accounts Officers are competent to issue cheques without any monetary limitations. Any excess withdrawal for Disablement Benefit and Permanent Disablement Benefit payments over the limits can be authorized by the Finance & Accounts Officer through letter to the bank.
- 4.4.2 The Branch Offices/DCBOs Manager should ensure that cash is not withdrawn in excess of exclusively permitted amount and released to the cashier only up to the limit of security furnished by him and that the balance is kept in the safe chest under double lock system.

4.5 Purpose for which the Fund may be Expended

- 4.5.1. Subject to the provisions of the Act and of any rules made by the Central Government in that behalf, the Employees' State Insurance Fund shall be expended only for the purposes as specified in Section 28 of the Act:—
- a) payment of benefits and provision of medical treatment and attendance to insured persons and where the Medical benefit is extended to their families, the provision of such medical benefit to their families, in accordance with the provisions of the Act and defraying the charges and costs in connection therewith;
 - b) payment of fees and allowances to members of the Corporation, the Standing Committee and the Medical Benefit Council, the Regional Boards, Local committees and Regional and Local Medical Benefit Councils;
 - c) payment of salaries, leave and joining time allowances travelling and compensatory allowances, gratuities and compassionate allowances, pensions contributions to provident fund or other benefit fund of Officers and servants of the Corporation and meeting the expenditure in respect of offices and other services set up for the purpose of giving effect to the provisions of the Act;
 - d) establishment maintenance of hospitals, dispensaries and other institutions and

- the provision of medical and other ancillary services for the benefit of insured persons, and where the medical benefit is extended to their families;
- e) payment of contributions to any State Government, Local authority or any private body or individual, towards the cost of medical treatment and attendance provided to insured persons and, where the medical benefit is extended to their families, their families including the cost of any building and equipment in accordance with any agreement entered into by the Corporation;
 - f) defraying the cost (including all expenses) of auditing the accounts of the Corporation and of the valuation of its assets and liabilities;
 - g) defraying the cost (including all expenses) of the Employees' Insurance Courts set up under the Act;
 - h) payment of any sums under any contract entered into for the purposes of the Act by the Corporation or the Standing Committee or by any officer duly authorised by the Corporation or the Standing Committee in that behalf;
 - i) payment of sums under any decree, order or award of any Court or Tribunal against the Corporation or any of its officers or servants for any act done in the execution of his duty or under a compromise or settlement of any suit or other legal proceeding or claim instituted or made against the Corporation;
 - j) defraying the cost and other charges of instituting or defending any civil or criminal proceedings arising out of any action taken under the Act;
 - k) defraying expenditure, within the limits prescribed, on measures for the improvement of the health and welfare of insured persons and for the rehabilitation and reemployment of insured persons who have been disabled or injured;
 - l) and such other purposes as may be authorised by the Corporation with the previous approval of the Central Government.
 - m) defraying the cost on raising awareness about the ESI Scheme, educating about the rights and duties to the employers and beneficiaries of the ESI Scheme.

4.6 General Instructions regarding the Preparation and Form of Bills

The following instructions with regard to the preparation and form of bills shall be observed:

- a) Forms of bills as available in ERP/Printed in bilingual (English & Hindi) should be adopted;
- b) If, in any case, the use of a bill purely in an Indian language other than Hindi becomes unavoidable, a brief abstract should be endorsed in English under the signature of the preferring officer stating the amount, the name of the payee and the nature of the payment.
- c) All bills must be filled in and signed in ink. In case of where claim is preferred in ERP only, it must be digitally signed. The amount of each bill should be written in words

as well as in figures. The word “only” should be inserted after the number of whole rupees.

- d) All corrections and alterations in the total of the bill whether made in words or figures should be attested by the full signature of the drawing officer with date as many times as such corrections and alterations are made.
- e) Erasures and over-writings in any bill are absolutely forbidden and must be avoided; if any correction be necessary, the incorrect entry should be cancelled neatly in red ink and the correct entry inserted. Each such correction or any interpolation deemed necessary should be authenticated by the drawing officer setting his dated initials against each. In case of a bill preferred in ERP only and digitally signed, a separate bill of the differential amount giving complete narration may be preferred.
- f) The spaces left blank either in the money column or in the column for particulars of the bills should invariably be covered by oblique lines;
- g) In case of physical bill, a note to the effect that the amount of the bill is below a specified amount expressed in whole rupees should invariably be recorded in the body of the bill in red ink. The amount so specified should be a sum slightly in excess of the total amount of the bill,
- h) The full accounts classification must be recorded on each bill by the drawing officer, the classification in the list of Major and Minor Heads of Account of the Employees' State Insurance Corporation being taken as a guide;
- i) Charges against two or more major heads should not be included in one bill;
- j) When bills are presented on account of charges incurred under any special orders, the orders sanctioning the charge should be quoted. Copies of sanction accompanying a bill must be duly certified by a Group A&B Officer or Head of the Office.
- k) In case of physical bills dates of payment should when possible be noted by the payees in their acknowledgements in sub-vouchers, acquittance rolls, etc. If, for any reason, such as illiteracy or the presentation of receipts in anticipation of payment, it is not possible for the dates of payment to be noted by the payees, the date of actual payment should be noted by disbursing officers on the documents under their initials, either separately for each payment or by groups, as may be found convenient.
- l) Where payment is permissible by a Bank draft/to the account of the payee and is so desired wholly or in part by the drawing Officer formal application for the draft/account details of the payee should accompany the bill, and the manner in which payment is desired should also be indicated in the drawer's receipt on the bill.

Note:- Cash memoranda which do not contain an acknowledgement of the receipt of money from persons named therein are not receipt within the meaning of Section 2(23)

of the Indian Stamp Act (II of 1899). Further, the mere writing of the purchaser's name and address on a cash memorandum for delivery purpose does not transform it into an acknowledgement to the purchaser that the money has been paid. Cash memoranda will not, therefore, be regarded as sub-vouchers in Audit unless they contain an acknowledgement of the receipt of money from the person named therein (with stamps affixed when the net amount payable exceeds Rs.5000/-).

4.7 Signature and Countersignature of Bills

Unless provided under any regulation, all bills shall be signed by the drawing officers manually or digitally themselves and no payment will be made on a bill or order signed with a stamp. When the signature on a bill is given by a mark or Seal or Thumb impression, it shall be attested by some known person. Signature in an Indian language must always be transliterated in Hindi and in cases of State Governments signature in other authorised Regional Languages need not be transliterated.

If an insured person signs the claim form, he must also sign the acquittance i.e. the payment docket. If he has given thumb impression on his claim, he will also affix his thumb impression on the payment docket which should be attested by a person known to the Corporation, unless the cashier has satisfied himself about the identity of the insured person. In the latter case, the fact of having satisfied himself about the identity of the insured person will be recorded on the payment docket by the Cashier. If, however, during this interval, the insured person has become literate enough to sign the documents, he may sign the acquittance, but before making the payment, his identity will have to be established.

Bills requiring previous counter-signature shall not be presented for payment before such counter-signature has been obtained.

4.8 Communication of Sanctions

All financial sanctions and orders issued by a competent authority shall be communicated to the Finance & Accounts Officer concerned who is entrusted with the duties of audit and payment of claims of the particular Region/Sub Regional Offices/Hospital/Medical Educational Institutions/Headquarters to which the Sanctions/orders relate. The procedure for sanctions issued with the concurrence of the Financial Commissioner/Finance & Accounts Branch at Headquarters Office and all Finance and Accounts Officers of accounting units as specified.

All orders conveying sanctions to expenditure of a definite amount up to a specific limit shall express the amount of expenditure sanctioned both in words and figures.

All financial sanctions and orders involving payments from the funds of the Corporation should be signed by the officers concerned in ink/digitally signed and should not be conveyed over photocopied signatures, and also conveyed in the name of the authority which accorded the sanctions. There is, however, no objection to the making out of extra copies of sanctions including signatures by photocopy process. This procedure applies to expenditure sanctions only and not to all financial sanctions in general. Sanctions

relating to delegation of powers to subordinate authorities may, however, continue to be issued under photocopied signature.

Orders conveying sanctions to grant of additions to pay, such as special pay and compensatory allowance, should contain brief but clear summary of the reasons for the grant of the addition so as to enable the Finance & Account Officer to see that it is correctly classified as special pay or compensatory allowance, as the case may be. In cases in which an official record in an open letter is considered undesirable, the reasons for grant of such additions to pay should be communicated confidentially to the Finance & Accounts Officer concerned and to the Financial Commissioner. A similar procedure should also be followed in all other cases in which the rules require that the reasons for the grant of special concessions or allowances should be recorded.

4.9 Effect of Sanction

- a) No expenditure shall be incurred against a sanction unless funds are made available to meet the expenditure by valid appropriation, or re-appropriation
- b) A sanction to recurring expenditure becomes operative when funds to meet the expenditure of the first year are made available by valid appropriation or re-appropriation and remains effective for each subsequent year subject to appropriation in such years and subject also to the terms of the sanction.
- c) Subject to fulfillment of the provisions in clauses (1) and (2) above, all rules, sanctions or orders shall come into force from the date of issue unless any other date from which they shall come into force is specified therein.

Note:- Orders sanctioning the creation of a temporary post should in addition to the sanctioned duration of the temporary post, invariably specify the date from which it is created, whether it be the date of entertainment or otherwise.

4.10 Retrospective Sanction

Retrospective effect shall not be given by competent authorities to sanctions relating to revision of pay or grant of concessions to the employees, except in very special circumstances.

4.11 Lapse of Sanctions

Sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of the sanction.

Provided that—

- a) When the period of the currency of the sanction is specified in the sanction itself, it shall lapse on the expiry of such period; or
- b) When there is a specific provision in a sanction that the expenditure would be met from the budget provision of a specified financial year; it shall lapse at the close of that financial year; or

- c) In the case of purchase of stores, a sanction shall not lapse if tenders have been accepted within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

Explanation: The provisions in this paragraph are of general nature and apply to all sanctions in respect of any expenditure

Note: 1. A sanction to an advance from a Provident Fund shall unless it is specifically renewed, lapse on the expiry of a period of three months.

Note: 2. In cases, excepting those referred to in clause (ii) of the proviso to this paragraph in which payment in part has been made within a period of twelve months from the date of issue of the sanction, the subsequent payment of the balance may, subject to the existence of budget provision, be made without a fresh expenditure sanction. The bill for the subsequent payment, besides containing a reference to the expenditure sanction should also contain a reference to the number and date of the voucher under which the first payment was made.

- 4.11.1 Notwithstanding anything contained in paragraph 4.11, a sanction in respect of an addition to a permanent establishment, made from year to year under a general scheme sanctioned by a competent authority, or in respect of an allowance sanctioned for a post or for a class of employees, but not drawn by the officer or officers concerned shall not lapse.

4.12 Presentation of Claims

Save as hereinafter provided all bills in payment of claims against the Corporation shall be presented by the drawing officers to the Finance & Accounts Branches of the Corporation for payment. In the case of officers borne on the strength of the Headquarters, the claims shall be presented to the Finance & Accounts Branch at Headquarters, and that of officers at the Regional/Sub Regional Offices and Branch Offices/DCBOs/Hospitals/ Medical Educational Institutions to the concerned Finance & Accounts Branch.

When a person not in the Corporation employment claims payment for work done, service rendered or articles supplied, such claims shall be submitted through the head of the office or other authorized in this behalf, under whose immediate order, the service was done or the equivalent was given for which payment is demanded.

Benefit claims of insured persons shall be submitted in the manner provided in Employees' State Insurance (General) Regulations 1950.

4.13 Arrear Claims

- 4.13.1 No claim against the Corporation not preferred within the prescribed time limit up to the extent of instructions issued from time to time of its becoming due except travelling allowance/LTC and Medical Reimbursement claims which are regulated as per instructions contained in Notes below can be presented or paid unless the sanction for investigation of the claim for arrears and its payment is issued by the authority

competent to do so. The instructions in this paragraph do not apply to payments of Benefit claims to the insured persons which are governed under the Employees' State Insurance (General) Regulations, 1950, nor to any other class of payments which are governed by special rule or orders of the Corporation.

Explanation:— the date on which claim is presented to the Finance & Accounts Branch for audit or any other office of disbursement should be considered to be the date on which it is preferred.

Note (1): The claims for Travelling Allowance should be regulated as follows:-

- a) A claim for Travelling Allowance should be considered as falling due for payment on the date succeeding the date of completion of the journey in respect of which the claim is made. In the case of journey undertaken to attend an obligatory examination where admissibility or otherwise of travelling allowance is conditional and can be determined after the result of the examination is declared, the time limit should be counted from the date of announcement of the result.
- b) The right of an employee to travelling allowance including daily allowance, is forfeited or deemed to have been relinquished if the claim for it is not preferred to the head of office or the controlling officer within sixty days from date on which it became due except in case of TA on retirement where it can be preferred within 180 days or the instructions issued from time to time.
- c) If the travelling allowance claimed is not preferred by the administrative authority concerned for payment within prescribed period extent to the instructions from the date of its becoming due, it shall not be paid unless the reasons for the delay are investigated in by the authority competent to sanction investigation of the claim under para captioned Arrear claim and Director General powers to sanction investigation of time barred claim and specific sanction issued by it. If the investigation shows that the claim could not be preferred in time due to administrative delay without adequate and cogent reasons, suitable action may be against the officers concerned so that such delays do not reoccur in future.

Note (2): The cases of drawl of arrears, if increments of pay should be regulated as follows:—

- a) In the absence of any specific order withholding an ordinary increment under Fundamental Rule-24 payment, the period as prescribed under the extant Rules should be counted from the date on which it falls due and not with reference to the date on which the increment certificate is signed by the competent authority. Even where an increment is withheld, the time limit should be reckoned from the date on which it falls due after considering the period for which it is withheld.
- b) In the case of an increment which can be drawn only after the increment certificate has been passed by the Finance & Accounts Officer, the period as prescribed under the extant Rules should be counted from the date of passing of the increment certificate by the Finance & Accounts Officer or from the date of accrual of the increment whichever is later.

Note (3):In respect of employees whose pay and allowances are drawn on establishment bills by the Head of an Office, the responsibility for making claims rests on the latter and he should see invariably that claims are presented within one year on their becoming payable.

Note (4):In the case of sanction accorded with retrospective effect the charge does not become due before it is sanctioned. The time limit specified in this paragraph should be reckoned from the date of sanction and not from the date on which the sanction takes effect.

Note (5):In the travelling allowance claim under the LTC scheme, where no TA advance had been drawn, the corporation employee should submit the claim within prescribed time limit issued up to the extent of instructions of the completion of the return journey. Accordingly, the right of a Corporation employee for reimbursement of his Leave Travel Concession claim, where no advance was drawn by him, shall stand forfeited or be deemed to have been relinquished, if the claim is not preferred within prescribed time limit issued up to the extent of instructions issued from time to time, the date of completion of the return journey. In cases where advance has been drawn towards LTC, the final bill will have to be preferred within one month of the completion of return journey. If that is not done, the authority which sanctioned the advance should enforce lump sum recovery of the advance forthwith and once such recovery is made, it should be taken as if no advance had been drawn and the claim allowed to be preferred within a period within prescribed time limit issued up to the extent of instructions issued from time to time failing which it shall stand forfeited in terms of orders issued from time to time by Govt. of India or by Corporation.

Note (6):The final claims for reimbursement of medical expenses of Corporation employees in respect of a particular spell of illness should ordinarily be preferred within prescribed time limit issued up to the extent of instructions issued from time to time from the date of completion of treatment as shown in the last Essentiality Certificate issued by the Authorised Medical Attendant/Medical Officer concerned. The controlling authorities are also empowered not to entertain a medical claim not preferred by a Corporation employee within prescribed time limit issued up to the extent of instructions issued from time to time of the completion of the treatment where they are not satisfied with the reasons put-forth by the Corporation employee for late submission of the medical claim or where the claim prima facie is incomplete.

4.13.2 Normally the controlling officer should reject any claim presented after within prescribed time limit issued up to the extent of instructions issued from time to time unless they are satisfied with the reasons for delay which are to be recorded and can be examined in audit.

Director General's Decision –

- a) Doubts have been expressed regarding the exact criteria to be observed on the submission of claims once disallowed by audit for want of certain clarification/information etc. After due consideration it has been decided that if a

claim is preferred by the person/Head of office, whosoever is responsible to prefer it within one year of its rejection by audit in the first instance, no further sanction to its payment is necessary. But if the claim is preferred after one year of its rejection by audit in the first instance, specific sanction to its investigation and payment by the competent authority is necessary.

- b) Sanction for investigation of claim accorded by a competent authority implies payment of the claim also provided the claim is otherwise in order and within the competence of sanction by the authority which accorded sanction for its investigation. Otherwise, separate sanction of the competent authority for payment is required.

4.13.3 The Standing Committee has delegated full powers to the Director General to sanction investigation of time barred claims and he has been further empowered to redelegate this power to subordinate authorities.

Note: The Director General has delegated full power to all the Officer-in-charge concerned to sanction investigation of all types of time barred claims which are not time barred within prescribed time limit issued up to the extent of instructions issued from time to time in respect of claims of the employees of the grade for which they are the appointing authority, subject to the submission of annual statement to the Headquarters Office (Establishment Branch) of the claims for which sanctions have been accorded.

4.14 Circumstances in which Payments may be made

4.14.1 No withdrawal shall be permitted for any purpose unless there is a claim and the claim for withdrawal complies with the extant provisions as to the persons by whom, and the form in which, the claim shall be preferred and the checks to which the claim shall be submitted before directing payment thereof.

It shall be seen in particular that —

- a) the expenditure is in respect of one of the purpose mentioned in Paragraph 4.5 of this chapter;
- b) the expenditure is for a purpose or work specially sanctioned by the proper authority; and
- c) the expenditure is covered by a current budget grant.

Provided that in the absence of a current budget grant, the payments are either generally or for any particular case authorised by the Corporation:

Provided further that the payment of benefits to insured persons under the provisions of the Act and of the pay and allowances of duly sanctioned posts shall not be withheld for want of a sanctioned budget grant.

4.15 Manner of making Payments

Any payment in excess of one hundred rupees shall be made by means of a cheque or credited to the account of payee and not in any other way unless specifically authorised by the Standing Committee.

Standing Committee's Resolution:- At the meeting held on 13th October, 1954, the following resolution was passed by the Standing Committee: -

“Resolved that in relaxation of Rule 23 (3) of the Employees' State Insurance (Central) Rules, 1950, the Director General, or such other officer of the Corporation, as may be authorised by him, may permit at his discretion, payment from the Employees' State Insurance Fund, exceeding Rs. 100/- to be made in cash, in cases where the party receiving the payment is not willing to accept payment by a cheque/or by credit to his/her account and demands payments in cash.

Resolved further that the payment of salaries and allowances to the employees of the Corporation, the maximum of whose scale of pay does not exceed Rs. 500/- may be made in cash.”

Director General's orders- Under the powers vested by the above resolution of the Standing Committee, the Director General has authorised, with effect from 17th Dec., 1954, the Officer-in-charge to make payments exceeding Rs. 100/- in cash against expenditure sanctioned by the competent authority, in cases where the party receiving the payment is not willing to accept the payment by a cheque or by credit to his/her account.

Director General's decisions- It is provided in Regulation 52 (4) of the Employees' State Insurance (General) Regulations that benefits shall be paid into the bank account of beneficiary at a Branch Office/DCBOs except for specific orders or case issued from HQ time to time.

4.15.1. Pay order to be recorded on all Vouchers before making Payment

- a) Every item of expenditure shall be entered in a bill in the form prescribed but supplies of stores and others may furnish their own bills setting forth the necessary details. Additional particulars required should be added by the Corporation office. Bills and other vouchers presented for payment shall be examined by the Finance and Accounts Branches of the Corporation and if the claim is admissible, the authority good, the signature and countersignature where necessary, genuine and in order, shall secure an order to pay and submit the bill to the authority competent to sign the pay order. The pay and order shall specify the amount payable both in words and figures. All pay orders must be signed with date by hand and in ink/ digitally signed. It shall be the duty of the Finance & Accounts Branch to see that the bill is complete and carries sufficient information as to the nature of the payment and that the payee actually receives the sum passed and acknowledges the fact of payment.
- b) In regard to the bills payable out of permanent imprest account, the above duties shall devolve on the officer holding the imprest account.
- c) After the order to pay has been recorded on the bills and passed, the payment shall be made by cheque drawn in the name of the payee or in cash from the permanent imprest. In the former case, the requisite entry shall be made in the Cash Book and

the Bill having been stamped “Paid by cheque No..... dated...../ECS dated In the latter case, the bill having been stamped, “Paid in Cash” with date of payment under the signature of Cashier shall be retained in the custody of the holder of permanent imprest and requisite entry shall be made by him in his Permanent Imprest Account. These bills will be sent to the Finance & Accounts Branch in support of the contingent bill for recoupment of the amount expended.

- d) The payments on account of pay and allowances and recoupment of contingent expenditure to the Branch Offices/DCBOs may be made by online through CMP/Bank mandate by the Regional/Sub Regional Offices.
- e) The cheques drawn on ESI Fund Account No.2 of the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc on account of pay and allowances, etc. of the officers of the Corporation shall electronically transferred by the banks into the bank accounts of concerned.

4.15.2 Disposal of Cheques

In the case of officers & Staff at Headquarters, the cheques drawn on ESI Fund Account No.2 on account of pay and allowances etc. shall electronically transferred by the banks into the bank accounts of concerned. The payment in favour of persons not in the employment of the Corporation will be transferred electronically to the bank accounts of the payees concerned with a memo explaining the nature of payment and they will be asked to forward receipts.

Stamped receipts will be required in the case of payment in excess of Rs. 5000/- except in respect of payment of bills made to the drawing officers for disbursement to the staff. The Drawing Officer will, however, obtain stamped receipts for payments in excess of Rs. 5000/- from the payees on the office copies of the bills.

4.15.3 Specimen Signature

- a) Every officer, who is authorised to draw cheques on the Bank shall send a specimen of his signature to the Bank through some superior or other officer, whose specimen signature is already with the Bank. When such an officer makes over charge of his office to another, he shall likewise send a specimen signature of the relieving officer to the Bank concerned.
- b) Specimen signatures, when forwarded on a sheet of paper other than the forwarding letter itself, must be duly attested by the officer signing the forwarding letter.
- c) On appointments all Group A&B officers, and Group C staff permitted to draw their pay and allowances on prescribed pay bill forms shall forward their specimen signatures to their Finance & Accounts Officer for record. These specimen signatures should be attested by the full dated signature of the Finance & Accounts Officer and thereafter pasted in the salary and travelling allowance Audit Registers.



- d) Similarly, all officers authorised to draw bills—pay and/or contingent—should forward their specimen signatures to their finance & Accounts Officer. On transfer of charge between drawing officers, the relieved officer should send to the Finance & Accounts Officer, duly attested, the specimen signatures of the relieving officer. On receipt of the specimen signatures, the signature of the attesting officer i.e. relieved officer should be compared with the specimen signatures already held and if found correct the specimen signatures of the relieving officer should be pasted in the Audit Registers, cancelling the previous ones.

4.15.4 Authority Competent to give Pay Orders on the Bills

- a) Payment orders on vouchers and sub-vouchers shall be signed by such officers who may be authorised by the competent authority from time to time.
- b) All paid vouchers must be stamped “paid” or so cancelled that they cannot be used a second time. Similarly, all sub-vouchers attached to bills must be cancelled in such a manner that they cannot be subsequently used for presenting fraudulent claims or other fraudulent purposes. Acquittances which are not required to be submitted to the Finance & Accounts Branch shall be filed and retained carefully in the office concerned as important record till they are destroyed after the prescribed period under the orders of the competent authority. Stamps affixed to vouchers must also be cancelled so that they may not be used again.

CHAPTER 5

Detailed Procedure Concerning Receipts And Payments To Be Followed By Different Offices

5.1 Account No. 1

5.1.1 Register showing the Branch Banks with which Account No. 1 opened

- a) The Finance & Accounts Branch shall maintain a Register showing the various branches of the Bank with which Account No. 1 have been opened.
- b) The main income of the Corporation is derived from contributions from employers (of employers' and employees' share). The other items of receipts are grants-in-aid from the International Labour Organisation, interest/dividend on investments of the Corporation, interest on loans given to State Governments, interest on pipeline funds and recovery of rent etc. from State Governments.
- c) The receipts of ESIC would be dealt through challans created on ESI Portal by all the stakeholders and all accounting units of the Corporation. The clerk/cashier entrusted with the upkeep of the Cash Book will obtain the receipt book, in case of minor receipts for which challans cannot be generated on ERP Module and prepare the receipt for signature of the officer for the amount received and will make the necessary entry in the Cash Book. For the challans created on ESI Portal, receipts would be reconciled with General Ledger (GL) view generated through ERP Module. The Finance & Accounts officer will, after verifying the entry in the Cash Book, sign the receipt and counterfoil and initial the entry with date in the Cash Book. The amounts received by money orders will be received by any officer mentioned who will hand over the relevant instruments/documents to clerk/cashier concerned and cause an entry to be made in the Cash Book which shall be attested by him. In the case of cheques and demand drafts, these will be noted by the clerk/cashier in the Cash Book which shall be attested by him. In the case of cheques and demand drafts, these will be noted by the clerk/cashier in the Register of Cheques received and Challans issued (Form No. A-6) and he will make the endorsement on cheques "Received payment by credit to the Employees' State Insurance Fund—Account No. 1" The endorsement on the cheques shall be signed and the entries in the 'Register of Cheques Received and Challan Issued' shall be attested by the officer. Thereafter, the clerk will prepare challans electronically on ERP Module for the total amount received in notes, coins, cheques and drafts and deposit the sum into the bank along with challans. In case any cheque is dishonoured, the bank may only return the Challan in respect of which the cheque is dishonoured and accept the remaining challans. These challans will then be entered in Form No. A-6. The cheques and demand drafts with relevant challans will then be sent to the bank through the cashier. The bank will return one copy of

each challan duly receipted. The challans for cheques and demand drafts will be returned by the bank after collection of amounts. The date of deposit of the amount will be entered in column 9 of the Register in Form No. A-6. It shall be the duty of the officer maintaining the Cash Book to see that the stamp of the bank showing the amount as received is on the challan with signature of the official of the Bank. The Officer will review daily the 'Register of Cheques received and challans issued' to see that there is no appreciable delay in getting the receipted copies of the challan from the bank and, if there be any delay, he shall make enquiries from the bank.

Note: The cheques/demand drafts received from the Regional Offices/Sub Regional Offices/ESIC Hospitals/ Medical Educational Institutions in payment of pay and allowances are not to be entered in the Register of Cheques received and Challans issued as they are directly accounted for in the Imprest Cash Book.

5.1.2 Receipt Books

- a) All receipt books when received shall be examined to see that they are intact and no receipt or counterfoil is missing. A certificate to the following effect shall be recorded on the cover of the receipt book under the signature of the Accounts Officer:-

"I certify that I have this day, counted the receipts in this book and found them to be 100 in number."

- b) When a receipt book is received by a Branch Office/DCBOs /Regional/Sub Regional Office/ESIC Hospital/ESIC Medical Education Institutions etc. the officer concerned, besides giving the certificate of count, should also affix his own office stamp on each of the receipt folios contained in the receipt book and record a certificate of having done so on the cover of the receipt book under the signatures of the officer authorised to use the receipt book before it is actually brought into use.
- c) Thereafter, all receipt books shall be entered in the Stock Register of Receipt Books in Form No. A-5. The receipt books and Stock Register of Receipt Books shall remain in custody of the Financial Commissioner or any other officer who may be authorised by the Corporation in this behalf.
- d) These receipt books will be distributed by the Finance & Accounts Branch at Headquarters for use by Headquarters Office, Regional Offices, Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions, ESIC Dispensaries, DCBOs etc. Sufficient stock of these receipt books will be sent to each office by registered post with acknowledgement due and their acknowledgement obtained. The covering letter will indicate invariably (i) the Book No. and (ii) the numbers of receipt forms in each book. Similarly, some stock of receipt books will be issued for use in the Headquarters Office. This stock will be noted in a separate register in Form No. A-5. One receipt book will be issued at a time to the clerk required to prepare receipts for the amounts received by the Corporation. The counterfoils of used receipt books shall be kept in the personal custody of the officer to whom it is issued.

5.1.3 Transfer of funds

The transfer of funds from ESI Fund Accounts No. 1 for crediting ESI Fund Accounts No. 2 of Regional Offices, Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions, ESIC Dispensaries, DCBOs and Branch Offices, etc. and investments in Special Deposits with Central Govt., Fixed Deposits with Banks etc as per Investment Policy will be arranged by the Finance & Accounts Branch at Headquarters Office.

5.1.4 Transfer Advice Notes

- a) These transfers shall be effected by issue of Transfer Advice Notes in Form No. A-2. These forms will be bound in books of 200 printed and machine numbered forms. On receipt, these books shall be examined to see that they are intact and serial numbers are correctly given and no form is missing. A certificate to the following effect shall be recorded on the cover of each book under the signature of the Accounts Officer: "I certify that I have this day, the counted the forms in this book and found 50 sets in each".
- b) Thereafter, all these books shall be entered in the Stock Register of Transfer Advice Notes in Form No. A-9.
- c) The transfer of funds to Regional Offices, etc. for Capital and Repair & Maintenance expenditure etc. will be made through electronic transfers from ESI Fund Account No. 1 maintained at the Hqrs. Office. Funds to Regional Offices / Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions towards monthly administrative expenditure will be transferred as per their monthly limits to their ESI Fund Account No. 2 on last two three working days of every month. Monthly limits of the Regional Offices/Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions are fixed on the basis of their average monthly expenditure with the approval of Additional Commissioner (Finance) / Director (Finance). If any accounting units requires additional funds the same shall be requested in ERP Module.
- d) The Dealing Assistant on the transfer of funds seat will prepare the necessary TA Note and will record the number and date of the Transfer Advice Note in the "Register of Transfer Advice Notes issued" in Form No. A-10. The Transfer Advice Note will normally be signed by the Deputy Director (Finance) / Director /Joint Director (Finance) / Additional Commissioner (Finance) and entry in the "Register of Transfer Advice Notes issued" will be initialled by him. A TA Note has four copies. The original copy is for the Bank and rests for Finance and Accounts Branch-II.
- e) As regards Branch Offices/DCBOs, the system of Automatic credits of funds has been dispensed with. The funds transferred to Branch Offices/DCBOs is done by the respective Regional/Sub Regional Offices through a process available in ERP and remitting the funds online either through SBI CMP or other electronic mode.
- f) The entries in the Cash Books will be made on viewing the credit in their bank accounts and confirmation in ERP Module. The entries in the cash books will be made under the dates on which the credits are viewed.

5.1.5 Cash Book

- a) The Cash Books for Account No. 1—Central Account No. 2—Central and Account No. 1 Headquarters will be maintained separately by the Finance & Accounts Branches in Form A-11-A and A-11 respectively under the supervision of Deputy Director (Finance) / Joint Director (Finance) / Director (Finance). These shall be checked and balanced daily.
- b) At Regional Offices/Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions, will not maintain the Cash Books for Accounts No. 1 as it is maintained at Headquarter only.
- c) At Branch Officer / ESIC Dispensaries / DCBOs, Form No. A-11-A shall be used for recording the miscellaneous receipts received by them.

5.1.6 Reconciliation of Cash Book with Statement of accounts received from the Bank

The receipts and payments with opening and closing balances in respect of Employees' State Insurance Fund—Account No. 1 will be viewed in ERP and accounting of the same will be done on the basis of receipts under different heads as per ERP Report.

5.2 Account No. 2

5.2.1 Cash Book

The Cash Book for ESI Fund Account No. 2— Headquarters shall be maintained in Form No. A-11 by the Finance & Accounts Branch under the supervision of the Deputy Director (Finance). At accounting units level and Branch Office/DCBOs, these cash books shall be maintained by the Finance & Accounts Officer of the accounting unit concerned and at Branch Office/DCBOs by the Manager of Branch Office/DCBOs.

5.2.2 Receipts

The receipts to be accounted for in this Cash Book will mainly consist of transfers of funds from ESI Fund Account No. 1—Central or ESI Fund Account No. 2 of Regional Office/Sub Regional Offices/ESIC Hospitals/Medical Educational Institutions/NTA, as the case may be. Such receipts shall be recorded on the basis of transfer advice seen in ERP Module and viewing the credits in bank accounts.

5.2.3 Record of all Payments

All bills received shall be checked with reference to the rules and regulations governing each payment and shall be recorded in the prescribed registers. The pay orders for the net amount payable shall be recorded and got passed by an officer authorised in this behalf.

5.2.4 Payment of Bills

After the order to pay has been recorded by the competent authority on the bill and passed, the payment shall be made through electronic mode/cheque by authorised officer in the name of the payee only and not in favour of any other person The requisite

entry should be made in the Cash Book and the bill should be stamped "Paid by cheque No/ECS dated"

The pay order recorded in the bill must be cancelled by or in the presence of the Officer signing the cheque preferably by a rubber stamp "Cheque Issued/ECS".

5.2.5 Cheques

All the payment should be made through electronic mode only. However, under the circumstances where it is become unavoidable to issue cheques, may be issued after recording the reasons for doing so.

5.2.6 Entries to be made in the Cash Book when a cheque is cancelled or lost

- a) When a cheque is cancelled before the Cash Book has been closed for the day on which the cheque is issued, the entry in the cash book shall be struck off in red ink over the initials of the drawing officer and the fact of cancellation of cheque shall be recorded on the counterfoil and the voucher. When the cheque is cancelled after the cash book has been closed, a fresh entry in red ink "Cancelled cheque" shall be made exhibiting the amount of the cheque as a minus figure in the bank column on the payment side of the cash book. Thus the head of account to which the charge was originally debited shall be relieved. A counter reference to the second entry of the cheque shall be given in the cash book against the original entry and the fact recorded on the relevant voucher. This procedure will be followed if fresh cheque is not issued in lieu of cancelled cheque.
- b) If a fresh cheque is issued in lieu of a cancelled cheque, the procedure outlined in clause (c) (ii) and (d) below shall be followed.
- c) If a cheque is lost or destroyed, the bank should be informed immediately, so that the lost cheque may not be cashed. On receipt of the certificates from the Bank and from the payee prescribed in paragraph 66 of Chapter II, the loss of the cheque should be noted on the counterfoil and following action should be taken: -
 - i. If a fresh cheque is not issued in place of the lost cheque the procedure laid down in clause (a) above should be followed.
 - ii. If a new cheque is issued, its number and date shall be quoted against the original entry in the Cash Book with the remark that the original cheque, has been lost and the following note shall be made on the counterfoil of the new cheque: -

....."Issued in lieu of Cheque No.
.....dated lost/destroyed".

- d) The issue of a new cheque should be entered on the date of issue in red ink in the Cash Book but not in the column for payment.

5.2.7 Method of Posting the Cash Book

Two money columns, viz. 'Office' and 'Bank' have been provided on each side of the



cash book. All Cash and Bank transactions shall be entered in the Cash Book as soon as they occur. As the remittance of cash into the Bank involves twofold transactions viz., the increase of the balance at the Bank and the decrease of the cash balance in the Corporation Office, two opposite entries shall be simultaneously made on the receipt and payment sides of the Cash Book in the money columns for 'Bank*' and 'Office*'. The entries in the Cash Book in the respect of payments made direct into the Bank shall be made on the authority of the copies of challans received from the Bank. The Cash Book shall be closed and balanced daily.

5.2.8 Reconciliation with monthly account received from the Bank

The monthly account of receipts and payments with opening and closing balances in respect of 'Employees State Insurance Fund Account No. 2' shall be verified by the 10th of the following month with the item by item with the Cash Book maintained by the Finance & Accounts Branch and a certificate of verification shall be recorded on the Cash Book under the dated signature of the officer authorised to maintain the Cash Book. Errors noticed in the bank statement must be brought immediately to the notice of the Bank. The balance shown in the Cash Book at the end of the month should be verified with the balance shown in the bank statement. The discrepancies between the balances as shown in the Cash Book and in the monthly account of the Bank should be explained in the Cash Book as follows: -

Amount (Rs.)

Closing balance as per Bank column of the Cash Book.

ADD amount of cheques issued but not cashed by the Bank (Details in 'A' below)

ADD credits accounted for by the Bank but not included in the Corporation accounts pending receipt of advice (Details in 'B' below).

Total:

DEDUCT debits raised by the Bank but not passed in the Corporation accounts pending receipt of advice particulars (Details in 'C' below)

Total:

Details of 'A'

Details of 'B'

Details of 'C'

All the bank branches are to submit bank statement of ESI Fund Account No. 2 of the Branch Offices/DCBOs to the Managers concerned with a copy to the respective accounting units. The Branch Offices/DCBOs Manager should send reconciliation statement to the Finance and Accounts Officer concerned.

5.2.9 Check of Cash Book

- a) The Officer maintaining the Cash Book is required to check all the entries in the Cash Book daily and to initial each entry with date. The Cash Book shall be signed

by him at the end of the month and such signature shall be understood as fixing full responsibility for all the entities for the month inclusive of the closing balances.

- b) Some of the more important parts of the checks prescribed in sub-para (a) of this paragraph are enumerated below: -

The officer maintaining the Cash Book should—

- I. compare each entry of payment with the net amount payable as shown on the connected voucher, seeing at the same time that it bears:
 - i. a payment order recorded by the Competent authority, and
 - ii. the voucher is stamped “Paid by cheque No dated” or a certificate of disbursement signed by the Cashier stating the date of payment recorded thereon, and tick off each voucher as it is passed;
- II. verify the totalling of the Cash Book or have this done by some responsible subordinate (other than the writer of the Cash Book) who should initial (and date) it as correct.

5.2.10 General

The detailed procedure outlined for maintenance of Cash Books and other registers in this Chapter applies mutatis mutandis to the Regional Offices / Sub Regional Offices, ESIC Hospital, ESIC Medical Education Institutions etc. also.

5.3 Branch Offices/DCBOs

5.3.1 Receipts

Ordinarily the Branch Offices/DCBOs will not be required to receive moneys on behalf of the Corporation as they are paying offices and not receiving offices. Occasionally moneys are received by Branch Offices on account of: —

- a) Refund of excess payments made to insured persons, and
- b) Refund of over payments, balances in respect of various advances, charges relating to various heads and the other Corporation dues from Corporation employees.
- c) The Branch Offices/DCBOs Managers are permitted to receive these small amounts of an occasional character and to grant receipts therefor in Form-1 to the depositors. The Branch Offices/DCBOs Managers should deposit these receipts in full into the Bank for credit to ESI Fund Account No. 1 (Central). The deposits should be accompanied by printout of electronic challans (currently in Form No. S-III generated by system), The amount of each type of receipt should be stated separately e.g.:-

Sickness benefit overpaid Rs.

Maternity benefit overpaid Rs.

Dependants' benefit overpaid Rs.

And so on to enable the Regional office to book the receipts under the relevant head of

accounts concerned. The Branch office/DCBO's should maintain a Cash Book in Form A-11-A, the details may be forwarded to the Regional office/Sub Regional office every month by the second of the following month in Form A-18.

Director General's orders— In the absence of Branch Offices/DCBOs Manager on casual leave etc. the Head Clerk and where no Head Clerk posted, Cashier/Upper Division Clerk may receive money as referred to above and issue provisional receipt in the manner laid down.

The procedure outlined above will equally apply to the cheques and the demand drafts which may be received by the Branch Offices/DCBOs. However, the Branch Offices/DCBOs Manager may give receipt for the actual cheque only and the receipt in Form-1 will be issued to the payer. Full particulars of the cheque and the date of deposit along with other necessary details for issue of the receipt in Form-I may be deposited by the Branch Offices/DCBOs Manager in ESI Fund Account NO.1 (Central) through electronic challan. The details of the transaction may be kept at Branch Offices/DCBOs only in the files.

Note 1: It would be clear that the Managers are authorised to receive only small amounts. These would generally be of the nature. The Managers have no authority to receive cash/cheques/demand drafts from any employer on account of contributions unless specially permitted in any case to do so. However, occasion may arise where cheques/demand drafts are received by a Manager in payment of contribution dues through a court of law.

Note 2: In rare cases where a Social Security officer (SSO) receives an amount in cash from a Court and is not in a position to deposit it in Bank on the same day, he should deposit the amount with the Manager of the nearest Branch Offices/DCBOs accompanied by a letter showing full details of the amount and obtain an acknowledgement. Printed receipt will not be issued but in lieu thereof the Branch Offices/DCBOs manager will put his signatures in the relevant column of the register maintained by the SSO. The transaction will pass through Branch Offices/DCBOs Account No. 2.

The Branch Offices/DCBOs Manager will deposit the amount through a separate challan and send intimation to the Regional/Sub Regional Office/Social Security Officer. He will keep the depositor's copy of the challans in his safe custody.

- 5.3.2 The amounts received by the Branch Offices/DCBOs should be deposited by them into the Bank in ESI Fund Account No. 1 (Central) on the last working day of each month, or earlier, if such amount reaches the limit of Rs. 1000/-.
- 5.3.3 The Branch Offices/DCBOs which are located at a distance of more than 5 miles from the banks with which accounts are being maintained for them shall adopt the following procedure:-
- a) the receipts should be deposited into the Bank as soon as they reach the figure of Rs. 1000/- and

- b) the condition regarding deposit of money on the last working day of the month will not apply.

5.3.4 Sometimes, the money orders relating to remittances of cash benefits to insured persons may be received back by branch offices as unpaid. Such receipts should not be deposited into the bank, but credits taken in Branch Offices/DCBOs Cash Book ESI Fund Account No. 2. No receipts in Form-1 are to be issued in respect of the money orders received unpaid. The details of such receipts and the particular type of benefit to which they relate (i.e. sickness benefit, maternity benefit, etc.) should be clearly stated in the daily schedules and monthly account to enable the Regional/Sub Regional Office to book the receipt under the relevant head of account.

5.3.5 Payments

There will be a separate ESI Fund Account No.2 for each Branch Offices/ DCBOs. This account is opened to enable the Branch Offices/ DCBOs Managers to withdraw funds for making benefit payments to the insured persons. The procedure outlined for maintenance of the cash book for ESI Fund Account No. 2 in this Chapter applies mutatis mutandis to the Branch Offices/ DCBOs also subject to the following modifications: —

- a) Each individual payment shall be recorded in the Schedules of Benefits paid (Form ESIC-19) and attested with date by the Branch Offices/DCBOs Manager. The totals for the day as worked out on these schedules in respect of each type of benefit etc., shall only be recorded in the Cash Book—Savings Fund Account No. 2.
- b) Each entry in the cash book should be attested with date by the Branch Offices/ DCBOs Manager and it shall be closed and balanced daily.
- c) The Branch Offices/ DCBOs Manager should submit daily and monthly summaries of receipts and payments in respect of Account No. 2 in Form A-19 to the Finance & Accounts Officer concerned. Daily summary should be sent on the following working day and monthly summary by the end of the month following to which it relates.
- d) All bills relating to travelling allowance and contingencies etc., will be forwarded by Branch Offices/ DCBOs/ ESIC Dispensaries to their Regional/ Sub Regional Offices/ Director (Medical) where they will be checked and paid by electronic transfer from their respective accounting units, as the case may be.

5.4 Pay Offices

5.4.1 Receipts

The imprest holder is personally responsible for the safe custody of imprest money and he must, at all times, be ready to produce the total amount of the imprest in voucher and/or in cash.

CHAPTER 6

Imprest Account

6.1 Form of Cash Book for Imprest Account

In addition to the maintenance of Cash Books for the Employees' State Insurance Fund Accounts No. 1 and 2 by Finance & Accounts Branches, a Cash Book—Imprest Account—in Form No. A-20 shall be maintained by Cashiers at Headquarters, All Accounting Units and Branch Offices/DCBOs etc. This Cash Book—Imprest Account—shall be maintained under the general supervision of the officer declared as Head of Office or who is specially authorised in this behalf by the Director General.

6.2 Receipts

6.2.1 The Receipts to be accounted for in this Cash Book will mainly consist of amounts received by the Head of Office from the Finance & Accounts Branch in the shape of cheques drawn on ESI Fund Account No. 2 for meeting expenses of the Corporation detailed below: —

- a) Permanent imprest granted for petty expenses,
- b) Pay and Allowances of staff etc.,
- c) Recoupment of permanent imprest, and
- d) advances for petty expenses, if no permanent imprest is sanctioned.
- e) Any other expenditure as expressly sanctioned by the competent authority.

6.2.2 The cheques/demand drafts, when received, from the Finance & Accounts Branch, should be noted on the receipt side of the Cash Book giving full particulars of the remittance received under the particulars". The amount of permanent imprest on initial drawl as well as when recouped under "Contingencies in the recoupment of permanent advance" and of advances for the petty expenses under sub-column "Advance payments" of contingencies. The column "Miscellaneous" will be used for receipts if any. The Cashier and the Drawing & Disbursing Officer would ensure proper entry in head of account on same day in Imprest Cash Book.

6.3 Payments

6.3.1 All payments will be made by the Cashier on the vouchers passed by the competent authority and legal acquittances will be obtained. After payment, the vouchers will be stamped "PAID" with the date of payment under the signature of the Cashier. All entries in the Cash Book shall be made as soon as they occur and attested by the Drawing & Disbursing Officer or any other officer authorized on this behalf by the competent authority in token of the check.

The other columns on the receipt and payment sides of the Cash Book are explanatory.

The column “classification” will be filled in with reference to the Account Heads as stated in the list of Major and Minor Heads of Account of the Corporation.

- 6.3.2 The instructions for writing, checking, closing and balancing etc., of the Cash Book detailed in this manual apply mutatis mutandis to this Cash Book—Imprest Account—also.

The Cash Balance with the Cashier shall be physically verified by the Drawing & Disbursing Officer at least twice a month and invariably on the last working day of the month. Whenever it is not possible to verify cash balance on the last working day itself, the verification may be done on the first working day of the following month before making any transaction on that day except the month of March in which the physical verification of the cash balance is to be done on the last working day itself. The Head of the Accounting Unit/Branch manager / Finance & Accounts Officer and other inspecting officers are permitted to check the cash balance physically. The result of physical verification should be recorded in the Cash Book and discrepancies, if any, should be brought to the notice of next superior officer.

6.4 Setting up and modification in imprest limit.

- 6.4.1. For NTA/Regional Office/Sub Regional Office including its Branch Offices/DCBOs & ESIC Hospitals/Medical Educational Institutions.

In case of reduction/increase in imprest limit, Branch Offices/DCBOs will send a proposal for the same through Regional /Sub Regional Offices and other accounting units to administration branch of Hqrs Office and branch of Hqrs' office will send to Financial Commissioner for approval.

CHAPTER 7

Personal Claims Of Employees

General Rules

7.1 Due Date

Bills for monthly pay and fixed allowances of employees may be presented for payment by 20th of the month through ERP Module and shall be due for payment on the last working day of the month to which they relate. However, the pay and allowances for the month of March shall be paid on the first working day of April.

Explanation: For the purpose of this para 'working day' shall be deemed to be a day on which the office in which the disbursement is to be made and the office/bank are both open for transacting their ordinary business so that withdrawal of moneys and disbursement thereof become practicable on the same day.

In the following cases, separate bills may be presented for pay and allowances due for part of the month, and these bills may be paid before the end of the month: -

- i. When an employee proceeds on transfer, deputation or leave to a place outside India;
- ii. Where an employee finally quits the service of the Corporation or is transferred/reverted to Govt service.
- iii. When an employee is transferred from one Region to another Region.

7.2 Forms and Preparation of Bills

- a) The forms on which claims for pay, allowances, etc., are to be preferred and the detailed procedure to be observed in the preparation and presentation of such claims shall be regulated extent to the provisions made for this purpose.
- b) All the pay bills of the officers and staff will be prepared by the Administration/DDO of respective accounting units at the sanctioned rates of pay. The bills shall be prepared in duplicate along with online in ERP Module and one copy duly signed will be sent to the Finance & Accounts Branch for audit and payment; the other copy which will only be initialed being retained by the Cash Branch as office copy.

7.3 Charge Reports

- 7.3.1 In the case of officers, a charge report showing the date and hour (forenoon or afternoon) on which the charge of the post is taken over shall be obtained by Administration Branch in quadruplicate in Form No. A-21 and one copy each thereof shall be forwarded to the Finance & Accounts Branch and the Cash Branch. The charge reports to the Finance & Accounts Branch should be endorsed by the Heads of offices or any other Group A & B Officer. Further an advance copy of the charge report duly made

and signed, both by the relieved and the relieving officer shall also be sent on the same day directly to the Finance & Accounts Officer concerned.

7.3.2. In the case of Branch Office/DCBOs Manager, an advance copy of the charge report shall be forwarded directly by the relieving Manager to the Finance & Accounts Branch of the Regional/ Sub Regional Offices concerned to enable the Finance & Accounts Officer to issue bank authority in favor of the relieving Branch Office/DCBOs Manager. The endorsed copy of the charge report by the Heads of offices in such cases will be forwarded to the Finance & Accounts Officer in due course.

7.3.3 The charge report shall be signed both by the relieved and relieving officers except in the following or similar types of cases: -

- a) Where an officer assumes charge of a newly created or vacant post or relinquishes charge of a post which has been abolished;
- b) Where an officer vacates a post for a short period and no formal appointment or officiating arrangement is made in his place.
- c) Where the transfer of charge involves assumption of responsibility for 'cash, stores, etc., the following instructions should be observed: —
 - i. The Cash Book(s) and/or imprest account should be closed on the date of transfer and a note recorded in it over the signature of both the relieved and relieving officers, showing the cash and imprest balances, the number of unused cheques, the number of unused receipt forms and the numbers of keys of safe and cash boxes, if any, made over and received by them respectively. A record of handing over and taking over of receipt books not brought in use may be made in the Stock Register of receipt books (Form A-5).
 - ii. The above procedure will also be followed when a cashier is relieved.
 - iii. The relieving officer in reporting that the transfer has been completed should bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He should examine the accounts, count the cash, inspect the stores, count, weigh and measure certain selected articles in order to test the accuracy of the returns. He should also describe the state of account records.
 - iv. In case of any sudden casualty occurring or any emergency necessity arising for an officer to quit his charge, the next senior officer of the office shall take charge. If there is no senior officer, the charge can be handed over to a junior officer also. In Branch Office/DCBOs Manager, where only one Manager is posted, the charge may be handed over to Head Clerk/Upper Division Clerk/Cashier who is in position.
 - v. An Officer proceeding on deputation out of India need not be required to relinquish his post and prepare a charge report unless officiating arrangement in his place is contemplated. An official intimation of the exact date of commencement of deputation and the date of its termination should, however,

be sent in such cases by the Administration Branch to the Finance & Accounts officer concerned. In the case, however, of an officer proceeding out of India for study or training under deputation or deputation-cum- special leave terms, he should be required to relinquish his post and prepare a charge report even if an officiating arrangement is not made in his place.

7.4 Orders Regarding Appointments

7.4.1 An office order showing (i) the post to which appointed (ii) the date and hour (fore-noon or after-noon) from which the appointment takes effect and (iii) the scale of pay applicable to the post will be issued by the Director General or any other officer duly authorised by him in his behalf. Where the office order is signed by an officer other than the Director General, the fact that the appointment has been made by the competent authority shall be invariably stated therein. A copy of such office orders shall be endorsed to: —

- a) Finance & Accounts Branch (Hqrs Office);
- b) Cash Branch (Hqrs Office);
- c) The Officer in-charge concerned; (with spare copies for the Finance & Accounts /Cash Branches) in the case of the officers appointed in the Regional and Branch Office/DCBOs Manager etc.

7.4.2 On receipt of the office order and the charge report, an authority for payment called a 'Pay Slip' showing the rates of pay and allowances admissible will be issued by the Finance and Accounts Branch in case of Group A&B officers. The pay bills will be drawn by the officer concerned on such authorities only and the Pay Slip should be attached by the officer to his first pay bill.

NOTE: If sanction to the post is not available, the Finance & Accounts Officer may issue 'provisional' pay slip at the specific request of the Regional/Sub Regional Offices/ESIC Model Hospitals/Medical Educational Institutions / Administrative Officer, (Hqrs.)/ Administrative Medical Officer, Delhi. The provisional payment will be authorised for a period not exceeding 3 months in the first instance. It may be extended at the further request of die same authority, though occasions to extend the provisional payment beyond 3 months should be very rare. Such extensions should not, however, exceed further three months. Where sanction for the post is not available, it will be the responsibility of the Regional/Sub Regional Offices/ESIC Model Hospitals/ Medical Educational Institutions /Administrative Officer, (Hqrs.), Administrative Medical-Officer, Delhi/ Noida etc. to ensure that it is issued quickly with retrospective effect to cover the period of provisional payment.

7.4.3 Charge reports need not be sent to the Finance & Accounts Branch in the case of all staff. The office order regarding their appointment showing:-

- a) the post;
- b) he date and hour (fore-noon or after-noon) from which the appointments take effect;

- c) the initial pay and the scale of pay admissible may be issued by the Administrative Officer/ Regional/Sub Regional Offices/ESIC Model Hospitals/ Medical Educational Institutions in respect of the staff. This office order should, invariably, indicate that the authority competent to make appointment in question has duly approved of it. A copy of such office orders shall be sent to:-

- i. the Finance & Accounts Branch;
- ii. the Cash Branch;
- iii. the individual concerned;

A spare copy of the office orders should be sent to the Cash Branch to be attached to the pay bills in which pay for the first time is drawn.

A copy of the orders of the Central/State Governments showing the terms of transfer in respect of the officers and staff of the Central/State Governments transferred to the Corporation duly certified by a gazette officer shall also be forwarded to the Finance & Accounts Branch.

7.5 Deductions from Bills

7.5.1 Fund Deductions

The duty of noting the proper deductions to be made from pay bills on account of Provident and other Funds shall devolve on the drawer of the bill but no discretion is allowed in carrying out any instructions received from the Financial Commissioner/ Finance and Accounts Officer to make any particular deduction.

7.5.2 Deduction of Taxes on Income

- a) Deductions from Pay bills on account of income-tax shall be made strictly in accordance with the relevant provisions of the Income- Tax Act, 1961 (43 of 1961) as modified from time to time and the rules and orders issued thereunder,
- b) Disbursing officers, that is, finance & Accounts Officers in the case of Group A & B officers and such Group C Staff as are permitted to draw their own bills, and Head of Offices in the case of Group C Staff, should, as required by Section 62 of the Indian Income-Tax Act, 1961, issue to the person from whose salary income-tax is deducted at source, an annual consolidated receipt in Form 16 for the tax so deducted during a financial year.

Note:- An annual consolidated receipt in Form 16 should also issue to a pensioner from whose pension income-tax is deducted.

7.5.3 House Rent Deductions

- a) The employees of the Corporation are eligible for allotment of residences owned by the Corporation. The Corporation may construct its own buildings or obtain buildings on hire which may be let out on rent to the employees of the Corporation for residential purposes.

- b) Estate Officer or any authorized person shall maintain register of allotment of ESIC accommodation. For the purpose of deduction of House Rent Allowance, letter of allotment should be duly endorsed to the DDO and Finance Officer and ERP records should be updated accordingly. Amount recoverable on account of Rent/ License Fee should also be updated on ERP and duly reconciled by the DDO/Estate Officer. A Register in Form A-23 for Rent and Other Charges shall be maintained by the DDO/Estate Officer. Statement of Rent is prepared in Form No. A-134.
- c) DDO to ensure correctness of recovery of Rent/License Fee arising out of change in accommodation.
- d) The provisions of this paragraph apply also to other charges e.g. additional rent recoverable for furniture, electric, water, heating and sanitary installations, charges for cost of water, electric energy, etc., which may, under the orders of the competent authority, be recovered in the same way as and together with rents of buildings proper.

7.6 Recoveries

Deductions on account of sums disallowed from the pay bill shall be made strictly in accordance with the instructions issued by the Financial Commissioner. The recovery of a sum disallowed from a pay bill may be made from the next pay bill and of a sum disallowed from travelling allowance bill from the next payment of travelling allowance, but sums disallowed from a travelling allowance bill may be recovered in cash or from the pay bill where the employee concerned does not, within a month, present any other travelling allowance bill from which they can be recovered.

7.7 Attachment of Pay and Allowances etc. for Debt

- 7.7.1 When the pay of an employee is attached by any order of a Court of Law, it is the duty of the DDO to see that the proper deduction is made in satisfaction of such order from the pay bill of the employee concerned and to keep a record of such deductions. If such attachment order of a Court of Law is received by any other officer or employee, it is the duty of the officer/employee receiving the order to duly deliver the same to the DDO
- 7.7.2 If an employee is adjudged insolvent, the attachable portion of his salary vests in the Court that passed the order of insolvency or the Receiver appointed by the Court. The amounts which have been under attachment in execution of the decree against the insolvent shall also, after the order of insolvency, vest in such Court or the Receiver, and the attached amounts in such cases, instead of being sent to the various Courts which issued the orders of attachment, should be sent to the Insolvency Court or the Receiver for pro-rata distribution among all the creditors of the insolvent Government servant.

Note 1: The extent to which the emoluments of an employee are exempt from attachment for debt is laid down in sub-section of Section 60 of the Code of Civil Procedure, 1908. The following is an extract of the relevant provisions of the said sub-section as amended by the Code of Civil Procedure (Amendment) Act, 1976 brought into force from 1st Feb., 1977: —

The following property is liable to attachment in execution of a decree: —

Provided that the following particulars shall not be liable to such attachment namely: —

- (a) Salary to the extent of prescribed instructions issued by Govt. of India/Corporation from time to time in execution of any decree other than a decree for maintenance:

Provided that where any part of such portion of the salary as is liable to attachment has been under attachment, whether continuously or intermittently for a total period of twenty-four months, such portion shall be exempted from attachment until the expiry of a further period of twelve months, and, where such attachment has been made in execution of one and the same decree, shall, after the attachment has continued for a total period of twenty-four months, be finally exempt from attachment in execution of that decree.

- (b) one third of the salary in execution of any decree for maintenance.

7.7.3 Any allowance forming part of the emoluments of any servant of the Government which the appropriate Government may by notification in the official Gazette declare to be exempt from attachment and any subsistence grant or allowance made to any such servant while under suspension:

Explanation 1- In clauses (a) and (b) on Note 1 above, 'salary' means the total monthly emoluments, excluding any allowance declared exempt from attachment under the provisions of clause (e) derived by a person from his employment whether on duty or on leave.

Explanation 2- In clause 7.7.3, "appropriate Government" means:-

- a) as respects any person in the service of the Central Government in the Central Government.
- b) as respects any other servant of the Government or a servant of any other local authority, the State Government.

Explanation 3- For the purposes of this proviso, "wages" includes bonus, and "Labourer" includes a skilled, unskilled or semi-skilled labourer".

Note 2: The following-declarations have been issued by the Central Government under Clause (b) of the proviso to Sub-Section (1) of Section 60 of the Code of Civil Procedure:-

The following allowances payable to any public officer in the service of the Government or any servant of a Federal Railway or of a Cantonment authority or the Port Authority of a major port shall be exempt from attachment by order of a Court:—

- A. All kinds of travelling allowances;
- B. All kinds of conveyance allowances;
- C. All allowances granted for meeting the cost of Uniforms and rations
- D. Allowances granted as compensation for higher cost of living in locations considered by the Government to be expensive localities, including hill stations.
- E. House Rent allowance.

- F. Dearness Allowance or any other allowance granted to provide relief against the increased cost of living.
- G. A foreign allowance, or frais de representation in the case of Diplomatic Missions, assigned to officers serving in posts abroad.
- H. Children's Education Allowance (whether described as such or as Children educational assistance or any other manner).
- I. All amounts paid by way of reimbursement of medical expenses.

Note 3: Dearness pay, which is really a part of the Dearness allowance and is treated as pay for certain specific purpose only is also exempted from attachment by order of Court.

7.7.4 In accordance with the above provision, the maximum amount attachable by a Civil Court for decrees other than decrees for maintenance is to be calculated thus: -

If the total gross emoluments earned by an employee are represented by 'X' and the allowances declared to be exempted from attachment (vide note 2 to paragraph 167) and subsistence grant or allowance to such employee if he is under suspension, are represented by 'Y', the amount attachable will be

$$\left(\frac{X - Y - 400}{3} \right)$$

- 7.7.5 (1) If an order of attachment against an employee is received before a previous order of attachment against the same employee has been fully complied with, the recoveries shall be made by the disbursing officer so long as the total amount recoverable with reference to attachment orders is within the maximum limit prescribed.
- (2) If a new attachment order has the result of the total attachable amount exceeding the maximum limit, prescribed, the disbursing officer shall return the new attachment order to the Court concerned with a statement showing: -
- a) Particulars of the existing attachment (s),
 - b) Particulars of the amount(s) withheld and paid up-to-date into the Court(s) concerned,
 - c) the amount(s) remaining to be recovered.

7.7.6 Any deduction which may have to be made on account of subscriptions to provident Funds recognized by Government/Corporation taxes on income payable by the employee, and dues of Co-operative Societies and debts due to Government/Corporation should be made from the non-attachable portion of the employee's salary.

7.7.7 Without prejudice to the appropriate provisions of the Code of Civil procedure as amended from time to time, the procedure to be followed by the drawing and disbursing officers in making recoveries from pay of employees of amounts in compliance with attachment orders issued by Courts shall be regulated in accordance with the following rules: —

- A. Subject as hereinafter provided in this rule, the gross amount of pay and allowances shall be drawn on a pay bill, but only the net amount after deducting the amount recoverable under the attachment order shall be disbursed to the employee concerned. The authority whose duty it is to make the deductions is responsible for remitting the amount without undue delay to the Court concerned.
- B. In the case of an attachment order issued by a Court in India against an employee whose pay and allowances are to be disbursed outside the local limits to which the Code of Civil Procedure extends, the drawing and disbursing officer will be responsible for drawing the amounts recoverable monthly in compliance with the attachment order and remitting them to the Court concerned, unless timely intimation is received by him of the death of the employee or of any other event necessitating the discontinuance of such payments.
- C. In cases in which a judgement-debtor does not sign the acquittance roll and intentionally allows his pay to remain undisbursed in order to evade payment on account of an attachment order issued by a Court of Law, the Head of the Office may draw the pay of the judgement-debtor in satisfaction of the attachment order, subject to the prescribed restrictions, and remit the amount to the Court concerned.
- D. The amounts drawn under sub-rules (2) and (3) above shall be treated in the accounts in the same way as leave salary or pay drawn by the employee concerned, the particulars of the attachment order being cited in the pay bill or the acquittance roll as an authority for the charge and the Court's receipt for the amounts shall be filed with the attachment register or such other suitable record as may be kept by the drawing officer.

7.7.8 The cost, if any, of remittance to a Court of money realised under its attachment order shall be deducted from the amount realised and the net amount remitted to the Court.

7.7.9 Recoveries from the salaries of employees on account of profession tax levied under an Act of a State Government and dues of co-operative societies, registered under the various co-operative Societies Act, where such Acts impose a statutory obligation on the Corporation to make such deduction, shall be made by the Drawing and Disbursing Officer, in the case of Officers/employees who do not draw their own bills, and, in other cases, by the Finance & Accounts Officer, in accordance with such procedure as may be laid down from time to time.

7.7.10 A drawing and disbursing officer, even when not located within the territorial limits to which any of the above mentioned Acts apply, may effect recoveries on account of profession tax or dues of a Co-operative Society from the salary payable to a Government servant, provided that such Government servant, in the case of dues of Co-operative Societies, authorises in writing the disbursing officer to effect such recoveries and the disbursing officer ensured, before effecting the recoveries, that the authorisation given to him by the Government servant is clear unambiguous and has not been revoked.

7.8 First Payments of Pay, Allowances etc.

7.8.1 When the name of an employee appears for the first time in the pay bill, or when the name of an employee appears for the first time, in an establishment bill, the bill shall be supported by a last pay certificate in Form No. A-24 or if he did not previously hold any post under the Corporation or is re-employed after resignation or forfeiture of past service a certificate by the Drawing and Disbursing Officer to the effect that the Medical certificate of fitness has been obtained governing the conditions of the service to which he belongs.

7.8.2 Where the competent authority under any rule or order authorises the drawl of pay and allowances of a newly appointed employee for a period not exceeding two months without a medical certificate of fitness, a certificate to this effect shall be furnished in the first pay bill.

If a pensioner is re-employed, the fact shall be stated in the bill.

Note 1:- The payments of pay, leave salary etc. of officers are further subject to the provisions of paragraphs 7.4 and 7.11.

Note 2:- The detailed instructions issued for preparation of last pay certificate are reproduced in Appendix 4 of Vol-II.

In all cases of transfers, the responsibility for obtaining his own copy of the last pay certificate from his last disbursing officer shall rest with employee concerned.

7.8.3. The last payment of pay or allowances shall not be made to, or in respect of any employee whose pay is drawn on gazette officers' bill form, finally quitting service of the Corporation by retirement, resignation, dismissal, death or otherwise, or placed under suspension, until the Finance & Accounts Officer has satisfied himself by reference to the Head of the Office concerned and his own records, that there are no demands outstanding against him.

7.8.4 Normally, the last payment of pay or allowances in respect of a corporation employee who finally quits service of the Corporation or who is placed under suspension may be made only after the Head of the Office satisfies himself, by reference to his own records and to other appropriate authorities, where necessary, that there are no demands outstanding against the Government servant. However, in cases where security for an amount considered by the said Head of Office to be adequate to cover the aforesaid demands is taken from such officers/employees, in cash, or by a surety bond, or by withholding a part of the gratuity payable to the officers/employees, the last payment of pay and allowances may be made and the last pay certificate issued, even if the likely dues from such officers/ employees remain to be assessed and realised.

Note:- In the case of officers on foreign service with the Corporation, final dues should be paid only after ascertaining that no demands are outstanding against them.

7.8.5 Pay and allowances can be drawn for the day of the employees' death, the hour at which death takes place has not effect on the claim.

Note:- ‘Day’ for the purpose of this para should mean a calendar day beginning and ending at midnight.

7.8.6 Pay and other allowances claimed on behalf of a deceased employee may be paid without the production of the usual legal authority:—

- a) If the gross amount of the claim does not exceed Rs. 10,000/- under orders of the Regional Director/SRO I/c/Administrative Officer/D(M)D/Dean/Medical Superintendent responsible for the payment after such inquiry into the rights and title of the claimants as may be deemed sufficient;
- b) For the excess over Rs. 10,000/- under orders of the Regional Director/SRO I/c/Administrative Officer/ D(M)D /Dean/ Medical Supdt on execution of an indemnity bond for double the gross amount due for payment with such sureties as he may require, if he is satisfied of the right and title of the claimant and considers that undue delay and hardship would be caused by insisting on the production of letters of administration.
- c) In any case of doubt, payment shall be made only to the persons producing the legal authority.
- d) On receipt of the claim for payment of arrears of pay and allowances of all kinds (including travelling allowance claims) on behalf of a deceased corporation employee from his heir(s), the Head of the Office in which the Corporation employee was last employed should draw the amount in the appropriate bill form. The claim should be supported by all the relevant certificates which the Head of the Office is required to furnish in the normal circumstances. However, in respect of the certificates which solely depend on the personal knowledge of the deceased Corporation employee and which obviously cannot be furnished by the Head of the Office, the Head of Office should record, if he is satisfied about the correctness of the claim, and furnish a certificate to the effect that ‘the claim is not susceptible of verification but is considered reasonable’. (The amount should be disbursed to the claimant (a) by the Head of Office by following the procedure laid down. A formal receipt, stamped where necessary, should be obtained from the claimant(s).
- e) The procedure prescribed in this para shall apply to any claim for payment of dues or honorarium payable to deceased non officials, including deceased non-official members of any Commission/Committee whether statutory or not.

Note 1:The form of indemnity bond in use in Government departments (TR-14) may be adopted. The sureties accepted for joining in such bond must be of proved financial ability to meet the obligations undertaken.

Note 2: The indemnity bond executed by the heirs of the deceased employee under this paragraph should be properly stamped.

Place of Payment

Pay & Allowances

7.8.7 Subject to any special rule or procedure that may be prescribed, bills for pay and allowances are ordinarily payable at the headquarters of the employee concerned.

7.8.8 In case of transfer the pay due in respect of the old post, which has not been drawn at the time of the transfer, may be drawn at the new headquarters.

Note 1: If the Last Pay Certificate is not available, the Accounts Officer may issue a 'provisional' pay slip at the request of the Officer concerned. Provisional payment will be authorised for a period of three months in the first instance and may be extended up to 6 months at the further request of the officer, though occasions to extend the provisional payment beyond three months should be very rare. Normally, the officer concerned should, in his own interest, obtain his Last Pay Certificate before proceeding on transfer. In the absence of the Last Pay Certificate, the officer concerned should furnish to the Finance & Accounts Officer a certificate about the pay and allowances, advances, if any, drawn in the previous post and deductions on account of refund of all advances taken, etc. together with the number of General Fund Account. The officer concerned would be personally responsible for the correctness of the information contained in the certificate as provisional payment would be authorised by the Finance & Accounts Officer on this basis.

Note 2: If the post of which the officer has taken over charge is higher than the previous post, the Finance & Accounts Officer may authorise provisional payment at the minimum of the scale of the new post with special pay if any or the pay last drawn in the previous post whichever is more favorable to the officer.

7.9 Leave Salary

Leave salary shall be drawn in accordance with provisions contained in the CCS (Leave) Rules 1972 as amended from time to time.

7.10 Payment of Pay, Leave Salary, etc. through Agents

7.10.1 Pay and Allowances

Pay and allowances due to an employee shall be paid in the bank account of the employee in India.

7.10.2 Leave Salary

DDO for his satisfaction may demand personal appearance or life certificate signed by a Corporation Officer or some other gazetted officer / well-known and trust working person as may be prescribed, or an Officer of Indian Embassy / Consulate, from a Corporation employee claiming leave salary for the continuous period of beyond 180 days.

7.11 Alterations of Pay etc.

7.11.1 No Group A & B officer may draw an increased or changed rate of pay, leave salary, fixed allowance, or any reward or honorarium unless it is sanctioned by the competent authority and the letter authorizing the amount to be drawn issued by the Finance &

Accounts Officer at Headquarters or Regional Offices/SROs/ ESIC Hospitals & Medical Educational Institutions as the case may be.

Note 1- No bill shall be drawn by a Group A&B officer who has relinquished charge of his post consequent on his proceeding on leave, promotion, reversion or transfer beyond the date of making over charge without a fresh authority from the Finance & Accounts Officer.

Note 2- If the Officer concerned returns/is appointed to the same post from which he proceeded on leave, the pay slip issued for duty pay (before proceeding on leave) will be treated as valid for duty after the leave unless superseded for payment duly supported with charge report on resumption of duty.

7.12 Advances

The sanctions of the competent authority for the grant of advances to Group A & B officers on (i) transfer, (ii) tour, (iii) on account of travel concession during regular leave, (iv) in lieu of leave salary, (v) for medical attendance and treatment and (vi) of travelling allowance in respect of journeys to place of settlement on retirement, performed during leave preparatory to retirement or during refused leave, will be sent to the Finance & Accounts Branch of the Corporation at the Hqrs Office or Regional Office/Sub Regional Office/ ESIC Hospitals/Medical Educational Institutions/NTA/DMD etc., as the case may be. The Officer to whom such advances are sanctioned may draw the amount on ordinary pay or travelling allowance bill form setting forth full particulars as may be found convenient and present it to the Finance & Accounts Branch for payment.

Note: - The sanction of the competent authority may, if preferred be obtained in the form of counter- signature on the bill itself before it is presented to the Finance & Accounts Branch for payment.

CHAPTER 8

Bills of Group A, B and C Officers and Staff

8.1 Introductory

The procedure prescribed in this Chapter shall apply primarily to personal claims of Group A, B and C employees of the Corporation.

8.2 Bills for Payment

In the bill presented for payment, the Establishment & Medical Establishments shall be distributed into such sections and accounting heads as may be fixed by the Financial Commissioner.

8.3 Forms and Preparation

8.3.1 Bills for pay, fixed allowances and leave salary shall be prepared in Form No. A-27 separately for permanent and temporary establishments, the instructions printed on the form being carefully observed. The name of every substantive and officiating or temporary incumbent shall be shown against each post and against each temporary post shall be noted the sanction thereto. The rate of pay claimed shall always be noted and when pay is drawn for a portion of a month only, the number of days for which it is claimed shall be stated against the name of the employee in the body of the bill.

8.3.2 The various sections comprising the establishment, shall be shown separately, the description of each section as well as the sanctioned number of posts included therein being prominently written in red ink at the top.

Note:- All fixed allowances, including Transport allowance etc. should be drawn in the establishment pay bill.

8.3.3 If for any reason, the leave salary admissible to a Corporation employee on leave is now known (as for example when the kind of leave to be granted to him has not been finally decided by the sanctioning authority), the amount of pay to which he would have been entitled had he remained on duty shall be entered in the money column of the form which is intended to show leave salary, the amount being left undisbursed and treated as held over pending the fixation of the amount of his leave salary.

8.3.4 The entries in all the money columns of the bill shall be totaled separately under each section and the totals written in red ink. The totals must be checked by the drawing officer himself or under the orders of the drawing officers by some responsible person other than the clerk preparing the bill.

8.3.5 When leave salary is drawn in a bill for an employee, the bill in which it is first drawn shall be accompanied by a statement, attested by the drawing officer, showing the

calculations by which, the amount drawn on account of leave salary has been reduced. If leave salary is also drawn in a subsequent bill, a reference to the bill with which such statement was attached should be given. If the calculation is based on pay drawn outside the employee's substantive section or office, a reference to the bills, in or the office from, which such pay was drawn shall be given in the statement.

- 8.3.6 If the leave salary is based on actual pay the drawing officer shall attach to the bill a certificate stating the relevant Rule under which the leave salary claimed is admissible.

Note:- A certificate to the effect that the employee on refused leave under Fundamental Rule 86 or any other corresponding rule, or terminal leave or such other leave on the expiry of which he is not expected to return duty, was not employed under Government, Local Fund, Corporation or a private employer during the period of such leave should be recorded by the drawing officer on the bill in which leave salary for such an employee is drawn after obtaining from him a declaration regarding non-employment.

8.4 Absentee Statement

- 8.4.1 The monthly bill shall be supported by an absentee statement in Form No. A-28 if any person was absent during the month either on special duty or suspension, or with or without leave-other than casual leave, or when a post is left vacant substantively whether officiating arrangements have or have not been made against it.
- 8.4.2. To the first bill in which a periodical increment is drawn for an employee, a certificate in Form No. A-29 shall be appended. Of the two alternative certificates printed on Form No.-29 the former may be used in any case in which the increment becomes due to an employee concerned for having been incumbent of the post specified for a prescribed term counting from the date of the last increment or of appointment to the post, excluding periods of suspension for misconduct and absence of periods of leave which will not count for purposes of increment, etc. and if he has held the post in an officiating capacity, all other kinds of leave which are shown in the tabular portion of the certificate. An increment so earned may be drawn in the establishment bill without further authority.
- 8.4.3. In all other cases, the second alternative form shall be used and the certificate with the explanatory memorandum showing briefly but clearly the grounds on which the increment is claimed shall be submitted about one month before the increment falls due to the Finance & Accounts Branch who will pass and return it after check. The increment may be drawn only on a certificate passed by the Finance & Accounts Branch. Increment shall be drawn when due in the ordinary establishment bill, but if arrears of increment have accrued when the certificate is returned by the Finance & Accounts Branch, they may be drawn on a separate bill.

8.5 Over Time Allowance

Subject to any orders issued by the Corporation in this behalf, every bill in which overtime allowances are claimed shall contain a certificate of the head of the office to the following effect:

“Certified that—

- a) the persons for whom overtime allowances are claimed in this bill have actually earned by working overtime;
- b) the periods for which overtime allowances are claimed in this bill have been checked with the initial records and found correct;
- c) the overtime allowances are claimed at rates sanctioned by the competent authority; and
- d) the overtime allowances have been taken into account in calculation the income tax due from the employees noted in this bill.

Note:- In cases in which overtime is paid out of the fees recovered from private parties and credited to the Corporation’s Funds, the drawing officer should certify on the bill that the prescribed fees have been realised and credited into the Corporation’s Funds.

8.6 Service Books

- 8.6.1 A Service Book in Form No. A-30 in to be maintained for every Group C employee. In this Book, every step in the employees’/official life should be recorded and each entry must be attested by the head of office, or if he himself is the head of office by his immediate superior. The authorised officer must see that all entries are duly made and attested, and that the Book contains no erasure or overwriting, all corrections being neatly made and properly attested. During the period of an employee is officiating in a Group B post, the entries regarding leave, increment etc. should continue to be made in his Service Book till he is confirmed in the Group B post.
- 8.6.2 As per revised form of Service Book a photograph of the Corporation employee has to be affixed on the first page of Part I of the revised Service Book. The cost of photograph shall be borne by the Corporation.
- 8.6.3 Service Book shall be maintained for a Corporation employee from the date of his first appointment to Corporation service. It must be kept in the custody of the head of the office in which he is serving and transferred with him from office to office.
- 8.6.4 The declaration of Corporation employees electing the scales of pay and statements showing the fixation of initial pay in the relevant scale of pay in support of the entries in the Service Book should be pasted in the Service Book themselves.
- 8.6.5 As soon as Corporation employees is admitted to a Provident Fund Account No., if any, allotted to him should be entered on the righthand top on page 1 of his Service Book.
- 8.6.6 The nomination made by the Members of the Group Insurance Scheme, if any, shall be countersigned by the Head of Office and pasted in their Service Book. The Head of Office shall also make an entry in the Service Book that the nomination has been duly received.
- 8.6.7 The declaration of ‘Hometown’ under the leave Travel Concession Scheme made by a corporation employee will be kept on the Service Book or other appropriate service record of the Corporation servant.

- 8.6.8 Every period of suspension from employment and every other interruption of service must be noted, with full details of its duration, in an entry made across the page of the Service Book and must be attested by the Attesting Officer. It is the duty of the Attesting Officer to see that such entries are promptly made.
- 8.6.9 It must be the duty of every Head of Office to initiate action to show the Service Books to the Corporation employees under his administrative control every year and to obtain their signatures therein in token of their having inspected the Service Books. A certificate to the effect that it has done so in respect of the proceeding financial year should be submitted by him to senior officer by the end of every September. The Corporation employee should also ensure before affixing their signature that their services have been duly verified and certified as such, in the case of Corporation employees on foreign service his signature shall be obtained in his Service Book after the Head of Office has made therein necessary entries connected with his foreign service.
- 8.6.10 At a fixed time early in the year the service books should be taken up for verification by the head of office who, after satisfying himself that the services of the employees concerned are correctly recorded in each service book, should record in it a certificate in the following form over his signature: -

“Service verified up to (date) from (the record from which verification is made)”.

Note: - The verification of service, referred to above should be in respect of all service qualifying for pension whether permanent, provisional, temporary or officiating”.

In the case of Group C employees permitted to draw their own bills and those officiating in Group A & B posts, the Finance & Accounts Officer concerned would forward once a year in the month of June details in the following form to the head of the office on the basis of which the verification of service should be done and so recorded in the service book.

S. No.	Name	Period of Service	Leave Taken during the Period with nature of Leave	Leave salary drawn during the period	Remarks covering other matters e.g. joining time pay drawn etc.
--------	------	-------------------	--	--------------------------------------	---

- 8.6.11 The head of the office in recording the annual certificate of verification, should, in the case of any portion of service that cannot be verified from office records, distinctly state that for the excepted periods (naming them) a statement in writing by the employee as well as a record of the evidence of his contemporaries, is attached to the book.
- 8.6.12 When, however, a Group C employee is transferred from one Office to another, the head of the office under whom he was originally employed should record in the service book under his signature the result of the verification of service, with reference to pay bills and acquittance rolls, in respect of the whole period during which the Group C employee was employed under him before forwarding the service book to the office where the services are transferred.

- 8.6.13 When Group C employee are officiating in Group A & B Posts, their service books should be kept by the head of the office to which each such servant permanently belongs, but when they are confirmed in such posts, their service books should be forwarded to the Financial Commissioner for record.

8.7 Leave Accounts

- 8.7.1 The leave account will be kept by the head of the office in respect of each Group C employee in Form 31 including those who are permitted to draw their pay in the Group A & B Officers pay bill forms. The leave account should be completed to the proposed date of proceeding on leave and the leave admissible worked out before leave in sanctioned, the authority sanctioning leave should satisfy himself that the period of the leave and the nature thereof is admissible. Study leave should not be granted without obtaining the certificate of admissibility from the Finance and Accounts officer of the office concerned.

- 8.7.2 Service books and leave accounts which are subject to local audit are to be checked by the local audit staff of the F & A Branch upto the percentage prescribed by the Financial Commissioner. The certificate in the following form should thus be recorded on the service book and the leave account after the necessary check has been conducted.

“Checked for the period.....(subject to remarks in the test audit note)

Dated initials

Incharge Local audit Party.

8.8 Arrear Bills

Arrears of pay, fixed allowances or leave salary shall be drawn not in the ordinary monthly bill, but in a separate bill, the amount claimed for each month being entered separately with quotation of the bill from which the charge was omitted or withheld, or on which it was refunded by deduction or of any special order of competent authority granting a new allowance or an increase in pay. A note of the arrears bill shall invariably be made in the office copy of the bills for the period to which the claim pertains over the dated initials of the drawer of the arrear bill, in order to avoid the risk of the arrears being claimed over again. The drawing officer shall also record the following certificates on the arrear bill under his dated signature: -

- a) that no part of the amount has been drawn previously, and
- b) that a note of the arrear claim has been made in the Office copy of the bills for the period to which the claim pertains.

Subject to the conditions laid down in paragraph 100 arrear bills can be presented at any time and may include as many items as are necessary.

8.9 Travelling Allowance Bills

- 8.9.1 Bills for travelling allowance, other than permanent or fixed allowances, shall be prepared and presented in accordance with the following rules: —

- a) The bill shall be prepared as per ESIC TA/ DA and Transport Allowance Regulations, 2006 (as amended time to time) in Form No. A-26.
- b) When actual expenses are drawn on account of carriage of conveyances, details of the conveyance, transported should be furnished in the travelling allowance bill. For the purpose of drawing the allowance on account of a family a certificate must be furnished by an employee of the number and relationship of the members of his family for whom the allowances are claimed. No other details in these or other cases need be furnished, but every claim for the cost of carriage of personal effects.
- c) The bill should be countersigned by the controlling Officer.
- d) The bill completed as under the last preceding paragraph may then be sent to the Finance & Accounts Branch for audit and payment.
- e) The travelling allowance bills of the staff proceeding on tour shall be presented at convenient intervals during the period of their tour or within such a period on completion of tour as may be prescribed as per ESIC TA/ DA and Transport Allowance Regulations, 2006 (as amended time to time).

8.10 Cost of Medical Treatment

The claim of expenditure incurred on medical attendance and treatment by an employee may be submitted in the manner as prescribed. The claim must be supported by proper receipts and vouchers in all cases.

8.11 Disbursement of Pay and Allowances

8.11.1 Acquittance Rolls

- a) The head of an office is personally responsible for the amount drawn on a bill signed by him or on his behalf until he has paid it to the persons entitled to receive it and obtained a legally valid acquittance on the office copy of the bill. If, in any case, owing to the large size of an Establishment or for any other reason, it is not found possible or convenient to obtain the receipts of the payees on the office copy of the bill, the head of the office may maintain a separate acquittance roll in Form No. A-33.
- b) If for any reason, payment cannot be made within the course of the month, the amount drawn for the payee shall be refunded by short drawing in the next bill his pay or allowance may be drawn, when the occasion for making the payment arises:

Provided that if in the opinion of the head of the office this restriction is likely to operate inconveniently the amount of undisbursed pay or allowances, may at his option be retained for any period not exceeding three months, but this concession shall not be availed of unless the head of the office is satisfied that proper arrangements can be made for the safe custody of the sums retained.
- c) Undisbursed pay or allowances may not, under any circumstances, be placed in deposit at the bank or with the Finance & Accounts Officer.

Note: 1. Acquittance rolls and office copies of bills are not required to be submitted to the Finance & Accounts Branch, but being important records, they should be stamped 'Paid' and preserved carefully for a period mentioned in Retention Schedule. They should be bound yearly or half yearly if the lot becomes bulky; at accounting units, they may be bound quarterly/monthly. The binding should be of sufficiently durable material. They may be preserved in Guard Files if that is considered stronger and more durable.

A certificate regarding preservation of pay bills and acquittance rolls should be forwarded by the heads of offices every year by 30th June to their respective Finance & Accounts Officers.

In respect of payments made through Acquittance Rolls on the Pay Day, the disbursement certificate at the foot thereof should invariably be signed by the disbursing officer in token of the total amount having been actually paid. The 'Paid' stamp, duly attested by the drawing officer need be affixed only against the total disbursed amount of the Acquittance Roll. In respect of undisbursed amounts paid subsequently, the items should be stamped 'Paid' individually and attested by the drawing officer while signing the Cash Book.

Note: 2. Cash drawn on pay and travelling allowance bills of Establishments should not be mixed with regular cash balance of the office, if any. An account of undisbursed pay and allowances should be kept in a Register in Form A-34. Entries of the total and particular amounts of undisbursed pay and allowances may be made against each bill serially, and subsequent payments thereof entered in the appropriate columns of the Register and the Cash Book, each such entry being attested by a competent authority. From this Register an abstract of amounts remaining undisbursed for three months should be prepared to ensure their refund, either in cash or by short drawal from the next bill.

Note 3: A bill Register in Form A-35 should be maintained by all Heads of offices who are authorised to draw moneys from the Finance & Accounts Officers on bills signed by them. The Register should be reviewed monthly by a Branch Officer or the Head of Office and the result of the review recorded thereon.

CHAPTER 9

Contingent and Miscellaneous Expenditure

9.1 Introductory

9.1.1 The term “Contingent Charges” or “Contingencies” used in this Chapter means and includes all incidental and other expenses which are incurred for the management of an office as an office or for the working of technical establishment such as laboratory, workshop, industrial installations, store depot and the like but other than expenditure which has been specifically classified as falling under some other Head of Expenditure, e.g., ‘works’, ‘plant & machinery’ etc.

9.2 Permanent Advances

9.2.1 The Officer, who have to make payments for contingent expenditure before they can place themselves in funds by drawing contingent bills from the Finance and Accounts Branch may make such payments out of permanent advances or imprest, which they may be permitted to hold under the orders of the competent authority (issued in accordance with the provisions of Rule 322 of the General Financial Rules 2017), subject to recoupment on presentation of contingent bills.

9.2.2 Contingent charges shall be regarded and treated in the accounts as charges of the month in which they are actually disbursed by the Finance and Accounts Branch.

9.2.3 In the case of non-recurring contingent and miscellaneous expenditure, the sanctioning authority may, where this course is more convenient, accord sanction by signing or countersigning the bill or voucher, whether before or after the money is drawn, instead of by a separate sanction.

9.2.4 Applications for the grant of revision of a permanent advance shall be submitted to the sanctioning authority through the Finance & Accounts Officer concerned.

9.2.5 The applications for permanent advances should be accompanied by a statement showing month by month for the preceding 12 months the amounts of contingent bills encashed with classified details of items of expenditure.

9.2.6 As these advances involve the permanent retention of money outside the Fund, the amount of such advances must not be larger than is absolutely necessary.

9.2.7 These advances should not be multiplied unnecessarily. The permanent advance with an officer should meet the needs of every branch of his office. If he has subordinates who require petty sums, he should spare a small portion of his own advance for their use rather than apply for separate advance for them, taking acknowledgements from them in the same way as he himself furnished acknowledgements to the Finance & Accounts Officer and retaining them in his office.

9.2.8 The advance is intended to provide, on the responsibility of the officer entrusted with it,

for emergent petty advances of all kinds, though it is seldom that they will be needed for other contingent charges.

9.2.9 The holder of the permanent advance shall be responsible for the safe custody of money placed in his hands and he must at all times be ready to account for the total amount of the money.

9.2.10 In the case of transfer of charges and yearly on the 15th April, each officer in whose favour the permanent advance is sanctioned, shall send an acknowledgement to the Accounts Officer from whom he obtains his payments of the amount due from and accountable for by himself as on the 21st March preceding.

9.3 Advances for Contingent and Miscellaneous purpose

The Head of the Office may sanction advances to a employees/officer for purchase of goods or services or any other special purpose needed for the management of the office, subject to the following conditions: -

- a) The amount of expenditure being higher than the Permanent Advance available cannot be met out of it.
- b) The purchase or other purpose cannot be managed under the normal procedures, envisaging post procurement payment system.
- c) The amount of advance should not be more than the power delegated to the Head of the Office for the purpose.
- d) The Head of the Office shall be responsible for timely recovery or adjustment of the advance.

9.3.1. The adjustment bill, along with balances, if any, shall be submitted by the officer/official concerned within fifteen days of the drawl of advance, failing which the advance or balance shall be recovered from his next salary(ies).

9.3.2. Head of the offices may sanction grant of an advance to a Government Pleader in connection with lawsuits, to which Government is a party, up to the maximum limit of Rupees twenty-five thousand at a time. The amount so advanced should be adjusted at the time of settlement of Counsel's fee bills.

9.4 Authorities Empowered to sanction Contingent Charges

9.4.1. The monetary limits up to which expenditure(s) on contingent charges can be incurred by the officers of the Corporation are laid down in the Schedules of Administrative and Financial Powers delegated to them. Up to such limits, such charges may be sanctioned by them subject to the condition that in cases where any restriction, limit or scale has been prescribed by competent authority regarding any particular item or class of contingent expenditure it should be strictly observed.

9.4.2. In respect of expenditure not covered under clause (1) above, the sanction of the Director General shall be obtained before incurring any expenditure or entering into any

liability. The Director General has prescribed “Rules of Business” for the disposal of work in the Headquarters office. The proposals with complete facts of the case shall be submitted by the Administrative officers to the Director of Administration and/or the Director General through the Financial Commissioner in accordance with the “Rules of Business” whereas the Officer in charge will submit such proposals to Administrative Division at the Headquarters Office, who after scrutinizing will obtain the sanction of the Director General, as the case may be through the Financial Commissioner. All financial sanctions which are issued with the concurrence of the Finance and Accounts Branch at Hqrs’ Office would be direct to the Head of office and to the Accounts Officer concerned with a sentence to the following effect added in such sanction:

“This order/memorandum/letter issues with the concurrence of the Financial Commissioner and Director(Finance), Finance & Accounts Branch at Hqrs Office vide their notes dated at page on file no.”. A copy of the Financial sanction should invariably be endorsed to the Finance & Accounts Branch at Headquarters office. On the strength of such sanctions, the expenditure will be incurred by Heads of Offices, the number and date of the sanction shall invariably be quoted on the bill/vouchers.

9.5 Payment of Contingent Bills

- 9.5.1. It should be ensured that all charges actually incurred must be paid and drawn at once, and under no circumstances should they be allowed to stand over to be paid from the grant of another year. No money should be drawn unless it is required for immediate disbursement. It is not permissible to draw money in anticipation of demands or to prevent lapse of budget grant.
- 9.5.2. No pay of any kind and no additions to pay may be drawn on bills for contingency expenses except payments to the following, provided they are ineligible for pensions –
 - (i) Part time Sweepers (ii) gardeners (iii) Mazdoors etc. engaged on manual labour and paid daily wages; and hot weather establishment.
- 9.5.3. Contingency charges incurred on account of wages of mazdoors engaged on manual labour and paid at daily rates shall be supported by a certificate signed by the disbursing officer to the effect that the mazdoors were actually entertained during the period concerned and paid. In the case of part-time sweepers, gardeners, and Grass-cutters etc. whose pay is drawn in contingent bills, the following certificate shall be furnished: -

“Certified that sweeper/chowkidar/gardener/dhobi/tailor/grass cutter drawn in this bill was actually entertained in Corporation service during the period concerned and payment has been made at the market rates.”
- 9.5.4. The expenditure should be within the available budget allotment.
- 9.5.5. The items of expenditure should be obvious necessity and at fair and reasonable rates. Quotations should be called for from firms of repute and articles purchased from the suppliers quoting lowest rates consistent with quality and workmanship. A certificate to this effect should be recorded on each voucher as per GFR.

- 9.5.6. Items available on GeM portal are to be mandatorily purchased from GeM only. Any deviation for purchase outside GeM portal should be accompanied by generation of GeM AR&PTS (GeM Availability Report & Past transaction summary) and kept in records for Audit purposes. Reorder levels should be worked out for all items in Medical Store and Buffer Stock should be maintained accordingly. Goods urgently required may be purchased in small quantities only to meet the emergency requirement and further purchases may be done from GEM.
- 9.5.7. The head of the office may ensure that adequate buffer is maintained for items which are required on day-to-day functioning of their units and they are purchased from GEM/GFR provisions and in case of emergent situations only and stock-out situation imprest is operated. It may not be done for items which are not emergency and sufficient time is there to purchase it from GEM/GFR provisions. Before making the expenditure the head of the office has to satisfy himself that the expenditure is emergent and cannot be avoided to run the office.
- 9.5.8. Wherever, it is found that the same nature of expenditure is repeated and being done through imprest, it may be immediately be examined and feasibility may be explored to keep a buffer /purchase from GEM/GFR Provisions. Purchase of diesel etc for generator sets of office may be done by petrol pumps on monthly payment basis by paying online through cheque/online transfer and in case of extreme emergency conditions these type of expenditure may be done.
- 9.5.9. The vouchers should be in order and the calculations correct and the claim paid to the person entitled to it and his acquittance obtained.
- 9.5.10. The payment should be made for articles which have been duly received in good condition and according to the specification as indented for and these should be noted in the various stock registers maintained for the purpose. A certificate in the following form should be recorded on each voucher: -
“Certified that the articles paid for have been received in good condition according to the specification indented for and the quantity/number has been verified and entered on page..... of the stock register of furniture/stationery etc.”
- 9.5.11. Payments against individual bills upto Rs. 500/- should as far as possible be made from the permanent imprest held subject to recoupment on presentation of contingent bills. Where the drawing officer is unable to do so for any reason whatsoever, he may prepare a contingent bill to cover the claim. The bills in excess of Rs. 500/- may be sent to the Finance & Accounts Branch for payment.
- 9.5.12. The sub vouchers which are not required to be forwarded to the Finance & Accounts Branch along with the bills but are recorded in the office to which the expenditure relates must be duly cancelled by means of rubber stamp ‘PAID’ or by an endorsement in red ink across the voucher cancellation being initialled by the officer authorized to draw the contingent bills of the office. The cancellation should be made at the time when the contingent bill in which the sub-voucher is included is actually signed. No sub-voucher shall be destroyed until after a lapse of three years.

- 9.5.13 In all cases in which sub vouchers are not required to be submitted to the Finance and Accounts Branch, the drawing officer should certify in the bill that sub vouchers other than those attached to the bill have been so defaced or mutilated that they cannot be used again.
- 9.5.14 Sub-vouchers which are required to be sent to the Finance and Accounts Branch with the contingent bills should not be cancelled by the drawing officer as the duty of cancelling these sub-vouchers and keeping them in proper custody to prevent their fraudulent use devolves on the Finance & Accounts Branch.
- 9.5.15 Contingent bills preferring claims for rents, electricity and other connected charges incurred on account of the hire of private buildings by the Corporation for accommodation of employees should be accompanied by the following certificates signed by the disbursing officers: -
- “Certified that the amount drawn on account of rent, rates and taxes in contingent bill No..... dated the was actually paid to the parties concerned and that –
- (i) No portion of the building for which the expenditure was incurred was utilized for residential or other purposes during the period the charges were paid;
- (ii) The expenditure in respect of the portion of the building used for residential or other purposes during the period for which the charges were paid has been recovered from the under-mentioned employees from whom it was due”.
- 9.5.16 Contingent bills which include charges on account of purchase of goods on which GST has also been charged should be supported by the following certificate signed by the disbursing officer: -
- “Certified that in the case of sub-vouchers attached to the bill relating to the purchase of goods on which GST has been charged, the goods have not been exempted under the Central GST Act or the rules made thereunder and that the amounts paid on account of GST on those goods are correct under the provisions of that Act or the rules made there under and that in the case of supplies against regular contracts, the relevant contract includes a specific provision that GST is payable by Corporation”.
- 9.5.17. The following certificate, signed by the drawing officer, shall be attached with all the contingent bills which include charges on account of expenditure on light refreshments at formal meetings and conferences: -
- “Certified that the expenditure on entertainment charges included in this bill was incurred in accordance with the terms and conclusions laid down by the Standing Committee of the Corporation from time to time, and that the prescribed monetary limit per head has not been exceeded.”
- 9.5.18. Every officer shall exercise the same vigilance in respect of petty contingent expenses as a person of ordinary prudence may be expected to exercise in spending his own money. The drawing officer is further responsible for seeing that the rules regarding the preparation of bills are observed, that the money is either required for immediate

disbursement or has already been paid from the permanent advance, that the expenditure is within the available appropriation and that all steps have been taken with a view to obtaining an additional appropriation if the original appropriation has either been exceeded or is likely to be exceeded, that the items of expenditure included in a contingent bill are of obvious necessity and are at fair and reasonable rates, that previous sanction for any item requiring it is attached, that the requisite vouchers are all received and in order, and that the calculations are correct.

9.6. Record of Contingent Expenditure

9.6.1 Contingent Register

A Register of contingent expenditure shall be kept in each office and the initials of the head of the Office or of an authorized officer to whom this duty has been delegated, shall be entered against the date of payment of each item. This Register will be maintained in Form No. A-36.

- (a) As each payment is made, entries must be made in the Contingent Register on the date of payment, the name of payee and the number of sub-vouchers in the three columns to the left and the amount in the proper column under the Head “Detailed Heads of Allotments” and in the case of any charge requiring explanation, the initial of the officer incurring it shall be taken against the description.
- (b) To enable the disbursing officer to watch the progress of the expenditure under each detailed head as compared with the appropriation for it, a progressive total of all the columns must be made monthly immediately after the monthly total, so as to include all payments under each head as also charges adjusted by the Finance & Accounts Branch from the commencement of the year up to the end of the last expired month.
- (c) ERP module (finance -office bills - imprest bills) of imprest may be used for online records recoupment of these imprest amounts as there is provision for online recoupment in ERP and each and every voucher of contingent expenditure may be booked in respective heads of expenditure to have full details online.

9.7. Bills for Contingent Charges

- 9.7.1. When it is necessary to draw money for contingent expenses, as for example, when the permanent imprest beings to run short, or when a transfer of charge takes place, and in any case at the end of each month, a red ink line shall be rules across the page of the register, the several columns added up and several totals posted in bill in Form No. A-37. The head of the office or the officer to whom this duty has been delegated, shall carefully scrutinize the entries in the register with the sub-vouchers initial them if this has not already been done and sign the bills which will then be dated and numbered and sent to the Finance & Accounts Branch for payment with all supporting vouchers.
- 9.7.2. The heads of contingent expenditure may be entered in manuscript in the bill and the totals posted against them. Full details of the charges must be entered in the bill unless

they are given in the sub-vouchers. A copy of the bill should be retained by the Cash Branch of the office concerned as office copy.

- 9.7.3. ERP module (finance -office bills - imprest bills) of imprest may be used for online records recoupment of these imprest amounts as there is provision for online recoupment in ERP and each and every voucher of contingent expenditure may be booked in respective heads of expenditure to have full details online.

9.8. Abstract Bill

- 9.8.1. The Regional Director/Dean/Medical Superintendent/ SRO I/c, DCBO I/c,/DMD/NTA etc., subject to the presentation of detailed bills, may draw an abstract contingent bill in Form A-38 in respect of non-recurring contingent expenditure which cannot be paid from the imprest amount held and delay in their payment is likely to forfeit rebate, etc., or when the payment has to be made within a stipulated period under any Act or rules e.g. (i) part-time pay of sweeper and persons appointed as substitutes on daily wages and (ii) electricity and water charges and (iii) for making payment to TA and DA etc to the outside witnesses to the extent ordered by the Court and present it for payment to the Finance & Accounts Officer. The amount will be paid by the Finance & Accounts Officer and formally kept under objection by keeping a note in the objection book maintained by him for watching receipt of detailed bill.
- 9.8.2. The Regional Director/Dean/Medical Superintendent/ DCBO I/c/ SRO I/c/ DMD/ NTA should after disbursing the amounts prepare a detailed contingent bill which should be subscribed as/ super scribed as “Not payable by the Accounts Officer “and forward the same with all the sub-vouchers to the Accounts Officer who will then remove his objection from the objection book if the bill is otherwise in order. The Regional Director /Dean/medical superintendent /DCBOI/SRO I/C/ DMD/NTA will obtain the sanction of the Competent Authority, whenever he is not empowered to sanction.
- 9.8.3 A certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn more than a month before the date of bill.

9.9 Withdrawal of amounts for making Benefit Payments

- 9.9.1. All the cash benefits payments shall be made to the beneficiaries directly to their bank accounts through electronic mode as far as possible. However, the Branch Office/DCBOs shall maintain details of amounts drawn in the cheque drawn register in Form A-40. The amount of cheque drawn is to be noted in Cash Book Account No. 2 on payment side in column ‘BANK’ on date on which cheque is drawn and not on the date on which cheque is encashed. Where the cheques are drawn in favour of other Branch Office/DCBOs for provisions of funds for emergencies suitable remarks to this effect may be made in columns 3 and 4 of Form A-40.

CHAPTER 10

Miscellaneous

10.1 Payment of Deductions made from Bills

- 10.1.1 The bills for payment of deductions (other than deductions creditable to the Head of Accounts of the Corporation) made from the bills of the officers and staff shall be prepared by the Cash Branch in triplicate in the appropriate form No. A-41 to A-45 or on ERP Module. The Form A-45 or on ERP Module shall be utilised for payment of deductions relating to the recoveries etc.
- 10.1.2 Finance & Accounts Branch will verify the deductions shown in the bills and thereafter the bills will be accepted by the Finance & Accounts Officer and make payments to the payees' by SBI CMP/Electronic mode directly. In some cases, where payment is not possible through electronic mode, cheques/Demand Draft will be sent to the concerned parties concerned.

10.2 Leave and Pension Contributions

- 10.2.1 When a government servant is transferred to the Corporation on foreign service terms the Administration Branch shall obtain the terms of transfer and forward copies thereof duly certified by an authorised officer as follows:-
- One copy to the Cash Branch.
 - One copy to the Finance & Accounts Branch which deals with payment of pay and allowances of the government servant concerned; and
 - One copy to the Financial Commissioner & Director/ Joint/ Deputy Director (Finance).
- 10.2.2 In case the rates at which leave and pension contributions are not specified in the terms of sanction the Administration Branch shall take urgent action to obtain the required information and on receipt, will forward the file to the Finance & Accounts Branch at Hqrs Office to Certify the correctness of the rates advised by the Central/State Governments. After the rates have been so certified, the Administration Branch shall distribute copies of the communications received duly certified by an authorised officer. The bills for payment of leave and pension contributions in appropriate Form No. A-46 and A-47 respectively shall be prepared in quadruplicate by the Cash Branch based on the entries recorded in the Register of Leave and Pension Contribution in Form A-68. As leave salary contributions is not payable during the period of leave, a certificate to the following effect may be recorded on the bills by the Drawing Officers: -
- “Certified that the Officers for whom payment of leave salary contribution has been included in this bill
- were not granted any leave (other than casual leave);
 - were granted leave (other than casual leave); as follows:”

- 10.2.3 The bills in triplicate will be sent to the Finance & Accounts Branch at Hqrs Office as per provision of S.R. 307 which is reproduced below for guidance. The Finance & Accounts Branch after exercising due scrutiny and acceptance by Finance and Accounts Officer will arrange payment by electronic transfer/cheque/Demand Draft to the concerned parent department.
- 10.2.4 Contribution for leave salary or pension due in respect of a government servant on foreign service, may be paid annually within fifteen days from the end of each financial year or at the end of the foreign service, if the deputation of foreign service expires before the end of a financial year, and if the payment is made within the said period, interest must be paid to Government on the unpaid contribution, unless it is specifically remitted by the President at the rate of two paise per day per Rs. 100 from the date of expiry of the period aforesaid up to the date on which the contribution is finally paid. The interest shall be paid by the Government Servant or the foreign employer according as the contribution is paid by the former or the latter.
- 10.2.5 The leave salary and pension contributions should be paid separately as they are creditable to different Head of Accounts and no dues recoverable from Government, on any account, should be set off against these contributions.

10.3 Stock Registers of Equipment etc.

The Administration branches at Headquarters and in all accounting units etc. shall maintain the following Stock Register-

- a) For furniture and other equipment in Form No. A-49 or as per GFR 2017 prescribed forms.
- b) For receipt of stationery and forms in Form No. A-50 or as per GFR 2017 prescribed forms.
- c) For issue of stationery and forms in Form No. A-51 or as per GFR 2017 prescribed forms. The forms are self-explanatory. The object to be achieved is that full particulars are given for identification purposes e.g. the size of the tables, chairs etc. with numbers to avoid replacements etc. All the entries in Forms No. A-49 and A-50 will be attested by the heads of offices or other authorized Officers, at the time the transactions take place.
- d) The entries in Form No. A-51 will be attested by the dated initials of the Head Clerks /Superintendent of the Administration Branches but the total issues for a month when posted in the Receipt Register will be verified and initialed by the head of the office or other authorised Officer after satisfying himself that the issues were for office use and not excessive.
- e) The annual physical verification of the stocks will be conducted by officers other than the custodian of the stores. All other stock Registers maintained in the concerned ESIC's Establishment shall be physically verified on annual basis by the officer of an appropriate level as appointed by the Head of office of the concerned Accounting Units or by the Superior authority or by the Controlling office of the

concerned unit. The report shall be submitted to the concerned authority and further action be taken as per the extant orders/instructions for the discrepancies noticed.

- f) Registers for other payments will also have to be maintained e.g. telephone charges and shifting charges, payment of rents of office buildings, rates and taxes, liveries of Group 'C' employees, books and periodicals etc. The forms of such registers will be as prescribed in GFR 2017 or by the Director General,

10.4 Postage Account

The postage account shall be maintained by Despatch Branch in register in Form A-52 (Despatch Register for Postal Dak). The daily expenditure on postage may be stated against the relevant letter etc. in column 4 of the Register and the weight of the cover in column thereof. The postal receipts for registered letters etc. shall be posted in the Register against the relevant item. At the end of the day, the total of the expenditure recorded in column 4 of the Register will be struck and detailed account will be arrived at as follows either in the register in Form A-52 or in a separate register as may be convenient.

Date:

Units in Franking Machine

Opening balance

Receipts during the day

Total

Expenditure during the day,

Balance at the end of the day.

- 10.4.1 Wherever applicable BNPL (Book Now Pay Later) scheme of postal department may be started to avoid payment in cash.
- 10.4.2. Head of the office may explore feasibility to start this service in his office in case it is not feasible then only postage stamps may be purchased in cash.
- 10.4.3 To ensure the maintenance of correct account of the stamps affixed for postage and the safe custody of balance of unused stamps, the following procedure shall be adopted:
- The postage stamps should normally be purchased covering one week's requirement but not exceeding the monetary limits fixed for purchasing stamps at a time, if any.
 - The postage stamps should be affixed on the covers before the covers are handed over to the staff authorised for posting in the letter Box.
 - Before the covers are sent for posting, the Superintendent in charge of the Branch should see that the value of the stamp fixed on the covers agrees with the amount recorded against each entry on the postage account register.

- d) In respect of registered covers /speed posts, the value stated on the receipt given by the postal authorities should be compared with the amount recorded in the postage account. In case the value stated on the receipt given by the postal authorities is not legible, the officer responsible should ensure that the value stated in the postage account is in order with due regard to the number of words in the post receipts and the weight of the cover.
- e) The Superintendent will be held mainly responsible for the accuracy of the postage account register but the branch Officer of the Hqrs. Office/Regional/Sub Regional Offices/ESIC Hospitals/Medical Educational Institutions/NTA/D(M)D etc. and the Branch Managers at the Branch Offices/DCBOs must satisfy themselves that a proper and accurate account is being maintained daily. They should occasionally make surprise check before the envelopes are posted to ensure that the value of stamps affixed is correct with reference to the weight of the envelopes and record their findings in the Register.
- f) The Superintendent should record a certificate at the end of each day in the Postage Account Register that the expenditure incurred has been checked by him and found correct.
- g) The stock of unused stamps left with the despatcher at the end of the day should be kept with the Branch Officer at Hqrs. and Regional/Sub Regional Offices/ESIC Hospitals/DMD/ Medical Educational Institutions /NTA etc. and with Medical Refrees in their Offices and with Branch Office Managers at Branch Offices/DCBOs. They should keep the stamps in the safe of the office. At Regional/Sub Regional Offices/ESIC Hospitals/DMD/ Medical Educational Institutions /NTA etc. and at Headquarters, the postage stamps may remain in the custody of the Superintendent provided the total value does not exceed Rs. 500. The Superintendent should keep the stamps in steel Almirah. At Branch Offices, the balance of stamps will remain with In-charge of the Branch Office who should keep them in the safe.
- h) The postage account of Branch Offices/DCBOs should be checked critically by the Branch Offices/ DCBOs Managers and other Inspecting Officers to ensure proper use of the stamps and correct maintenance of the Account.
- i) The term Superintendent includes UDC Cashier. The Offices where Superintendent is posted, his duties will be performed by the UDC Cashier during his period of leave. In the absence of Head Clerk or UDC Cashier the sanctioning authority concerned will himself carry out the functions which have been enjoined upon the Superintendent.

10.5 Lands and Buildings

- 10.5.1 Lands and Buildings for (i) the offices of the Corporation (ii) hospitals and dispensaries are acquired from time to time. Detailed records will be maintained in a register of immovable property by the Construction Branch Division in Forms A-53 and A-54 for plots of lands and buildings respectively. The agreements and lease deeds relating to the

purchases shall be kept in the personal custody of the Administrative Officer (Construction Branch/PMD) and shall be listed in a suitable register and these records would also be maintained in ERP Module/portal of Govt. of India for the purpose. Annual verification of the agreements and lease deeds shall be conducted early in April each year by an officer who may be nominated by the Director General. The result of verification shall be recorded in the Immovable Property Register and discrepancies, if any, shall be reported to the Director General.

10.6 Payments to State/UT Governments and ESI Societies towards Expenditure on Medical Benefits of Insured Persons and their Families

- 10.6.1 In order to facilitate the State Government for making the adequate arrangement of Medical Facilities for the Insured Persons(IPs) and their families, the ESIC issues the detailed policy and modalities from time to time for release of Fund. These funds are released in instalment in the form of “On Account Payment” by the concerned Regional Offices to the State/UT Government and ESI Societies as per the Budgetary estimate for the concerned Year and as per the existing formula approved by the Corporation to extent of the guidelines issued from time to time. The last instruction was issued vide letter No.U-13/ 15/2021-22/Fin&A/c-IX/01 Dated 22.4.2021.
- 10.6.2 There is also provision for the Additional fund allocation within ceiling as well as provision of fund for the Project Implementation Plan (PIP). Also there is provision of the additional fund allocation on the basis of the performance for the implementation of the Dhanwantari Module. There is also provision for the incentive on the basis of the Bed occupancy.
- 10.6.3 After the accounts of the State/UT Government/ESI Societies for ESI Scheme have been audited by the CA&G of India/Chartered Accountants, the Audit Certificate in the Prescribed pro-forma is submitted to the ESIC, Hqrs. Office with the details by the concerned State/UT Government/ ESI Societies through the concerned Regional Office. The Amount is reconciled as per the formula in the policy for the period and the amount payable or adjustable from the future instalments are arrived at and further action is taken accordingly.
- 10.6.4. The record of these payments shall be maintained in Form A-55. This register will be maintained both by Medical Division and the Finance and Accounts Division at Headquarters Office.

CHAPTER 11

General Principles of Classification, Audit of Expenditure and Sanctions to Expenditure Etc.

11.1 General

The primary function of Finance & Accounts Branch is to verify the accuracy and completeness of accounts to secure that all revenue and receipts collected are brought to account under the proper heads, that all expenditure and disbursements are authorised, vouched and correctly classified, and that the final account represents a complete and true statement of the financial transactions it purports to exhibit.

11.2 Audit of Classification

While examining an account, the auditor is to verify that all financial transactions are properly recorded in the account under examination and that they are allocated to the proper heads of account.

11.2.1 The form of the account of the Corporation has been approved by the Central Government and the classification of all financial transactions are stated in the 'List of Major and Minor Heads of Account of the Corporation'. The accounts of the Corporation are divided into three main divisions: —

- a) Revenue
- b) Capital
- c) Debt and Remittance

11.2.2 The first of these divisions deals with the proceeds of contributions and other receipts classed as revenue and the expenditure thereon. The second division deals with the expenditure of capital nature and has been kept outside the Revenue Account in order to ascertain the revenue surplus as the Corporation is required to prepare Income and Expenditure Account and the Balance Sheet. The third division comprises receipts and payments in respect of which the Corporation becomes liable to repay the moneys received or has a claim to recover the amounts paid, together with repayments of the former and the recoveries of the latter. This division also embraces all heads of a mere adjusting nature, such as remittances of cash between the various offices of the Corporation, as well as the item in transit between the different branches of the accounts department. The initial debits or credits to the heads in this division are cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

11.2.3. Inside each of the three divisions mentioned above, the transactions are grouped into following Sections which are further divided into Major Heads of Account.

Revenue –
 Principal Heads of Revenue Other Heads of Revenue
 Expenditure on Revenue Account
 Capital
 Expenditure on capital account
 Debt and remittance
 Ordinary debt
 Unfunded debt
 Deposits and advances Remittances Cash balance

- 11.2.4. The main unit of classification in the accounts is Major Head, which is divided into a number of minor heads, each of which has, where necessary, a number of subordinate heads generally known as the detailed heads. In some cases, minor heads have been divided into sub-heads which have again been sub-divided into detailed heads.
- 11.2.5. The heads of account have been approved by the Standing Committee, and the Director General has also been empowered to open such further minor and/or sub-heads of account as may be considered necessary, subject to a report thereof being made to the Standing Committee from time to time.

11.3 Allocation of Expenditure Between Capital and Revenue

- 11.3.1 Capital expenditure may be broadly defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of reducing recurring liabilities. The following considerations are relevant in arriving at a decision whether or not expenditure is of a capital nature.
- 11.3.2. It is not essential that the concrete assets should be productive in character or that they should even be revenue producing. A productive asset may be considered as one which produces sufficient revenue to effect surplus over all charges relevant to its functioning.
- 11.3.3. The purpose of the commutation of recurring liabilities is their extension or reduction e.g. Dependents' and Permanent (Partial or total) Disablement Benefits etc.
- It is inherent in the definition of capital expenditure that the assets produced should belong to the authority incurring the expenditure.
- Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.
- 11.3.4 When it has been decided that expenditure on a scheme for the creation of a new or additional assets shall be classed as capital, the following are the main principles applicable to the treatment of the expenditure in the accounts.
- 11.3.5. Capital bears all charges for the first construction of a project as well as charges for intermediate maintenance of the work while not yet opened for service and bears all charges for such further additions and improvements as may be sanctioned under rules made by competent authority.

Subject to (11.3.6) below revenue bears all subsequent charge for maintenance and all working expenses. These embrace all expenditure on the working and up-keep of the project and Buildings such renewals and replacement and such addition-improvements as under rules made by competent authority are debit to the revenue Account.

- 11.3.6. In the case of renewal and improvements which partake both of a capital and revenue nature, it is impracticable to draw a hard and fast line between what is properly debit to capital or to revenue. Allocation in such cases may be determined with reference to the estimates prepared for the project.
- 11.3.7. Interest on money borrowed to finance the construction of the new project before this project becomes revenue earning will be charged to capital account.
Capital receipts should be utilised in reduction of capital expenditure.
- 11.3.8. The account heads listed in the “list of Major and Minor Heads of Account” are self-explanatory but in case there be any doubt in respect of a particular transaction relating to receipts or expenditure to which particular head it should be credited or debited a reference may be made to the Financial Commissioner.

11.4 Incidence of Pay and Allowances

- 11.4.1 The whole pay and allowances of an employee should be taken against the office and the post in which he is actually serving.
- 11.4.2 The pay and allowances for the joining time of an employee transferred from one office of the Corporation to another, either permanently or as a temporary measure, should, in the absence of special orders to the contrary, be charged to office to which he is proceeding.
- 11.4.3 The pay and allowances for the joining time of an employee transferred on foreign service terms both for joining the Corporation and on reversion to Government service are debit to the office and the post which he has been appointed or held by him in the Corporation, as the case may be.
- 11.4.4. The leave salary including allowances of an employee other than of employee transferred to the Corporation from Central/State Government on foreign service terms shall be charged to the office from which he proceeds on leave.
- 11.4.5 The leave salary of an employee transferred to the Corporation from Central/State Government on foreign service terms is not debit to the Corporation as leave salary contribution is paid to the Government concerned.
- 11.4.6 The allowances admissible, if any, to an employee who is transferred to the Corporation on foreign service terms for leave taken while in employ of the Corporation or on termination of service with the Corporation are debit to the Corporation against the office and the post in which he was employed immediately before proceeding on leave.
- 11.4.7 The pay and allowances of an employee posted for training at a particular office will be debited to the office and the post to which he is appointed.

- 11.4.8 The travelling allowance of an individual on whatever duty he may be employed, is charged to the same head as his pay.
- The travelling allowance of an employee transferred from the office of the Corporation to another office is charged to the office to which he is transferred.
- 11.4.9 The travelling allowance, if admissible, to Government servant transferred to the Corporation on foreign service terms is debitible against the office and the post to which he has been appointed in the Corporation. Similarly, the travelling allowance, if admissible, to the Government Servant on reversion to Government service is debitible against the office and the post held by him in the Corporation immediately before reversion.
- 11.4.10 Recoveries pertaining to an item of expenditure incurred in the same year and/or in previous years are not to be treated alike. Recoveries on expenditure incurred in the current financial year should be adjusted in the accounts as deduction of the expenditure under heads of account to which the expenditure had previously been debited. Recoveries pertaining to the expenditure incurred in the past years should be adjusted in the accounts to operating PRIOR PERIOD ITEMS.
- 11.4.11 The recoveries on account of rents, rates and taxes of the buildings owned by the Corporation will be treated as receipt under the relevant revenue head, and the recoveries made from employers on account of capitalised value of Permanent (partial and total) Disablement and Dependents' Benefits will be booked in the respective "reserve funds heads" irrespective of whether these pertain to the current financial year or past years. Recoveries of cash benefits paid in excess to the insured persons in any year but received in the subsequent years are to be adjusted under the head "Miscellaneous-recoveries of cash benefits."
- 11.4.12 Remittances of cash, commonly known as "Transfer of Funds" whether within the jurisdiction of the accounting units or outside thereof shall not be adjusted through the Exchange Accounts. In respect of such remittances the Finance & Accounts Officer at both ends should operate on the head "Remittances-cash remittances", and the adjustments under this head are watched centrally by Headquarters Office.

Note (1):- All transactions on account of personal claims of employees, such as pay and allowances including travelling allowance, remaining unpaid before transfer of an employee to another region, should be adjusted finally in the accounts of the region which makes the payment, irrespective of the amount involved and the debit should not be raised against the Region/Sub Region/Headquarters Office to which the expenditure relates.

Advance of pay and travelling allowances on transfer should, however, be passed on to the other Region/Headquarters, as the case may be, to which the person is transferred. All recoveries of these advances will be adjusted in the books of the office to which original payments have been debited.

All payments which are less than Rs.500/- for petty purchases made by one office on behalf of the other should be finally adjusted under the relevant heads in the books of

the office which makes the payment. The debit for transactions of Rs.500/- and above should, however, be passed on through Exchange Account to the Office concerned.

11.5 Audit of Expenditure

11.5.1 Essential Conditions

The Finance &. Accounts Branches are to see that the expenditure incurred from the Employees' State Insurance Fund is governed by the following essential conditions: —

- a) that there should be provision of funds authorised by competent authority fixing the limits within which expenditure can be incurred,
- b) that the expenditure incurred should conform to the relevant provisions of the Act or rules made thereunder and should also be in accordance with the financial rules and regulations framed by competent authority; and
- c) that there should exist sanction, either special or general, accorded by competent authority authorising expenditure.

The extent and conditions of delegations of financial powers to different authorities are described in the booklet "Summary of important decisions of the Employees' State Insurance Corporation and its Standing Committee."

11.6 Audit of Expenditure against Provision of Funds

The Finance & Accounts Branches are to watch firstly that the total expenditure under a Grant does not exceed the amount of that Grant and secondly, that the total expenditure on each of the sub-heads fixed as primary units of appropriation under a Grant does not exceed the allotment thereof as modified by orders of the re-appropriation passed by the competent authority from time to time and thirdly, that the money expended has been applied to the purpose or purposes for which the Grant has been sanctioned. It will also be seen that the amount appropriated is available under the unit from which it is allotted, and that the order is issued by competent authority. These functions can be exercised by reference to the consolidated Abstract of each office. In this Abstract Form No. A-94, progressive expenditure against allotment of funds is recorded each month. The booked expenditure should be scrutinized intelligently, and warnings issued to the Controlling Officers when excesses appear to be likely.

11.7 Scrutiny of sanctions to expenditure

- 11.7.1 The Finance & Accounts Branches should see that each item of expenditure is covered by the sanction of the authority competent to sanction it. Here, in addition to seeing that the expenditure is covered by a sanction, either generator special, it is also seen (i) that the authority sanctioning it, is competent to do so in virtue of the powers vested in it by the provisions of the Act, or of the rules and orders made thereunder or by the rules of delegation of financial authority made by a competent authority, and (2) that the sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority. When a sanction to expenditure received by the Finance &

Accounts Branch has been examined and admitted as regular and correct, the audit of expenditure against the sanction admitted becomes a simple matter as the Finance & Accounts Branch has merely to see that the expenditure conforms to the provisions of the sanction.

11.7.2 It is imperative that the utmost care and attention should be devoted to the work connected with the audit of sanctions to expenditure, as once a sanction has been accepted by the Finance & Accounts Branch, expenditure may have to be passed against it for a length of time.

11.7.3 The guiding principles enumerated below shall be observed in the audit of sanctions to expenditure:

- a) If the sanctioning authority is vested with full powers in respect of a certain class of expenditure, a sanction accorded under these powers can be challenged by Audit only on grounds of propriety.
- b) If it is vested with powers which may be exercised provided due regard is paid to certain criteria which are expressed in a general form, sanctions accorded under these powers can be challenged by Audit;
- c) If the disregard of the criteria is considered to be so serious as to make the sanction perverse, or
- d) If the facts of the case are such as to make the Financial Commissioner confident that one or more of the criteria have been disregarded.
- e) If it is vested with powers which are expressed in precise terms, the Financial Commissioner is bound to ascertain that the order defining its powers is obeyed exactly in every instance.

For the purpose of financial sanction, a group of works which forms one project shall be considered as one work and the necessity for obtaining the sanction of a higher authority to a project is not avoided by reasons of the fact that the cost of each particular work in the project does not require such sanction.

- f) If any one item of a scheme required sanction of a higher authority, Audit should hold under objection any expenditure on that item until sanction to it is obtained and in determining whether objection should be raised to expenditure on any other portion of the scheme prior to the receipt of such sanction it should be seen that the expenditure is not likely to exceed, at a later date, the limit up to which sanction can be accorded by the original sanctioning authority.

11.7.4 Copies of sanctions and orders are invariably endorsed to the Finance & Accounts Branch concerned. These shall be signed by the Administrative Officer at Headquarters Office or by the Officer in-charge etc. unless any other Group A&B officer is authorised in this behalf. Where there is no other Group A&B in the Regional/Sub Regional Office except the Officer in-charge then the sanction orders may be communicated under the signature of Social Security Officer, if provided in Regional/Sub Regional Office.

- 11.7.5 Sanctions which are issued with the prior concurrence of the Financial Commissioner Officer/Finance & Accounts Branch at Headquarters Office shall be so worded by the authority communicating the sanctions. Copies of such sanctions shall be endorsed to the Finance & Accounts Branch at Headquarters Office and the copy intended for the Finance & Accounts Branch of the Regional Office shall be sent directly. If the Finance & Accounts Officer has any doubt as to the correctness of any sanction or order which has been issued with the concurrence of the Financial Commissioner/Finance & Accounts Branch at Headquarters Office, the Finance & Accounts Officer may make a demi-official reference separately to the Financial Commissioner.

Immediate payments covered by the sanctions would, however, not be withheld pending reply from the Financial Commissioner.

11.8 Audit Against Rules and Orders—(Audit Against Regularity)

- 11.8.1 Audit against regularity consists in verifying that the expenditure conforms to the relevant provisions of the Employees' State Insurance Act and the Employees' State Insurance Regulations and the Employees' State Insurance (Central) Rules made thereunder, and is also in accordance with the rules and orders issued by the Standing Committee/ Corporation.

In the scrutiny of rules and orders it should be seen:—

- a) that they are consistent with the essential requirements of audit and accounts;
- b) that they do not conflict with the orders of, or rules made by, any higher authority; and
- c) that, in case they have not been separately approved by the competent authority, the issue authority possesses the necessary rule-making powers.

All orders of delegation of financial authority should be scrutinized carefully as once they have been accepted, audit of sanctions as well as of expenditure or other transactions may be conducted against them for any indefinite length of time.

- 11.8.2 Cases may arise in which, though no audit objection can be taken to the terms of an order of delegation or other financial authority, yet the Financial & Accounts Officer feels that the orders are likely to impair seriously the efficiency of financial control. For instance, the principle of authorising disbursing officers themselves to sanction special charges may be carried too far or extended to cases in which some sort of control by higher authority seems specifically advisable. If such cases are important, the Finance & Accounts Officer should report them to the Financial Commissioner for necessary orders.

11.9 Audit against Propriety

- 11.9.1 It is an essential function of audit to bring to light not only cases of clear irregularity but also every matter which in its judgement appears to involve improper expenditure or waste of public money or stores even though the accounts themselves may be in order

and no obvious irregularity has occurred. It is thus not sufficient to see that sundry rules or orders of competent authority have been observed. It is of equal importance to see that the broad principles of orthodox finance are borne in mind by all disbursing officers and sanctioning authorities.

11.9.2. No precise rules can be laid down for regulating the course of audit against propriety. Its object is to support a high standard of public financial morality, of sound financial administration, and devotion to the financial interests of the Corporation. The following general principles which have for long been recognised as standard of financial propriety should be applied: —

- a) The expenditure should not be prim a-facie more than the occasion demands. Every officer of the Corporation is expected to exercise the same vigilance in respect of expenditure incurred out of the funds of the Corporation as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- b) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- c) The funds of the Corporation should not be utilised for the benefit of a particular person unless: —
 - i. it is in accordance with the provisions of the Act; or
 - ii. a claim for the amount could be enforced in a court of law; or
 - iii. the expenditure is in pursuance of a validly accepted policy.
 - iv. The amount of allowances granted to meet the expenditure of a particular type should be so regulated that the allowances are not on the whole sources of profit to the recipients.
 - v. The proper discharge of duties by a Finance & Accounts Officer in this field is a very delicate matter and requires much discretion and tact. Cases involving objections based on above principles should as far as possible be always reported to the Financial Commissioner for orders in the first instance.

11.9.3 All sanctions to expenditure should be noted and properly attested in a prescribed audit register or other record against which the audit of the expenditure will be conducted, and if it is known that the charge will entail a recovery from a third party, or such a recovery has been ordered by the sanctioning authority, a note of the recovery due should also be made and properly attested in a suitable register so that it may be watched.

11.9.4. Sanctions with a long period of currency, as well as sanctions of a permanent nature required to be reviewed periodically so that, if there are any reasons to think that the sanctioning authority concerned should be invited to review the sanction, such action may be taken in time.

11.10 Miscellaneous Instructions about Scrutiny of Expenditure

11.10.1 The general instructions set out in the preceding paragraphs can be expressed in a more detailed form as below. The objects of scrutiny of expenditure are to ensure: —

- a) that there is provision of funds for the expenditure duly authorised by competent authority;
- b) that the expenditure is in accordance with a sanction properly accorded and is incurred by an officer competent to incur it;
- c) that the claims are made in accordance with rules and in proper form;
- d) that all prescribed preliminaries to expenditure are observed, such as proper estimates framed and approved by competent authority and quotations, where necessary, obtained from firms of repute and tenders placed with the firm quoting lowest rates and if not, the reasons for placing orders on firms quoting higher rates are clearly stated, a health certificate obtained, where necessary, before disbursement of pay to an employee, etc;
- e) that the expenditure sanctioned for a limited period is not admitted beyond that period without further sanction;
- f) that the rules regulating the method of payment have been duly observed by the disbursing officers;
- g) that the payment has, as a fact, been made, and to the proper person, and that it has been so acknowledged and recorded that a second claim against the Corporation on the same account is impossible;
- h) that the charge is correctly classified, and that if a charge is recoverable from an employee or other individual, it is recorded as such in a prescribed account;
- i) that the rates paid for work done or supplies made are in accordance with any scale or schedule prescribed by competent authority; and
- j) that the payments have been correctly brought to account in the original accounts.
- k) Recurring charges which are payable on the fulfilment of certain conditions or until the occurrence of a certain event should be admitted on receipt of a certificate from the drawing officer to the effect that the necessary conditions have been duly fulfilled, or the event has not yet occurred, as the case may be.

11.10.2 The scrutiny of rates paid for work done and supplies made should receive special attention. Individual abnormalities in rates should of course be watched but the institution, from time to time, of a comparative, examination through the vouchers and accounts received for audit, of the rates paid by various officers in the same or neighboring localities may indicate cases in which the rates being abnormal, further enquiry may be desirable.



11.11 Audit of Pay and Allowances - General Rules

- 11.11.1 The pay, leave salary and other allowances admissible to the various classes of the employees of the Corporation are audited mainly with reference to the Employees' State Insurance Corporation (Staff and Conditions of Service) Regulations, 1959, and other rules framed by the competent authority.
- 11.11.2 No person shall be appointed to the service of the Corporation without the production of a medical certificate of health in such form and by such medical or other officers as prescribed in the Employees' State Insurance Recruitment Regulation except in the case of a Government servant, temporary or permanent, taken into the Corporation's employ without any break in his service, in whose case the medical certificate may not be required if he has already produced such certificate while in Government service.
- 11.11.3 The essential points to be observed in audit of pay bills beyond the test of the formal completeness of the voucher are (a) to check the title of the employee to the pay drawn by or for him i.e. that it is claimed and is admissible in respect of a post to which he has been duly appointed, and of which he is actually in charge; and (b) in the case of employees whose pay is drawn for them, to verify that they receive the remuneration to which they are entitled.

Note: No claim can be admitted for service in a post not duly sanctioned or for pay not assigned or provided for the post held.

As regards house rent and other compensatory allowances, the claims should be audited with reference to rules and orders relating to the grant of such allowances. It should be particularly seen that the requisite certificate is enclosed and the bills are duly supported by proper receipts, where necessary.

CHAPTER 12

Audit of Expenditure of Group A, B & C Staff

12.1 Group A & B Officers Audit

12.1.1 Besides the checks prescribed in the preceding paragraphs the duties of Finance and Accounts Branch in case of pay bills of Group A & B Officers are: -

- a) To record the payment as a check on any second claim.
- b) To see that each alteration in pay etc, is based on an order of competent authority or is otherwise permissible under the rules made by the competent authority.
- c) To record the period of duty, suspension or leave as a check on future claims to leave; and
- d) In some cases, to record the employment in a scale register as a check on appointments in excess of the sanctioned scale and to watch that no post is abolished or held in abeyance except to the extent authorized, without the orders of the competent authority.

12.1.2 In the case of Group A&B Officer on leave, it is necessary to see that leave has been granted, that it has not been exceeded, and that the leave salary claimed is covered by the rules proper to the case. Besides, it should be seen that a life certificate is attached to the claim.

12.1.3 No pay can be passed in favor of a Group A&B Officer who has not drawn pay for the last month or has been entitled to draw pay for that month, unless either he is newly appointed to the service of the corporation a fact of which the Finance and Accounts Branch has received due intimation or unless he produces a leave salary certificate or a last pay certificate signed or countersigned by the Finance & Accounts officer of other Region/Sub Regions Headquarters /Hospital/Medical Educational Institutions/ NTA etc. or in the case of Government servant transferred to the Corporation last pay certificate from his parent office/Accounts Officer of the Government.

When any Group A&B Officer gives notice that he is about to take leave preparatory to retirement or to retire or when he is approaching the prescribed limit of his service after which retirement is compulsory and also immediately on receipt of the news of any Group A&B Officer's death, all demands against him should be ascertained promptly by the Finance and Accounts Branch and adjusted.

12.2 List of Registers For auditing the pay bills of Group A & B Officers

The following records should be maintained in the Finance and Accounts Branch.

Audit Registers: Form No. A-56, Form No. A-57

Leave Account: Form No. A-31

Pay Scale Audit Register, and Service Cards: Form No. A-60

12.3 Audit Register

12.3.1 Forms and Sub-divisions of Audit Register

- a) The Audit Register is intended to be a record for six years. Two alternative forms are prescribed: Form A-56 and A-57. The former, which provides space on each folio for three years' entries and thus requires the reservation of two folios for each Group A&B officer and the latter, which requires a single folio for six years' entries relating to one Group officer and provides a space on each folio for fifteen changes of emoluments. Any of the two forms may be used.
- b) The account of Group A & B officer in the Register should be assigned a number and, if the Register is maintained in Form No. A-56 the number thus assigned should be entered on both the folios reserved for him.
- c) Normally, one register will suffice in respect of Officers at Headquarters and similarity for each region. An alphabetical index of names may be provided at the beginning of the register.

12.4 Opening of Register

- a) New Registers should be prepared shortly before the old Registers are completed; the current Registers should be examined by an intelligent person the names to be omitted should be marked with coloured pencil, and the remaining names copied in the new Registers.
- b) All orders still in force, and unexpired leave, any transfer ordered but not carried out must be brought forward in the new Register, and should, therefore, be marked for the copyist's guidance by the person correcting the Register.
- c) The auditor, when he passes the last month's bill, must mark any outstanding objection and see that it is brought forward in the New Register.
- d) When the new register has been prepared by the copyist it should be laid with the old one before the Finance & Accounts Officer who should see that the necessary particulars have been correctly transferred and set his initials against the "Total charge" in the first money column as authority for, and a guide to the auditing clerk. In the column for "Monthly emoluments and deductions" blank lines should be utilised for charges and deduction for which there is no printed entry in the form.

12.5 New Names

- a) In entering new names, or re-introducing old ones care must be taken that no pay is passed unless supported by a last pay certificate or a leave salary certificate except in the case of a Group A & B officer who is newly appointed in Corporation's service when a health certificate is required.

- b) When a Group A& B officer takes a last pay certificate, a 'nil' money column should be opened and signed, and the date of the grant of such a certificate should be noted in the blank space on the right-hand page. This will prevent his pay being admitted until a fresh money column is opened for him in the Register. The same procedure should be followed, if the leave salary is drawn by a Group A&B officer from another account circle. The payment of leave salary will also be adjusted in account circle which makes the payment.
- c) A 'Nil' money column should also be opened whenever the nature of the post held by a Group A&B officer is known to be such that carefully watch has to be kept on the salary disbursed; as for example, when an officer is appointed to officiate for another during the period of the latter's leave. If the period is extended, the date in the money column should be changed under proper attestation. In the case of sanctions to temporary appointments of Group A&B officers as an additional precaution, the word "stop" should be written in pencil in the payment cage of the month in which sanction expires. A new column should be opened in pencil for reduced pay and allowances as well as for 'Nil' amounts.

12.6 Alterations of Pay etc

- 12.6.1 On receipt of orders sanctioning alterations of pay, leave, transfers etc. the auditors will post these items in their registers and obtain the attestation of the Accounts officer to these entries. At the time of attesting the entries, the Finance & Accounts Officer will initial the corresponding orders, in token of his having attested the Registers.
- 12.6.2 After the entries have been attested by the Accounts officer and any new money columns initialed by him, a pay slip (Form A-58) will be issued to the officer whose emoluments are changed. The Pay slip form may be used for fixed pay posts as well as for those on a time scale of pay, and it is so worded that it may remain in force for a considerable time.
 - a) The number and date of the slip should be entered in the space provided for the purpose in the Audit Register.
 - b) In cases where the change in the money column does not necessitate the issue of Pay Slip, the auditor who prepares and the Superintendent who examines the money column should put their initials in the space for "Advice No." below the cage of the money column.
 - c) An order appoints A, B to act as Insurance Commissioner/Addl. Insurance Commissioner during the absence of C, D; a note has to be made against A, B only as the order only affects him. But if the same order grants leave to C, D and appoints A, B to act for him, it has to be noted against both. In the case of any but a grade promotion, it should not be necessary in the note against A, B to make any mention of C, D whom he succeeds.
 - d) When any officer is appointed to a post for a limited time, the limitation should be stated in the note of the order; it can never be necessary to note that an officer is to act "till further orders, as a later order always cancels an earlier one.

After the close of each year, red-ink lines should be drawn across the spaces provided for note of orders, objections, transfers and remarks to distinguish them from those affecting payment of subsequent years.

A fresh Pay Slip should be issued: —

- a) Whenever any increment is stopped.
- b) Whenever an efficiency bar, or any other bar against the grant of a particular increment, is removed.
- c) Whenever there is a change of any kind in emoluments otherwise than by accrual of an increment in the ordinary course e.g.
 - I. whenever an officer passes outside or beyond the time scale, or
 - II. whenever he passes from one overlapping time scale to another, or from one-time scale to another, or
 - III. whenever he proceeds on leave of any kind or returns therefrom, or
 - IV. whenever he is appointed to a temporary post or reverts therefrom, and whenever the stage of the time scale at which there is pause is reached.

Note 1. When an officer is appointed for a limited period to another post, but the exact dates of taking charge and of reversion are not known, the Pay slip should show two rates the one from the date of reversion. If, however, the exact dates are known they should be entered in the Pay Slip.

Note 2. In case of officers who are occupying residences owned by the Corporation, the Pay Slips should be made out in duplicate and one copy should be sent to the branch concerned to enable it to revise the assessment of rent, where necessary.

If the rates of deduction change for any reason, or if a Group A&B Officer reverts without a new order to his former scale of pay, a new money column should be filled up and initialed, but no slip notice need be issued. The date above the money column should be filled in at once only if the changed rate necessarily takes effect from the date of the orders if a changed rate is consequent upon any previous transfer of charge, receipt of certificate of taking charge should first be awaited.

12.7 Leave and Transfer

- a) On receipt of sanction to leave it should be seen that leave granted is admissible with reference to limitations of grant of leave, if any. The particulars of leave and transfer in the Audit Register will in part be filled up from the order, the first two columns in every case, then the first two under "Leave" or the column under "Post". In the column "Rule under which leave is granted and kind of leave", the nature of the leave taken should be denoted by appropriate letters, followed by the quotation of the rule under which the leave is granted, the period of absence can only be filled in after return. The date of taking or making over charge can only be entered from the report of transfer, and a blank in these columns will always give warning that

some further information is required and must be called for. The column “Number and date of reference” is for the record of letters addressed to the Group A&B officer regarding joining time, objections etc.

Note 1: With a view to expedite payments of leave salary the officer proceeding on earned leave, it has been decided that the administrative authority may calculate the amount of earned leave admissible to the officer and issue provisional sanction without waiting for the admissibility report from the Finance & Accounts Officer, such sanctions are subject to verification by audit. The Finance & Accounts Officers, on receipt of sanction to leave of this nature will verify from the Leave Account of the officer that the earned leave is due. If on verification it is found that the earned leave is so sanctioned or any part of it is not admissible the Finance & Accounts Officer will request the administrative authority concerned to modify the sanction if necessary. Any other case i.e. where the earned leave is found to be admissible or where the earned leave sanctioned is not found to be completely admissible and a modified sanction is necessary the Finance & Accounts Officer should report on the title of the leave of the officer immediately on receipt of the provisional sanction.

In the case of periods of leave succeeding each other, the day which reckons as first day of each will appear in the column headed “Begins” and that which reckons as the last of each in the column headed “Ends” the column “period of absence” then filled up will show whether or not the period granted has been overstayed.

In the case of transfer, the joining time “Admissible” and that “Taken” should be filled in when the certificate of taking over charge is received in order to check whether, and by how much, the proper joining time has been exceeded. In cases, however, where the transfer is from one station to another and the time taken in joining is less than the minimum admissible, the column “joining time admissible” need not be filled in.

12.8 Charges Certificates

12.8.1 Certificates of handing over and taking over charge, or of going on and returning from leave, should be noted in the Audit Register immediately on receipt, and they should be kept in separate file. In cases in which the transfer of charge takes one or more days, a suitable note should be made in the column for remarks, and if the time taken is treated as duty, the authority for this should also be noted.

12.9 Audit of Pay Bills

The audit will be recorded under the heading “Date of payment of Bills” in the case of the month for which the pay is due and not of the month in which it is issued. The amount noted should be gross amount paid including the amounts deducted for funds and income tax and over payments recovered. If the net amount agrees with the details in the money column on the left-hand side of the register, the word M.C will be added. In case there are changes in the deductions a letter guiding the eye to an explanatory note

in the space provided for it is in the form shall be inserted. If there be any change in the rate of emoluments during the month, the gross amount, will be recorded and the details in the explanatory note.

- 12.9.1 The drawing and disbursing officer in the case of Group C establishment and the Finance & Accounts Officer in the case of self-drawing officers should ensure at the time of making payment that income tax on the amount payable has been duly deducted on the basis of the estimated income of the payee under the head “Salaries” for that financial year. It is open, however, to the drawing officer to deduct an amount by way of income tax which is more than the tax as computed on the ‘Salary’ above.
- 12.9.2 After the bill has been examined and recorded, a pay order (in words and figures) will be written on it by the auditor, the register containing the bill be laid before the Superintendent, who after scrutiny will pass it on to the Finance & Accounts Officer. The Finance & Accounts Officer will examine the bill with reference to the money column for payment and if in order, he will pass the order for payment over his full dated signature. Before passing the pay order, he should compare the signature of the drawing officer in the bill with specimen signature posted in the audit register. On receipt of the bill, duly signed by the Accounts Officer, it will be handed over to the cheque writer for writing the cheque.

Note:- Deductions (other than deductions creditable to the heads of account of the Corporation) shall be recorded in the Register of deductions Form No. A-59.

12.10 Advances

Pay and allowances advanced under proper sanction to Group A&B officers are dealt with in the same way as payments on account of pay made on due date, and should be entered accordingly in the Audit Register in red ink. An advance made on transfer to a Group A&B officer should be debited to “Advance-other advances—Advance of pay/ Travelling Allowance on transfer” or the debit passed on to other accounting unit, as the circumstances may require, in event of the officers being transferred to payments of other accounting units etc. the amount of the advance should be reported through the last pay certificate to the Finance & Accounts Officer concerned to effect recovery. On receipt of the last pay certificate, the Finance & Accounts Officer will note the advance in the Audit Register and in the Register of advances to watch recovery.

Advances in lieu of leave salary and for medical attendance and treatment should be recorded in red ink in the pay audit register. Similarly, the following advances should be recorded in the Travelling Allowance Register:-

- a) Advance of travelling allowance on tour;
- b) Advance of Travelling allowance on transfer;
- c) Advance on account of travel concession during regular leave; and
- d) Advance of travelling allowance in respect of journeys to place of settlement on retirement, performed during leave preparatory to retirement or during refused leave.

- e) The payments should also be recorded in objections book to watch recovery.

Advances should be recorded in the Audit Register and in the BROADSHEET and in the event of the officer being transferred to another Region/ Regions/Sub Regions/ESIC Hospitals/ Medical Educational Institutions/Headquarters Office the unrecovered balance should be noted in the last pay certificate.

12.11 Rent Recoveries

If an employee occupies, as a residence, a building of Government, the rent as specified by the Public Works Divisional Offices/Estate Office concerned in the "Statement of Rents recoverable from Pay Bills" is recoverable from the tenant without prior reference to him. The amount recovered shall be paid to the Public Works Divisional Office/Estate Office as early as possible. The recovery and subsequent payment will be adjusted under deposits—other deposits—deductions from bills payable to other parties.

In the case of residences owned by the Corporation, the amount advised for recovery shall be deducted and credited to the concerned accounting head—"Rent, Rates and Taxes". The amount recovered and the emoluments drawn by the officer for the month to which the recovery relates shall be intimated to the Branch concerned who is to assess the rent.

12.12 Adjustment of Objections

The auditor is responsible for watching the adjustment of objections raised and the Finance & Accounts Officer when passing a new bill should see what objections are still outstanding. Ordinarily, recoveries will be made by short payment on a new bill, and record of such recovery should be made under "Particulars of objection" before the voucher is laid before the Finance & Accounts Officer.

12.13 Leave Account

Except in respect of officer transferred from Central/State Government on foreign service terms to the Corporation, a leave account in Form A-31 shall be maintained by the Finance & Accounts Branch for every Group A & B officer. On receipt of application, the leave at credit would be certified by the Finance & Accounts Officer. On receipt of order sanctioning leave, it would be seen that the nature and period of leave sanctioned is covered by the admissibility certificate and that the period of leave granted is not in excess of the period admissible under the rules.

12.14 Last Pay Certificate

The last pay certificate should be issued in Form No. A-24.

12.15 Scale Audit Register

- 12.15.1 A scale Audit Register in Form No. A-60 will be maintained in the Accounts Branch for the purpose of verification that appointments are not made in any grade or class of employees in excess of the sanctioned scale and that no post is abolished or held in abeyance, except to the extent authorised without the orders of the competent authority.

- 12.15.2 The number of sanctioned posts in a grade, class or other unit of classification is to be entered at the top of the page or pages assigned to it, and the column “Names of incumbents” will be opened by entry in the grade on 1st April. Such a number of lines as experience may show to be necessary should be left blank for entry of permanent promotions during the year to which the Register refers; these promotions should be entered, and the names of employees permanently leaving the grade should be scored out in red ink.
- 12.15.3 Below the space provided for permanent incumbents should be entered the names of officiating incumbents beginning with those actually on duty on 1st April.

12.16 Service Cards

- 12.16.1 Service Cards of Group A & B officers will be maintained in Form A-61-A by the Finance and Accounts Branch who audits and passes their pay. It is primarily intended for the record for all facts in the official career of the Group A&B officer which have a bearing on pay promotion, leave, pension etc.
- 12.16.2 These cards will be maintained by all Finance & Accounts Officers. On transfer of the officer, this service card duly attested by the Finance & Accounts Officers concerned will be transferred to the new audit circle after being brought up to date and acknowledgement of receipt obtained and kept on record.
- 12.16.3 The extracts of the service card will be supplied to the officers concerned at the time of preparation of cards as above by the Finance & Accounts Officer in the regions and by Finance & Accounts Branch in the Hqrs Office once in two years.
- 12.16.4 Leave of all kinds, absence without leave or in excess of leave or of joining time should be noted in the service card and if any period is allowed to count as service which would not ordinarily be allowed by the rules, or if any special privilege or disability affecting pay, pension, or leave attaches to an employee, the fact should be noted similarly with quotation of the relevant order. Officiating appointments, when shown should be distinguished from substantive appointments. Information regarding the employees’ mother tongue, permanent home address for purposes of leave travel concession, and particulars of literary works, if any, should be recorded at the heading.

Note:- Particulars of war services affecting pay, promotion, leave or pension should be recorded in this Service Card.

- 12.16.5 On receipt of the notice of the appointment of a new Group A&B officer service card should be opened and all particulars be recorded. If a Group A&B officer has reverted from the rank of Group A&B to that of a Group C employee by the termination of an acting promotion, the maintenance of Service card should be stopped.
- 12.16.6 When a Group A&B officer is transferred to the audit of another circle, the service card of the officer, duly completed, should be passed on to the new audit circle.

12.17 Files of Correspondence

Separate personal files for individual Group A&B officers shall be opened in order to record the correspondence relating to them.

12.18 Duties of Auditors in respect of Group “A” & “B” officer’s bills

The following instructions cover the more important points requiring the special attention of auditors: —

- a) See that the payees are legally entitled to the pay claimed.
- b) See that except in cases of first appointment every first payment to an individual, whether on account of pay and allowance or as Leave Salary is supported by a last pay or leave salary certificate, as the case may be.
- c) See that, in the case of first appointment of an employee, a health certificate is given, where necessary.
- d) See that no pay is passed beyond the date of attaining the age of superannuation or on the expiry of a term of extension of service sanctioned by competent authority and that last payment is not made until a clear certificate is received from the Head of Office that no demands are outstanding against the officer and necessary verification to this effect has been made from the records maintained in the Finance & Accounts Branch.
- e) Record the payments in the appropriate manner in the Audit Register.
- f) See that the joining time taken is in accordance with the rules.
- g) Examine and check that the Income Tax and fund deductions etc. are in strict conformity with the rules.
- h) In the case of Group A & B officer on leave: —
 - i. see that leave has been granted;
 - ii. see that it has not been exceeded;
 - iii. see that the leave salary claimed is covered by rules applicable to the case.
 - iv. see that a life certificate is attached;
 - v. see that the leave account is posted both when the officer proceeds on leave applies and when he returns from leave; and
 - vi. see that no payment of leave salary is made by the Corporation to an officer who is transferred to the Corporation on foreign service terms.
 - vii. Note all the advances and excess or unauthorized payments in the Audit Register in the space set apart for objections issuing retrenchment slips where necessary.
 - viii. Note any recoveries in the Audit Register.
 - ix. Enface the bills with classification to book the amounts to the correct heads in the accounts.
 - x. Send them in their proper pages in the Register to the officer authorized to sign the pay order.

- xi. On return of the Register together with the bills duly passed for payment, transmit the vouchers without delay to the cheque writer.
- xii. To conduct final post-audit of payment ensuring that the pay order is genuine and a final receipt for the full amount passed in audit has been received from the drawer of the bill in the prescribed form.

On receipt of office orders, the auditor will: —

- a) Note all the necessary details in the Audit Register; and service cards and also in the Scale Register;
- b) issue the pay slip for alteration in pay and allowances, where necessary, filling in at the same time the money columns in the Register, when necessary.
- c) when leave has been sanctioned/verified the amount of leave sanctioned with leave account and prepare the prescribed authority letters, where necessary;
- d) in the case of transfer, see that the report of making over as well as receiving charge is received, noted in the proper place in the Audit Register, and check joining time.

12.19 Group C Staff Audit

General

Besides the general checks laid down in Misc. instructions about scrutiny of expenditure in chapter General Principles of classification, audit of expenditure and sanctions to expenditure etc., the test of the formal accuracy and completeness of claim and the observance of important instructions of these rules and the staff Regulation, the essential requirements of pay bills of Group C Staff are—

- a) that the bill is drawn according to the sanctioned scale that the substantive pay, and the increase thereto, of an officiating employee, are distinctly shown, where necessary that arrears pay is drawn on a separate bill in ERP Module or manually as the case may be, that the name of any person on leave, suspension or deputation, as well as the name of the officiating person is shown in the bill and in the absentee statements, accompanying the bill;
- b) that the increment certificate is attached when an increment is drawn;
- c) that, office order granting increment and in the case of employees passing an efficiency-bar in a time scale a declaration from the competent authority that it has satisfied itself that the employee is fit to pass the efficiency bar are received.

12.20 Establishment Audit Register

- 12.20.1 The Establishment Audit Register shall be maintained in Form A-62, Separate pages should be allotted for each section of the Establishment. The sanctioned number of posts should be stated legibly in the register at the place provided for the purpose. Number of permanent posts should first be indicated and thereafter of temporary posts specifying the period for which sanctioned and the date from which the sanction is

effective. The entries should be attested by the dated initials of the Finance & Accounts Officer.

- 12.20.2 The details of posts, incumbents, pay on 1st April and date of last increment and amount thereof should be stated in the fly leaf (Form A-63) which should be inserted between folios of the Register pertaining to the relevant section of the establishment. In case special pay or personal pay is admissible, it should be stated separately in column 3 of the fly leaf. The entries in the fly leaf should be attested by the dated initials of the Superintendent. All subsequent changes due to promotion, resignation, dismissal, accrual of increments etc. should be noted in the relevant column of the fly leaf and attested by the Superintendent.
- 12.20.3 In April each year, a fresh fly leaf may be prepared and the entries therein after verification with the entries in the fly leaf of the previous year should be attested by Superintendent with his dated initials.

12.21 Audit Procedure

On receipt of pay bill, each item in the pay bill will be checked with the corresponding details of the employee concerned recorded in the fly leaf. In the case of persons for whom leave salary is drawn, a reference should be made to the absentee statement in regard to the nature and period of leave granted and the statement showing the calculations by which the amount drawn on account of leave salary has been deducted. After detailed checking of the calculations and the rate of leave salary, the calculations of the amount of leave salary drawn in the pay bill should be checked. The audit of leave salary drawn for subsequent months in the same spell of leave should be conducted with reference to the statement received with the first bill, unless the basis of calculation and the rate of leave salary undergoes a change during that spell under the Leave Rules applicable to the employee. In the latter case, the second statement showing the calculation by which the rate of leave salary has been deducted should be checked in the same manner as the first statement and the audit of leave salary drawn during subsequent months of that spell of leave should be conducted with reference to the second statement.

Thereafter, the pay of officiating incumbents, if any, appointed in the leave vacancies should be checked. The same name of the officiating incumbents would have already been noted in the fly leaf on receipt of the orders appointing them.

12.22 Increment Certificates

- 12.22.1 Increment certificates attached to establishment bills should be examined so that it may be verified that the increments claimed are according to rules and supported by facts stated and have actually accrued. The reasons why the increment is considered to be due as stated in the increment certificate should be examined with reference to the fly leaf of the Audit Register. The entries in an Explanatory Memorandum stating the reasons why increment is due, must be checked with passed bills; when periods of past officiating service are not susceptible of verification from the records of the Finance & Accounts Branch, such service may be verified from the Service Books.

- 12.22.2 After the increments granted are checked as above, necessary note will be made in the fly leaf against the incumbents concerned and the rates of pay stated in the pay bill of these incumbents and the calculations thereof should be checked with reference to the revised rates of Pay.
- 12.22.3 The drawal of special pay, personal pay will also be checked with reference to the entries in the fly leaf. The rates at which allowances have been drawn should be scrutinized with reference to the relevant orders governing the grant of these allowances. In the case of persons on leave and suspension it should be specially seen that required certificates under supplementary rules have been attached to the bills. These certificates which are presented before the last day of the month will cover the period up to the date of their signing. In such cases allowances can be drawn up to the last date of the month to which the bill relates or the date on which the leave etc. expired, whichever is earlier, but the payment will not be made by the Head of the office without obtaining fresh certificate for the period not covered by the earlier certificate. If holidays are prefixed or suffixed to leave etc. the certificate should cover the period of such holidays.
- 12.22.4 When all the items in the pay bill have been checked with reference to the entries in the fly leaf and other supporting documents of the bill e.g. absentee statements, increment certificates, leave calculation statements, certificates for drawal of house rent and Transport Allowance, the number of persons for whom pay and leave salary have been drawn for full months and broken periods, if any, should be worked out; the broken period being thereafter converted to full months by dividing by the number of days in the month to which the claim relates. The number of broken periods, if any, thus arrived at should be posted in the relevant columns of the audit register separately in respect of (i) those who are substantive holders of the post with symbol (S), (ii) those who are on leave (including extra ordinary leave) or suspension with symbol (L) and (iii) officiating incumbents' symbol (O).
- 12.22.5 When a sanctioned cadre contains its own leave reserve and no officiating arrangement is permissible, it has to be seen that the sum total of numbers, including broken period, posted in the Register does not exceed the sanctioned strength.
- 12.22.6 When Officiating arrangements in leave vacancies are permissible, it should be ensured that the sum total of numbers posted (i) with symbols (S) plus (L) and (ii) with symbols (S) plus (O) are each within the sanctioned strength.
- Note:** - Periods of terminal leave or joining time taken on transfer from one post to another should not be counted while posting the numbers and the broken periods, if any, in the audit register.
- 12.22.7 After the gross pay etc. claimed has been checked, the deduction made from each employee should be carefully scrutinized. It should be particularly seen that compulsory deductions have been made. In case refund is made from the bill of the pay and allowances drawn earlier, the details thereof should be checked and necessary entries made in the audit register for the period to which the refund relates with minus symbol.
- 12.22.8 The net amount drawn in respect of each employee should be checked and thereafter

totals of all the Columns in the bill should be checked. Pay order both in words and figures should be recorded by the auditor, for the net amount payable at the space provided in the bill. Thereafter complete classification should be recorded on the front page of the bill. The deduction made from the bills, which are not creditable to the heads of account of the Corporation, should be posted in the “Register of deductions Form A-59 or appropriate registers in ERP Module.

- 12.22.9 The bill with the Establishment Audit Register in Form A-64, Register of Deductions and any memorandum explaining the amounts retrenched from the bill or asking for additional information in any, shall be submitted to the Finance & Accounts Officer, through the Superintendent. The Finance & Accounts Officer, with the specimen signature in all cases and, if satisfied of the correctness of the charges and the classification recorded, initial the entries in the Establishment Audit Register and pass the pay order over his full dated signature. The entries in the “Register of Deductions” should be attested by the Superintendent. Thereafter, the passed bill will be sent to the Finance and Accounts Branch for disbursement through electronic mode.

12.23 Audit of Supplementary Bills

Supplementary bills may be received in respect of persons for whom (i) pay (ii) allowances and (iii) leave salary were not drawn in the original bill. These bills should be checked in detail with reference to the original bill ensuring that the claims are admissible and had not been drawn before. The number of persons for whom pay, leave salary or officiating pay is drawn should be noted in the Audit Register. It should be particularly seen that the numbers of those new entries when added to the numbers already posted in the audit register with reference to the original and supplementary bills already passed do not exceed the sanctioned strength bills.

Necessary notes should be made in the original bill of all the payments made in the supplementary bills, which will also include the payments relating to arrears due to increments and due to revision of pay etc.

12.24 Advances to Employees

Copies of sanctions for advances granted to the employees shall be endorsed to the Finance & Accounts Branch which makes the payment of pay and allowances. When a bill for drawal of any advance is received, it should be audited to see: -

- a) that the sanction has been received;
- b) that the sanction is in order with reference to the rules governing the grant of such advances;
- c) that the sanction has been accorded by the authority competent to sanction the advance.
- d) that the bill has been signed by the Drawing Officer.
- e) that the surety bond, agreement, if required, have been obtained and certificate to that effect recorded on the bill and

f) that the amount sanctioned in within the permissible limit, if any, fixed.

- 12.24.1 After detailed scrutiny of the bill, pay order should be recorded and proper classification stated on it. The fact of payment having been made should be recorded on the original sanction received as a check against payment for the second time and entries should be made in the registers mentioned below as well as in pay roll module of ERP System: -

Particulars of advance	Register
Advance of travelling allowance on tour	In the Travelling Allowance Register and in the Objection Book.
Advance on account of travel concession during regular leave	-do-
Advance for medical attendance and treatment	-do-
Advance of travelling allow- In the travelling Allowances in respect of journeys to place of settlement on retirement, performed during leave preparatory to retirement or during refused leave.	In the travelling Allowance Register and in the Objection Book.

- 12.24.2 Advances of pay and travelling allowance on transfer outside the Region are not to be recorded in any register by the office making the payment. The debits are to be passed on to the Region concerned through exchange account. The payments are to be mentioned for recovery in the last pay certificate which may be issued by the head of the office.
- 12.24.3 The bill with the sanction and the relevant register mentioned above will be put up to the Finance and Accounts Officer through the superintendent. The Finance and Accounts Officer after examining the bill will sign the pay order and thereafter, the passed bill shall be sent to the cheque writer for writing the cheque.

12.25 Objections raised and their Adjustments

All objections raised on bills passed for payment shall be recorded by the auditors in the Objection Book and it shall be their duty to watch the adjustment of those objections.

12.26 Duties of Auditors in respect of Group C Staff's bills

The following instructions cover the more important points requiring the special attention of auditors:

- a) See that, except in cases of first appointment, every first payment to an individual whether on account of pay and allowances or as leave salary is supported by a last pay or leave salary certificate, as the case may be.

- b) See that, in the case of first appointment of an employee, a health certificate is given, where necessary.
- c) See that, in the case of first appointment of an employee transferred from Central/ State Government etc. a last pay certificate from his previous office/Finance & Accounts Officer is attached to the first pay bill.
- d) Record the payments in the appropriate column of the Establishment Audit Register.
- e) In the case of employee on leave:
 - i. see that leave has been granted;
 - ii. see that it has not been exceeded;
 - iii. see that the amount of leave salary drawn is supported by a statement showing the calculations how the amount is deducted or a reference to the bill with which such statement is given. Where leave salary is, however, required to be supported by a certificate about the correctness of the rate claimed in lieu of average pay statement it should be seen that such a certificate is recorded/enclosed;
 - iv. see that no payment of leave salary is made by the Corporation to an employee who is transferred to the Corporation on foreign service term; that the arithmetical calculations of the bills are correct;
- f) that the absentee statement is filled in or the 'no leave' certificate furnished;
- g) that the enhanced pay of officiating incumbents is in accordance with the relevant service rules;
- h) that the dates of making over or receiving the charge are stated and joining time checked in accordance with the relevant service rules;
- i) see that the increment drawn is supported by an increment certificate;
- j) see that the number of persons for whom pay or leave salary has been drawn does not exceed sanctioned strength of the Section of the Establishment;
- k) see that certificate for drawl of House Rent and Transport Allowance in respect of persons for whom leave salary has been drawn are attached to the bill and are in order.

CHAPTER 13

Travelling Allowance Audit

13.1 Fundamental Requirements

13.1.1 The fundamental requirements which Audit must find satisfied in travelling allowance bills are:

- a) that the journey was actually performed;
- b) that it was necessary, and authorised by general or special orders;
- c) that it was performed as expeditiously as possible;
- d) that no bill has been submitted for it before; and
- e) that the amount drawn is correct with reference to rates and general conditions.
- f) that, While auditing it shall be ensured :
 - (i) that the pay shown is checked with reference to salary audit register (ERP or manual)
 - (ii) that the daily allowance, lodging/boarding charges and other expenses are regulated by the “ESIC TA/DA and Transport Allowance Regulation 2006(as amended)”. The latest applicable Regulation was circulated vide ESIC OM No.A-28/11/2/Con/Allow/2008-E-VI dated 05.10.2018.
 - (iii) fares of the means of transport utilised during travelling shall be regulated as stated in the regulation. In case it is not stated in the Regulation, then the instructions of the Government of India issued from time to time shall apply.
 - (iv) that the matters related to TA/DA which are not covered by the above regulation shall be governed by the rules of Government of India and orders issued from time to time.
 - (v) that the arithmetical calculations are checked in all cases. In the majority of cases, counter signature is necessary.
 - (vi) that the TA advance drawn, if any, has been checked with the Advances Audit Register and proper adjustment have been made accordingly.

13.2 Records

The audit of travelling allowance should be recorded in a Register in Form A-65. As no details of camp stages need be given, a single line is sufficient for each bill. After the bills have been checked and entered in the Audit Register, they should be submitted with the Audit Register to the Finance & Accounts Officer through the Office Superintendent. The Finance & Accounts Officer will examine the bill, compare the signature of the drawing officer, with the specimen signature in all cases and, if satisfied of the correctness of the charges and the classification recorded, initial the entries in the travelling allowance audit register and pass the pay order over his full dated signatures. Thereafter, the passed bill will be sent to the cashier/cheque writer for writing the cheque/making the payment as per the prevailing authorised procedure.

CHAPTER 14

Contingent Audit

14.1 Audit of Contingent Bills

On receipt of contingent bills from the Drawing officers (Cash branch in ESIC offices, managers in branch offices/DCBOs), the Finance & Accounts Branch shall check the bills to see: -

- a) that the expenditure—
 - i. is a proper charge against the grant concerned;
 - ii. has received such sanction as is necessary;
 - iii. has been incurred by an officer competent to incur it;
 - iv. that all vouchers as required by audit have been submitted;
 - v. that such certificates as are required have been provided;
 - vi. that the rates are apparently not extravagant;
 - vii. that the amount in words and figures agree;
 - viii. that the classification is correctly recorded;
 - ix. that the flow of expenditure is not too rapid;
 - x. that, if the expenditure in the month of March is unusually large, it does not lead to irregularities;
 - xi. that in the case of charges which are regulated by scale e.g. cost of liveries, the charges incurred are in accordance with the scale which governs them;
 - xii. that quotations where necessary, have been called for purchases and the supplies have been obtained from suppliers who quoted lowest prices, and if not, that adequate explanations for making purchases from other suppliers are recorded by the competent authority;
 - xiii. that the purchase procedure for acquisition of goods and services as enumerated in the General Financial Rules(GFR)-2017 has been followed.
 - xiv. that the CVC guideline vide Circular No. 14.7.2022 issued vide No.022/VGL/032 dated 11.07.2022 with respect to compliance of the provisions of the “Manual on Procurement of Goods”, “Manual on Procurement of Works”, “Manual on Procurement of Consultancy & other Services” (circulated vide ESIC’s Circular No. Z-11/12/01/2022/Acc.-6 dated 21.7.2022) has been followed.
 - xv. to trace the entries in the various stock registers to see that these have been correctly recorded in all respects with full details.

Note:- The stock registers maintained by the Regional/Sub-Regional/ Branch Office/ DCBOs/ Hospital/ Medical Educational Institutions/ NTA/ D(M)D/ other offices of ESIC will be checked at periodical intervals by the internal inspection staff.

After conducting a detailed check, the pay order will be recorded on the bills and such details as may be considered necessary will be recorded in suitable registers or any other register which may be prescribed by the Financial Commissioner with reference to the nature of expenditure. The bill will then be submitted to the Office Superintendent/Branch Manager who after scrutinizing will pass it on to the Finance & Accounts officer authorized to sign pay order. In case any disallowances are made, these will be intimated to the drawing officers. The passed bill will then be sent to the cashier/cheque writer who will write the cheque and dispose it of as in the case of pay bill etc. by following the procedure for making payment.

14.2 Audit of Special Charges

- a) In respect of special charges, the principal duty of Finance and Accounts Officer is to watch the expenditure against the necessary sanction of superior authority. For this purpose a Register should be opened in Form A-66 in which every order sanctioning special expenditure, should be entered as soon as it is received and, as each charge comes up for audit a note of the bill in which it is included, and of the fact that it has been audited, should be made in the final columns. Where expenditure against a lumpsum sanction is incurred in instalments, the progressive outlay must be watched against the sanctioned total.

When an order of sanction contains no indication of the amount of limit of expenditure sanctioned, inquiry should be made from the authority which issued it, and charges should not be passed in audit until complete sanction is received.

- b) In preparing the Register of Special Charges, the following instructions should be followed: —
- i. Separate pages should be set apart for different classes of expenditure.
 - ii. When opening a new Register, orders which are still in force should be carried forward into it from the old Register.

Note 1. The sanctions entered in the Register of Special Charges will not be confined to sanctions of contingent charges proper, Special sanctions of refunds, advances and the like also will be recorded in this Register and the charge audited according to the method prescribed in this paragraph.

Note 2. The entries of payments made in the Register of Special charges should be attested by the Finance Officer.

14.3 Bills countersigned after payment

- 14.3.1 In the case of bills countersigned after payment, the money is actually drawn on an abstract bill, and the approval of the superior authority as indicated by its

countersignature, is subsequently received by Audit on the detailed countersigned bill. Both the abstract bill and the detailed bill require scrutiny in audit.

- a) On receipt of the abstract bill, scrutiny should be limited to seeing that it is signed by an officer authorized to sign such bills, that the summations are correct and that only the charges authorized are drawn. Thereafter the usual pay order should be made upon the bill, and the amount paid to the drawing officer. The total amount paid or passed for payment of each abstract bill should be entered in the Objection Book.
- b) The Finance & Accounts Officer should watch very carefully the submission of detailed bills and direct the attention of countersigning officers to cases of undue delay.

14.3.2 On receipt of the detailed bill it should be checked carefully. In addition, the auditor should satisfy himself: -

- a) that the bill is duly countersigned;
- b) that the charges included in it cover the amounts drawn and are classified as in the abstract bills; difference or disallowances should be noted for recovery, and adjustments should be made, if necessary, on account of misclassification; and
- c) that details of charges are given, where necessary.
- d) when the auditor has completed his audit and has ticked of each item supported by a voucher in token of his having seen and passed the voucher, he should record his audit endorsement, passing the bill or objecting of it, upon the bill itself. He should then make the corresponding or partial adjustment in the Objection Book, taking steps to remove any objection still outstanding.
- e) Sanction to recurring contingent charges are noted in the "Register of Periodical Charges" in Form A-67, each payment as it is audited being posted with the necessary reference in appropriate monthly column.

14.4 Advances for Purchase/Building Houses

14.4.1 On receipt of sanction granting the advance e.g. House Building, it should be scrutinised to see that it is in order with reference to the instructions governing the grant of such advances and should be kept in the Broad Sheet in Form A-70. All payments and recoveries shown in Form A-70 should be recorded under proper columns. The payments and recoveries shown in Form No. A-70 should be reconciled monthly with the figures shown in the classified abstract and discrepancies between the two sets of figures being noted in separate pages, which should be set apart at the end of the Broadsheet, in order that their eventual adjustment may be watched. The fact that this monthly verification has been made should be recorded in the Broad sheet itself month by month at the same time it is submitted to the Finance & Accounts Officer for review. The form of the Broadsheet is self-explanatory. Special attention should be paid to the notes on the form.

- 14.4.2 In order to check the grant of a second House Building Advance for one and the same house, in contravention of rules an alphabetical Index of the names of employees to whom such advances have been granted should be maintained in the following form:—

House for which House Building Advance/Loan is granted

Name of the Employee	Year of Payment	House for which advance/loan is granted Town 'Detailed Address'
----------------------	-----------------	---

- 14.4.3 One Index Register should continue for 10 account years, after which a fresh Register should be opened. In auditing a bill for house building advance, it should be ascertained by a reference to this Index that the employee to whom the advance has been granted has not previously received a similar advance for the same house.

Immediately after closing the accounts for March, the Finance & Accounts Branches shall proceed to obtain acknowledgements in Form No. A-71 from all persons against whom advances are outstanding in order to ensure that all items are correct and effective. The position shall be reviewed at the close of each month until all acknowledgements have been received and properly filed.

- 14.4.4 “Statements in Form A-71-A and A-71-B showing the position of year-wise balances as on the 31st March as per accounts of March (Final) separately in respect of each detailed head under ‘Debt, Deposits and Advances’ together with the certificates of reconciliation with the respective broad sheets should be forwarded to the Financial Commissioner by the 15th June. Certificates in separate sheets to the effect that acknowledgements in respect of balances as on the 31st March under (a) ‘Permanent Advances’ (each Accounting Unit to maintain register of permanent advances in Form A-69) and (b) each detailed head under ‘Advances’ to the employees of the Corporation’ have been obtained shall also be forwarded to the Head Office along with the above referred statements. At Headquarters Office, the total balance of each Region as reported through these statements shall be checked. The net credit/debit balance for the financial year as arrived at from the detail books of receipts and expenditure plus balance as shown in the Balance Sheet for the previous year should agree with the totals shown in the statements received”.

14.5 Other Advances

- 14.5.1 Advances of pay and travelling allowance made under proper sanction to an employee on transfer will be debited to the head “Advances—other Advances”. If an employee is transferred to another region or Headquarters, the debit will be passed on to the Accounting unit concerned under whose payment an employee has been transferred. These advances shall be entered in the Register of Advances to be maintained in Form No. A-72, each entry being initialed by the Finance & Accounts Officer. When an advance is adjusted, either by recovery in cash or from bill, it shall be entered against the original debit in the column for amount being initialed by the Finance & Accounts Officer in token of verification. At the end of each month, the total of debit entries in columns 7 to 18 and the credit entries in columns 7 to 18 shall be struck for each month

and the total agreed with the corresponding figures in the classified abstracts by making the following entries:

Particulars	Payments Rs. (Dr.)	Recoveries Rs. (Cr.)
Total as per register		
Total according to classified		
Difference		
Initials of the officer in-charge classified abstract		

- 14.5.2 The difference shall be analyzed. The register shall then be initialed by the Superintendent and submitted to the Finance & Accounts Officer for review who shall see that no item is outstanding for an unnecessarily long period.
- 14.5.3 Separate register in Form A-72 shall be maintained for each kind of advances, e.g., (i) Advance of pay on transfer (ii) Advance of travelling allowance on transfer (iii) Festival advance, (iv) Advance payments on behalf of State Governments (v) Advances to the Bank for purchase of securities (vi) Miscellaneous advances, (vii) Advances made to State Govts, for construction of Hospitals (viii) Deduction from bills payable to other parties and (ix) Unclassified receipts/payments etc. (x) Advance for purchase of computers etc.
- 14.5.4 Statements showing position as on 30th June, 30th September and 31st December, separately in respect of each advance etc. to which para 14.5.3 above applies shall be prepared in Form A-72-A and forwarded to the Financial Commissioner so as to reach him by the 31st July, 31st October and 31st January respectively.
- 14.5.5 Immediately after closing the accounts for March, the Finance & Accounts Branches shall proceed to obtain acknowledgements from the persons or bodies against whom advances are outstanding in order to ensure that all items are correct and effective. The position shall be reviewed at the close of each month until all acknowledgements have been received and properly filed.
- 14.5.6 The outstanding lists up to the 31st March, received from all the Finance & Accounts Officers shall be checked at Headquarters Office individually. The net total (debit/credit) as worked out from the Detail Books plus balance as shown in the balance sheet for the previous year should agree with the totals shown in the statements received.

14.6 Deposits

14.6.1 General

“The deposits of the Corporation either in cash or bank draft/cheques, deposited as security or earnest money by the contractors pass through the regular Accounts of the Corporation”

14.6.2 Bond of Agreement necessary for Security Deposits

Security Deposits shall be covered by a bond or agreement setting forth the conditions on which the security is held and may be ultimately refunded or appropriated. Reference to such bond or agreement shall be recorded in the Register of Deposits or the Register of Securities as the case may be.

14.6.3 Repayment of Security Deposits

Without obtaining the orders of the authority competent to enter into contract, no security deposit shall be repaid or retransferred to the depositor or otherwise disposed of.

14.6.4 Register of Deposits and method of its posting

All deposits of the first kind shall be noted in a Register of Deposits in Form No. A-73. The register shall open with the details of outstanding balances of the previous year as shown in the register of that year. The deposits credited during the year shall then be entered in the proper part as each transaction occurs. At the end of each month the credits received during that month shall be totaled and the total agreed with the corresponding figures in the classified abstract by making the following entries: —

Total

Total according to classified abstract.

Difference

Initials of the Accounts Officer-in-charge classified abstract.

The difference should be analyzed. The register shall then be initialed by the Superintendent and submitted to the Finance & Accounts Officer for review and signature.

Repayments in cash shall be noted against the original credits in the column for the month in which the refund or adjustment is made and a total of the posting shall be made at the end of each month and agreed with the corresponding figure in the Detail Book in the same manner as in the case of credits.

Every claim for repayment or refund of deposit shall be made in Form No. A-74. Before a refund or repayment is authorised the original deposit should be traced and the correctness of the claim verified by the Finance & Accounts Branch. Any receipt previously granted should, if possible be taken back, and cancelled over the initials of the Head Clerk/ Section Officer/Superintendent and pasted on the voucher authorising repayment, a note of re-payment, being recorded on the counterfoil of the receipt.

Note:- All entries of amounts deposited and repaid/adjusted shall be initialed by the Finance & Accounts Officer in the Register of Deposits.

14.7 Lapsed Deposits

a) Deposits not exceeding One Hundred Rupee unclaimed for one whole account year,

balances not exceeding One Hundred Rupee of deposit partly repaid during the year then closing and all balances unclaimed for more than three complete account years shall, at the close of March in each year, be credited to the revenues of the Corporation through Transfer Entry as Miscellaneous Receipts with corresponding debit to the relevant head. Such lapsed deposits will be transferred to a separate register of lapsed deposits (Form A-73-A). Of deposits & balances thus lapsing, the Finance & Accounts Officer will prepare a list and submit to the Financial Commissioner, immediately after 31st March. A copy of this list will be forwarded to the authority who had originally ordered the party to make the deposit.

Note:- a) For the purpose of this para, the age of a repayable item or of a balance of it may be reckoned as dating from the time when the item or the balance, as the case may be, become first repayable.

- b) Employees' State Insurance Corporation may, in relation to any particular class of deposits, issue orders varying or relaxing any of the conditions or limitation specified in the preceding para.
- c) Deposits credited to the revenues of Employees' State Insurance Corporation. Lapsed Deposits cannot be repaid unless the Finance & Accounts Officer has ascertained that the item was really received and was credited to the revenues of Employees' State Insurance Corporation as lapsed, and that the claimant's identity and title to the money are certified by the Officer signing the bill for refund.
- d) The competent authority to authorise refund of lapsed deposits would be the one which originally ordered the party to make the deposit. The sanction/payment authority issued will be valid for three months from the date on which it was issued, after which no payment can be made under authority unless it is revalidated. The payment thus made may be classified under the head "C-other charges-Miscellaneous (ii) Miscellaneous".
- e) The bill for refund shall be made in Form A-73-B. There must be a separate bill for refund of deposits repayable to each person.
- f) The repayment of lapsed deposit shall be verified and recorded in the lapsed deposits register (Form A-73-A) which will be preserved permanently.

14.8 Account of Interest Bearing Securities

- 14.8.1 All securities lodged with the Corporation shall be entered in a Register of Securities in Form No. A-75. The securities shall be kept in the personal custody of the officer authorized so by the financial commissioner. When any security is returned an acknowledgement setting forth full particulars of the security shall be obtained from him. A reference to the acknowledgement shall be quoted in the Register of Securities and the entry attested by the authorised officer.
- 14.8.2 All securities shall be examined and verified by the first of April each year and a certificate of verification shall be recorded in the "Remarks" column of the Register by the Officer in whose custody these have been placed.

14.9 Investments

- 14.9.1 Earlier ESIC invested funds only in Fixed Deposits of Public Sector Banks under Rule 27 of ESIC (Central) Rules, 1950 followed by Special Deposit Account (SDA) maintained by the Govt. of India between August 1988 to April 1995.
- 14.9.2 For diversification in investment of surplus funds of ESIC and better returns, Portfolio Managers have been appointed by the ESIC. Portfolio Managers have been investing surplus funds of ESIC in Govt. securities, Govt. Bonds AAA PSU bonds etc. as per approved investment policy. ESIC revised its investment policy on the basis of Ministry of Finance guidelines endorsed by MoL&E following which ESIC started investment in G-Sec, State Development Loans (SDLs), Bonds, Bank FDs and Money market instruments through Portfolio Managers w.e.f. 01st April 2019.
- 14.9.3 The Funds of the Employees' State Insurance Corporation are required to be invested as per the pattern of investment prescribed by the MOL&E, Government of India from time to time. The investment decisions are to be taken with maximum emphasis on safety, optimum return, sound commercial judgment and avoiding funds to be idle. Investment policy of ESIC allows Portfolio Managers to invest into the following categories along with their investment limits.

a)	Govt. securities (G-sec, SDL, Government guaranteed bonds)	45% to 75%
b)	AAA rated PSU Bonds + Bank FDs	20% to 45%
c)	Short Term debt instruments (TREPs, T-Bills & FDs less than 1 year)	5% to 10%

Apart from Portfolio Managers, Custodian and External Concurrent Auditor (ECA) have also been appointed. The Scope of work of service providers are as under:

14.10 Portfolio Managers

- 14.10.1 Portfolio Managers invest surplus funds of ESIC as per the investment policy guidelines of ESIC. Portfolio managers are required to make all investments as per the investment pattern issued by the ESIC from time to time and the agreement between the portfolio manager and the ESIC. The appointment of portfolio managers is for a tenure of three years with the objective of enhancing the performance on its portfolio and at the same time facilitating comparative monitoring of performance. Portfolio managers are required to deploy ESIC's fund to get optimum returns. ESIC currently has two Portfolio Managers for managing ESIC's fund namely, UTI Asset Management Company Limited and SBI Funds Management Limited.
- 14.10.2 The portfolio manager, while executing the role of managing the ESIC's fund must:
- Invest the fund in accordance with the ESIC's investment pattern, the guidelines issued by the ESIC from time to time and the agreement between the portfolio manager and the ESIC.
 - The Portfolio Manager shall be responsible for monitoring and sale of the investments forming part of legacy portfolio of ESIC allocated to it and incremental

investments made during the tenure of appointment, as per the investment policy of ESIC (as amended from time to time).

- c) Ensure that no sale of securities is done without approval of ESIC. Portfolio managers need to take prior approval of ESIC for any sale of securities.
- d) Ensure that it and the Fund Manager appointed to manage ESIC's funds render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement. It shall avoid any conflict of interest in investment or disinvestment decision and ensure fair treatment to ESIC. It shall disclose to ESIC possible source of conflict of interest, while providing unbiased services.
- e) Ensure that the dedicated fund manager(s) responsible for managing the ESIC's fund do not manage any other fund other than the ESIC's fund.
- f) Maximize returns on the ESIC's fund without breaching any restriction.
- g) Be responsible on a continuous basis for the management of the ESIC's fund allocated to it.
- h) Maintain books and records about the operation and the status of the fund, and submit reports on the performance of the fund to the ESIC at such intervals and in such manner as may be required or called for by the ESIC.
- i) Take all reasonable steps and exercise due diligence to ensure that the investment of the fund is not contrary to the provisions of the specified investment pattern of the ESIC and the agreement between the portfolio manager and the ESIC.
- j) Exercise due diligence and care in all its decisions on investment management and operations in the best interest of the ESIC.

14.11 Custodian

14.11.1 In accordance with SEBI regulations, a Custodian was also appointed.

Custodian of Securities provides following services: -

- a) Custody of Securities
- b) Clearing and Settlement of Trades
- c) Collection of coupons, maturity proceeds or any other cash flow arising out of holdings
- d) To distribute the funds received from ESIC amongst ESIC's Portfolio Managers in the pre-defined proportion decided by ESIC.

Govt. Securities and SDLs are kept in SGL Account maintained with RBI whereas Bonds are kept in Demat account maintained with Custodian.

14.11.2 The Scope of work of Custodian is as follows: -

Custodian of Securities shall –

- a) Open and manage the SGL account for holding the investments of ESIC.
- b) Distribute the funds received from ESIC amongst ESIC's Portfolio Managers in the pre-defined proportion decided by ESIC.
- c) Shall ensure at all times that transactions in ESIC's account are carried out according to the instructions of the ESIC or its Portfolio Managers and the Financial Assets held in such accounts are used only for transactions explicitly authorized by ESIC or its Portfolio Managers.
- d) Shall exercise at all times care, prudence, professional skill and diligence while discharging its duties in the best interest of ESIC.
- e) Shall ensure that all entitlements on the Securities held in its custody for ESIC's fund are received on time.
- f) Shall do all follow up with the issuers for the receipt of benefits due on the holdings and provide detailed information and other reports as required by ESIC. If any legal proceeding is to be initiated, the Custodian would take all necessary legal actions in consultation with ESIC and the cost thereon would be borne by ESIC.
- g) Shall arrange an adequate insurance cover for the entire Securities belonging to ESIC, the details of which shall be submitted to ESIC.
- h) Shall take all necessary precautions to ensure that continuity of the record keeping is not lost or destroyed and that sufficient back up of records are available.
- i) Shall provide all the necessary support in ensuring smooth transfer of all the funds. It shall also ensure the transfer of all the relevant documents/records/information in accordance with the directions issued by the ESIC.

14.12 External Concurrent Auditor

The investment transactions made by the Portfolio Managers are monitored by the External Concurrent Auditor on a daily basis. The Scope of work of ECA is as follows:-

- a) Reconcile the Fund flow and Bank Accounts of ESIC of the investments done by the ETF manager(s) and with the portfolio manager(s) on a monthly basis.
- b) Check the MIS from custodian of securities of ESIC and report exceptions, if any, on an immediate basis.
- c) Check the receipt of data and MIS from portfolio managers and report any exceptions to ESIC.
- d) Check the daily transactions with the market data and report deviations.
- e) Check the Credit ratings of the Investments on a daily basis and report any downgrades or negative watch/outlook immediately.
- f) Examine and verify whether the portfolio managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between ESIC and the portfolio managers.

- g) Scrutinize the investment transactions made by the portfolio managers in debt and transactions into equities, on day-to-day basis to ensure that the same are as per the SOP, investment pattern as well as the investment guidelines issued by the ESIC. Also, to point out wherever deviations have been made.
- h) Verify whether the interest received and proceeds from maturity or sale of investments are collected promptly and re-invested as per the provisions made in the investment pattern and investment guidelines issued by the ESIC. Also, to point out delays, if any, and the causes for such delay.
- i) Verify whether the benefits or rights accruing to the ESIC, wherever receivable from the institutions, are collected promptly and invested as per the prescribed investment pattern and investment guidelines of ESIC.
- j) Bring out cases of undue delay in the receipt of benefits or rights accruing to the ESIC.
- k) Verify, from the daily transaction details, whether the charges are levied correctly by the portfolio manager as per the terms and conditions and to report any excess charges levied by portfolio manager on account of splitting up of investment deals.
- l) Verify whether the funds were invested promptly by portfolio managers. If the funds remained un-invested for a significant period, then to assess opportunity cost/benefit due to delayed investments for un-invested period.
- m) Verify whether all shares, securities, debentures and other investments have been held in the name of ESIC.
- n) Verify whether there is a reasonable system of authorization at proper levels and there is adequate system of internal controls commensurate with quantum and value of investment transactions.
- o) Verify whether adequate records are kept in support of each investment decision.
- p) Ascertain and report whether the Investments have always been made at the optimal market rate with respect to investments into debt securities. The ECA will look into the price on the date of investment and check the proportion of investment closer to lowest, medium and highest rates.
- q) Comment on internal control mechanism, whether the systems are adequate to avoid any internal frauds. If not, suggest a suitable mechanism after discussing the matter with the portfolio manager concerned.
- r) Examine whether the portfolio manager has taken steps to address issues highlighted during the performance review of portfolio managers or otherwise.
- s) Bring out any other point which comes to notice of ECA during the course of audit.

14.13 Consultant

14.13.1 Performance of the Portfolio Managers on the parameters of benchmark returns and strict adherence to the ESIC's investment policy is evaluated by the Consultant. The Consultant assists ESIC in –

- a) Preparation of Request for Proposal (RFP) and in evaluating the Technical and Financial Bids for selection of Portfolio Managers, Custodian and Concurrent Auditor.
- b) Monitoring the performance of the Portfolio Managers.
- c) Advising in-house Investment Committee of ESIC as and when required.
- d) Conducting full-day training to ESIC officials twice in a year.
- e) Providing research-based assistance to ESIC.

14.13.2 The Investment Committee is authorized by the Standing Committee, ESIC to supervise/ review the investment process and investment guidelines to ensure that the investment decisions are in line with the Investment Objectives, the investment pattern specified by the Ministry of Labour & Employment and the guidelines issued by the ESIC from time to time and any subsequent changes regarding the same.

14.13.3 The Investment Committee of ESIC under the Chairpersonship of Financial Commissioner (ESIC), Joint Secretary (SS-I, MoL&E), Two Employees' Representatives, Two Employers' Representatives, Director (Finance) and Deputy Director (Finance) as members conducts a regular review (once in every quarter) of its investments where consultant makes the presentation on the performance evaluation of investments made by the portfolio managers of ESIC which includes portfolio and performance parameters of investments.

14.14 Scope of Investment committee.

The scope of the Investment committee is as follows:

Investment decisions with respect to period, return, instrument, allocation in different segments/ instruments or banks, reinvestments etc in consultation with portfolio manager, investment sub-committee or any other expert/ investment advisor.

- a) Review of investments made by portfolio manager / investment sub-committee on monthly basis.
- b) Decision of switching investment from one mode/ instrument to another within total ceiling as per guidelines of ESIC investment policy.
- c) Decision on pre-mature withdrawal of fixed deposits/ debt instrument for meeting financial need of ESIC or for reinvestment in better instruments.
- d) Decision on period of investment in fixed deposit, tender frequency, negotiation with banks.

- e) Obtaining report from portfolio manager/ investment subcommittee.
- f) Seeking opinion from any other third party/ investment advisor on the matter of investment.

Any other matter related to investment as per decision of Chairman of the committee. The investment committee will submit report on investment made, return achieved and any other report as desired by Standing Committee.

14.15 Reserve Funds

The following reserve funds are maintained: —

- a) Depreciation Reserve Fund of buildings for the offices of Corporation (including staff quarters).
- b) Depreciation Reserve Fund of hospital/dispensary buildings (including staff quarters).
- c) Staff Cars Replacement Reserve Fund.
- d) Repairs and Maintenance Reserve Fund of buildings for the offices of the Corporation (including staff quarters).
- e) Repairs and maintenance Reserve Fund of hospital/ dispensary buildings (including staff quarters).
- f) Permanent Disablement Benefit Reserve Fund.
- g) Dependents' Benefit Reserve Fund.
- h) Pension Reserve Fund for ESIC employees.
- i) Employees' State Insurance Corporation Provident Fund.
- j) Group Insurance Fund for the employees of the ESI Corporation.
- k) Capital Construction Reserve Fund.
- l) Contingency Reserve Fund.
- m) Covid Relief Fund.

The proforma account of these Funds should be maintained in Form A-80. The amount to be set aside each year to each of the fund will be worked out and necessary adjustments should be made under the orders of the Director/Joint Director (F) before close of the accounts for the financial year. The balance in the Fund Account should be invested in the fixed deposit with Banks and Special Deposit A/c with Central Govt, approved by the Director General and separate Investment Account of each Fund should be maintained. The Reserve Fund Accounts and their Investments Accounts shall be balanced as on 31st March each year and the balances in each account agreed with the respective balances stated in the Balance Sheet.

14.16 Loans

14.16.1 Register of Loans

Details of all loans received or raised by the Corporation shall be recorded in a Register of Loans to be maintained in Form No. A-82, by Finance & Accounts Branch at Headquarters Office, each instalment of a loan as it is obtained being recorded in column 2 of that Register. The entries relating to the receipt of a loan as well as the repayment of each instalment and payment of interest shall be attested by the Finance & Accounts Officer. The register shall be reviewed twice a year by the Finance & Accounts Officer.

14.16.2 Loans are granted by the Corporation to the State Govt. for construction of hospitals. The account of such loans will be maintained in the format given below.

Conditions of Loan

“To bear interest at per cent to be paid (half yearly) on and to be repaid by (half-yearly) instalments of Rs in addition to accruing interest or (within years) or (in equal installments)”.

Date & Voucher		Account of Principal of Loan			Calculation of Interest on Principal			Account of Interest Demand		Remarks
Date	Voucher	Advances	Repayment	Balance	Period	On Advances	On repayment	Amount due	Amount paid and credited to interest	

CHAPTER 15

Miscellaneous Audit

15.1 Objection Book

A record of all audit objections should be maintained in the Objection Book-Form A-85, except those arising out of local audit which should be processed through Inspection Reports Test Audit Note. The entry of an objection in the Objection Book should be fully descriptive, so that ordinarily there should be no necessity of reference again to the voucher or account concerned. The Objection Book provides columns 5, 6 and 7 for “Advances recoverable” and “Suspense” but no entry in these columns need be made as separate registers are maintained for such transactions. In column “items adjusted but awaiting final clearance”, the payments made on abstract contingent bills should be recorded in order to watch the receipt of detailed contingent bills and all other items which cannot be admitted finally in audit. In the last column of the Objection Book, “service Payments for recovery”, all sums taken against service heads for which orders for recovery have been issued should be stated.

15.2 Adjustment Register

As the objectionable items are adjusted in whole or in part— “uncleared items” by being cleared, ‘Service’ payments for ‘recovery’ by recovery or removal of the objection, the adjustment is to be posted in the Adjustment Register (Form A-86) and also against the original item in the Objection Book.

The mode of adjustment adopted with reference to each item will be shown in the column “How Adjusted”, and the Superintendent will initial each entry in proof of his having examined and found it correct in every particular.

In the objection Book, in the columns of amount under “Mode of Adjustment”, will be entered in each successive fragment disposed of; each entry in the Adjustment Register must have its distinct answering entry in these columns, and both entries will be initialed by the Superintendent at the same time:

- a) In the case of objections against which no amounts are entered in money columns of the Objection Book, no entries should be made in the Adjustment Register.
- b) The entry in the ‘Objection Book* of each adjustment must be certified by the initials of the Superintendent, provided that the entry is made in the Adjustment Register clearly, and in all cases in which the order communicating the objection has not been complied with fully, on the authority of an order signed by the Finance & Accounts Officer. The Finance & Accounts Officer will of course review, not only the Objection Book, but also the Adjustment Register at frequent intervals.

If, in the case of items awaiting clearance, a real objection is afterwards found to exist (i.e. recovery is ordered of part of the charge), only the part cleared will be entered and the rest will still remain outstanding till disposed of. Care must be taken that the real

objection, when found, is duly communicated to the officer or other authority, and noted in the Objection Book below the original objection or as a foot note to it.

15.3 Closing of Objection Book

The money columns in the Objection Book should be totaled, the balance of the past month should be added, the totals and adjustment should be made in the Adjustment Register and entered in the Objection Book, and balances struck. The Superintendent will sign the certificate at the foot of the page or last page of the Objection Book for each month, which will be closed and balanced on the 29th of the following month.

The outstanding balance in each column of the Objection Book is to be carried forward from month to month and year to year.

15.4 Abstract of Objections

An abstract in Form A-87 must be attached to each Objection Book. The previous year's balance should be posted in the first column on the opening of the book. The other entries in the first column will be made at the closing of each month. The adjustments of each month should be distributed over the periods of objection from the information in the Adjustment Register and posted in the proper line at the time of closing the book for the month.

15.5 Review of Objections

It is the duty of the Finance & Accounts Officer to watch carefully all outstanding objections. Items left unsettled for six months should be entered in a register. A copy of the same should also be sent to Officer in-charge etc. so that he may take steps for early settlement of the objections. A summary of all relevant correspondences should be recorded against each item in the register and all subsequent Correspondence should also be recorded. This register should be submitted at least once a month to the Finance & Accounts Officer who should review carefully all items therein.

15.6 Branch Note Book

Each Finance & Accounts Branch at Headquarters Office and in the Regional/Sub Regional Offices is required to maintain a Branch Note Book in which important orders concerning the Branch should be noted. There should be separate sets of pages for recording in one place all important orders passed or decisions arrived at from time to time on each different subject or point concerning the Branch and there should also be an index at the beginning leading to each set of such pages devoted to different subjects or points. The Superintendent is personally responsible for the maintenance of the Branch Note Book, and as soon as an important decision or order which is likely to be of use to his Branch for future reference come to notice, he should have it noted very briefly in the appropriate pages of the Note Book under his own initials. The Note Book should be submitted monthly to the Finance & Accounts Officer for review.

15.7 Destruction of Records connected with Accounts

No record connected with accounts should be destroyed without the orders of the

Director General who has been delegated full powers by the Standing Committee at its meeting held on 13th September, 1959 to order destruction of records. The period(s) for which accounts records should be kept and the rules governing destruction of records as specified by the competent authority are detailed in Appendix-5 of Vol-II.

15.8 Correction to Manual of Audit and Accounts

The Finance & Accounts Branch which primarily deals with the order or decision should consider in consultation with other Branches, if necessary, whether correction to any paragraph in this publication is necessary. If correction is necessary, the draft thereof should be prepared and after approval of the draft by the Financial Commissioner/Director General, three copies thereof should be forwarded to the Finance & Accounts Branch at Headquarters Office which has been entrusted with the duty for upkeep of this publication. The corrections suggested by the Finance & Accounts Officer should be initially dealt with by the Finance & Accounts Branch entrusted with the duty for the upkeep of this publication. This Branch should pass on the extracts of the points to the relevant branch which primarily deals with the subject commented upon for detailed consideration. Three copies of duly approved draft correction will be forwarded by that Branch to the Finance & Accounts Branch entrusted with the duty for the upkeep of this publication for issue of correction slips to this publication.

While drafting corrections, it should be ensured that necessary consequential changes are made in all the other connected paragraphs and in case any existing paragraph is deleted or amended, or, a new paragraph is inserted or substituted, the table of contents is also amended simultaneously.

An approved correction will be given a serial number and pasted in a separate register with title "Correction slips issued to the Manual of Audit and Accounts". This register will be maintained by the branch entrusted with the duty for the upkeep of this publication. The correction slips shall be got printed and communicated immediately to all the offices of the Corporation and printed copies of the correction slips should be issued in due course after such period as may be decided by the Financial Commissioner.

15.9 Calendar of Returns

A calendar of Returns shall be maintained in Form No. A-88 by the Finance & Accounts Branches in which all accounts, statements and returns shall be entered with due date of submission, the authority to or from whom the return is due being also shown. Inward and outward return shall be divided into: —

- | | |
|-------------------------|------------------------|
| a) Daily Returns, | b) Monthly returns, |
| c) Weekly returns, | d) Quarterly returns, |
| e) Half-yearly returns, | f) Annual returns; and |
| g) Occasional returns. | |

CHAPTER 16

Transfer Entries

16.1 Object of Transfer Entries

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

- (a) in order to correct an error of classification in the original accounts;
- (b) in order to adjust, by debit or credit to its proper head, an item outstanding under a debt, deposit or remittance head;
- (c) in order to bring to account certain inter-regional and other transactions which do not involve the receipt or payment of cash.

16.2 General Rules

- 16.2.1 Transfer entries should be prepared in Form A-89. On one side of every transfer entry there should be only one major head to which there may be a debit by credit to sundry heads, or vice-versa; debit should not be taken against sundry head by credit to sundry heads. A fortiori, the same entry should not contain independent corrections of two major heads; it may not debit A by credit to B, and again C by credit to D.
- 16.2.2. In a transfer entry all particulars explaining both the nature of the adjustment and (if it is a correcting transfer) the grounds of the correction must be clearly stated.
- 16.2.3 A list of adjustments which have to be made periodically should be maintained in order to ensure that they are regularly made. These adjustments should, as a rule, be made monthly. If this is found inconvenient and if the Finance & Accounts Officer considers that there are sufficient grounds for postponing any adjustment, they may be made quarterly/ yearly. Unforeseen adjustments should, however, be made as soon as the necessity for them arises.

16.3 Correction of Accounts

- a) If an item which properly belongs to a Revenue or Expenditure head is wrongly classified under another Revenue or Expenditure head in the accounts, the error may be corrected at any time before the accounts of the year are closed but after the accounts are closed, no correction is admissible it being sufficient to make a suitable note of the error against the original entry.
- b) An error which affects a debt, deposit or remittance head must be corrected by transfer, however old and however small it may be. If the accounts of the year in which the error took place are not closed, the correction should be made by the removal of the item from the head under which it was wrongly taken to that to which it properly belongs. If the accounts of the year in which the error took place are closed, then the following procedure should be followed in the cases referred to: —

- i. an item taken to one debt, deposit or remittance head instead of another, the correction should be made by transfer from the one to the other;
- ii. an item credited to a debt, deposit or remittance head instead of to a revenue head, or debited to a debt, deposit or remittance head instead of to an expenditure head, the correction should be made by transfer to the head under which it should originally have appeared;
- iii. an item credited to a revenue head instead of to a debt, deposit or remittance head, correction should be made by crediting the proper head and debiting Refunds if this head exists; otherwise by minus adjustment under the Revenue Head concerned;
- iv. an item debited to an expenditure head instead of to a debt, deposit or remittance head, correction should be made by debiting the proper head and crediting the head.

16.4. Form of Transfer Entry Book

- 16.4.1. Every Transfer Entry shall be entered in the Transfer Entry Book, Form No. A-90 and initialed by the Finance & Accounts Officer. Thereafter the Transfer Entry may be made over to the clerk/branch entrusted with the duty of posting classified abstract who should acknowledge receipt thereof in the Transfer Entry Book. The clerk/Branch receiving the transfer entries should maintain a record of all transfer entries received in a month in suitable form. The Superintendent should see that all transfer entries have been posted in the classified abstracts.
- 16.4.2 The Transfer Entries shall be submitted to the Finance & Accounts Officer by the 4th of the month following along with the Classified Abstracts who would generally ensure that postings have been correctly made in the classified abstract.
- 16.4.3 At the time of submission of March (Provisional) monthly accounts, the Finance & Accounts Officer shall submit the summary of reconciled Transfer Entries to the Headquarter made during the financial year.

CHAPTER 17

Exchange Accounts

17.1 Nature and scope of Exchange Account

- 17.1.1. The account through which transactions arising in one accounting unit is passed on to another accounting unit for adjustment is known as 'Exchange Account'.
- 17.1.2 An Exchange Account purports transfer of entries from one accounting unit to another by the means of suspense slips. It consists of the amount; the originating accounting unit has passed on to the responding unit to the debit or credit with documents supporting the debits or credits. The Exchange Account would be operated in ERP. The originating unit is the unit which initiates the transaction done on behalf of the responding unit by issuing the suspense slips. The responding unit would pass the necessary entries on the basis of suspense slips received with respect to exchange accounts. The Exchange Account shall be sent in Form A-91 or as prescribed in ERP.
- 17.1.3 The routine of an Exchange Account shall be as follows:

Accounting unit 'I' which has incurred expenditure on assets or liabilities on behalf of another accounting unit 'II' will transfer the entry to accounting unit 'II' by the means of suspense slip operating the exchange account. The accounting unit 'I' is originating unit and accounting unit 'II' is responding unit.

Accounting unit 'I' would issue suspense slip to Accounting unit 'II'. While issuing suspense slip Accounting unit 'I' would debit/credit the head under which assets or liabilities mentioned above is passed and corresponding entry would be passed under the head "Original items". The Accounting unit 'II' on receipt of Suspense slips would debit/credit the respective head of assets or liabilities and corresponding entry would be passed in "Responding Items".

Responding Accounting Unit 'II' send an intimation of the acceptance of the debit to Accounting Unit 'I'. No further entries in account will be required to complete the transaction. But if 'I' after debiting 'II' discovers before the accounts for the year are closed that the changes should be deleted elsewhere or on receipt of information from 'II' that debit does not pertain to that unit, the Accounting Unit 'I' in his next account debit the proper account by minus debit to Exchange Account between 'I' and 'II', thus cancelling the original debit raised by him.

Note: 1. An Exchange Account being an extract from books which are posted monthly can only be sent monthly and supplementary statements of omitted credits or debits are impossible; errors, if any necessitate debits or credits to other heads, and so, must be corrected in the accounts of the following months. The Exchange Account for March will be an exception, the March Preliminary account will report the effect of all transactions known up to the date of completion of the preliminary consolidated abstract. Whereas the final account for March will show the effect of all transactions which are afterwards

brought into the same year's accounts and, will especially include the responses to the preliminary inward accounts.

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

Note: 3. The total debits and credits in an Exchange Account must tally with the corresponding entries in the consolidated Abstract.

17.1.4 As a general rule no item of receipt or payment should appear in an Exchange Account when no change in incident is involved. The following transactions though they involve change of incidence should be finally adjusted in the books of the account units where originally received or paid: —

- a) Personal claims of the employees transferred from one region accounting unit to another or to the Headquarters Office.
- b) All the transactions on account of personal claims of the employees, such as pay and allowances, including travelling allowances, should be adjusted finally in the accounts of the region which makes the payment, irrespective of the amount involved and the debits should not be raised against the Region accounting unit/Headquarters to which the expenditure relate.
- c) Advance of pay and travelling allowance on transfer should, however, be passed on to the Region accounting unit /Headquarters as the case may be, to which the person is transferred. All recoveries of these advances will be adjusted in the books of the office to which original payments have been debited.

17.1.5 The entries made in an Exchange Account will either be original entries or responding entries. An original entry is one in connection with which cash is either received or paid or for which a transfer adjustment is made for stores, assets liabilities. Responding entry is a response to an original entry and may also be a write book.

17.1.6 A responding debit or credit should not appear in Exchange Accounts in anticipation of the original credit or debit in the accounts of other party.

17.1.7 Normally, the Finance & Accounts Officer in whose unit the bills are paid should credit the deductions to the relevant heads and pass on the gross amount of the bills to other party to the Exchange Account.

17.2 Vouchers accompanying Exchange Accounts

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

- 17.2.2 The adjusting Finance & Accounts Officer should not reject an item because the voucher is not in order or wanting. It should be accepted and adjusted but placed under objection. The main question for the adjusting officer to decide should be whether the entry properly belongs to the accounts kept in his office and if on the fact of the account he cannot say that the item is not adjustable in his books, he should accept it and adjust it against the proper head though it be imperfectly vouchered or described. If the belongs to another account unit, he should address the originating unit for write back.

17.3 Cash Remittances between Accounts Units

- 17.3.1 Remittances of Cash—commonly known as Transfer of Funds—whether within the jurisdiction of the account unit or outside thereof shall not be adjusted through the Exchange Accounts. In respect of such remittances the Finance & Accounts Officer at both ends should operate on the head ‘Remittance—Cash Remittances’ and the adjustments under this head are watched centrally by the Headquarters Office.

17.4 Recovery towards Provident Funds of the Corporation

- 17.4.1 Recoveries made from pay bills of the employees of the Corporation or amounts received in cash towards Provident Funds maintained by the Corporation shall not be passed on through Exchange Account to Hqrs. Office, where Provident Fund Accounts of all the employees are maintained. The credits will be booked by the Accounts Officers in their Accounts under the head -Employees’ State Insurance Corporation General Provident Fund”

17.5 Watching of Adjustments

- 17.5.1 When an Exchange Account is dispatched to the other party, the details of the transaction should be kept in the Register in Form A-92, separate registers being maintained for debit and credit transactions. The account unit receiving the Exchange Account will also keep details in a similar register in Form A-92(1). The entries in this register shall be made as soon as the account is received. The account unit receiving the Exchange Account will acknowledge receipt of the account to the account unit which had sent the same after getting the vouchers classified by the auditors concerned. The month in which the account has been responded will invariably be stated in the acknowledgement. The Finance & Accounts Officer sending the account should review the register in Form A-92 to see that acknowledgement have been received in respect of all the Exchange Accounts dispatched by him. In case any acknowledgement is not received within a month, he should take up the matter demi-officially. It is of utmost importance to see that all acknowledgements are received before the accounts for the financial year are closed.
- 17.5.2. The responding unit’s Finance & Accounts Officer should also review the register in Form A-92(1) as he is directly responsible for the speedy adjustment of all items passed on to him, and if he is not prepared to accept any item, he must persuade the other party to write back the original credit or debit. If the matter cannot be settled by correspondence, a reference should be made to the Financial Commissioner, but until the item is adjusted

by the receiving officer or written back by the originating office, both parties shall remain equally responsible for the outstanding items.

- 17.5.3. No item relating to Debt, Deposits, Advances, liabilities and Suspense Account should be left outstanding under the Exchange Accounts, pending recovery. It should be adjusted to the appropriate head and must be entered in the proper objection book/register for watching recoveries.
- 17.5.4. The Headquarters office shall see that the amounts booked under "Original Items" by an account unit has been responded by the other account unit concerned. In case there are any differences, the details thereof should be forwarded monthly to the accounting units concerned for necessary adjustments.

17.6. Due Dates

The Exchange Account shall be dispatched at the latest by the 10th of the month following to which the transactions relate. Normally, the details should be forwarded as soon as they arise so that the transactions are responded in the account of the same.

17.7 Reconciliation and Summary Report of Exchange Account.

17.7.1 Reconciliation

Every Finance & Accounts Officers shall complete reconciliation of transactions executed through its Exchange Account before 15th March for each Financial year. After reconciliation of its Exchange Account the Finance & Accounts Officer shall furnish summary report of Exchange Accounts while submitting March (Provisional) Accounts to Finance & Accounts Division of Headquarters.

CHAPTER 18

Monthly and Annual Accounts

18.1 Form of Classified Abstract and Method of its Posting

- 18.1.1 For compilation of monthly accounts of receipt and expenditure, a Classified Abstract shall be written up in Form A-93. This Abstract shall be kept for each month in two volumes, one for Receipts and the other for Expenditure. The posting in the Classified Abstract shall be made daily from the challans, vouchers and transfer entries. The space under the heading 'Compilation Sheet*' in the Classified Abstract shall be used for recording the details of individual vouchers, if there be more than one voucher relating to a particular head. The total thus arrived at shall be posted against the appropriate head under proper dates columns: When all postings for a month are completed, the final totals shall be struck under each minor head of the Abstract, where required. When the postings for a month are completed the amounts in column 'Dates' shall be added in respect of each head and posted in the last column 'Total' against the respective heads.
- 18.1.2 The administrative expenses of all the Branch Offices/DCBOs including Pay Offices and Inspectorates Offices are to be booked under the relevant heads of account under 'B-Field Work' in the Classified Abstract which embraces the transaction of Regional Office and Sub-Regional Offices.
- 18.1.3 As regards benefit payments, separate account of each Branch Office is to be maintained in separate Compilation Registers which shall also be in the same form as the Classified Abstract. The total expenditure of all the branch offices as worked out for the month in respect of each head in the Compilation Register should be posted in the main Classified Abstracts in Column 'Total'.
- 18.1.4 The ERP system for preparation and compilation of monthly accounts has been enabled. All receipts and expenditure are processed in ERP Module. Once full-fledged ERP is implemented, the requirement of above provisions will automatically be dispensed with.

18.2 Providing of Classified Abstract

- 18.2.1 When both the expenditure and receipt abstracts have thus been completed for the month, it may be verified that the total receipts during the month including opening balance agreed with the total of payments abstract including closing balance. Difference, if any, shall be analyzed and set right before closing the abstracts finally. If any difference cannot be set right without causing serious delay, orders of Financial Commissioner shall be obtained to operate on suspense accounts so far as Headquarters Office is concerned and of Accounts Officer so far as Regional /Sub regional Office/ESIC Hospital/Medical Educational Institutions etc. are concerned.

The postings in the Classified Abstracts thus completed shall be checked by the Superintendents and thereafter submitted to the Finance & Accounts Officer for approval.

18.2.2 The classified abstracts of receipts and expenditure transactions of Headquarters Office shall be maintained by the Finance & Accounts Branch at Headquarters Office whereas those of Regional/Sub regional Office/ESIC Hospital /Medical Educational Institutions etc. by the respective Finance & Accounts Branches of those offices. The compilation register for transactions of branch offices shall be compiled by the Finance & Accounts Branches of the Regional /Sub regional Office/ESIC Hospital /Medical Educational Institutions etc. from the copies of the daily schedules of payments and Cash Accounts received by them from the Branch Offices/DCBOs under their jurisdiction. For this purpose, each Branch office /DCBOs will send copies of Schedules of Payments daily and Cash Accounts monthly to its Regional /Sub regional Office/ESIC Hospital /Medical Educational Institutions etc.

18.3 Consolidated Abstracts

18.3.1 After the Classified Abstracts have been prepared and completed, postings shall be made in the Consolidated Abstracts in ***Common Format of Accounts (CFA)** which exhibit progressive figures. The Consolidated Abstracts shall also be maintained separately for receipts and payments by (i) Headquarters and (ii) each of the Regional /Sub regional Office/ESIC Hospital /Medical Educational Institutions etc in Form No. A-94. Consolidated compilation register for benefit payments shall also be maintained for each branch office in each region.

**Common format of accounts (CFA) as defined and specified in ESIC Accounting Manual.*

18.3.2 The Consolidated Abstracts for the month shall be completed by the 10th of the month following that to which they relate. The Regional /Sub Regional Offices/ESIC Hospitals /Medical Educational Institutions etc. shall submit monthly accounts-copies of the Consolidated Abstracts for the month-to the Headquarters Office and shall see that these copies, duly signed by Accounts Officer, are dispatched to the Headquarters Office so as to reach there latest by 18th of the month following the one to which they relate.

Besides submission of Reconciliation Statements of Bank balances the Finance & Accounts Officer shall forward the following documents in Form A-98 along with the monthly accounts.

- a) Schedule of cash remittances between Account No. 1— Regional /Sub Regional Office/ESIC Hospital /Medical Educational Institutions etc. and Account No. 1—Central.
- b) Schedule of cash remittances between Account No. 1— Central and Account No. 2—Branch Offices/DCBOs.
- c) Schedule of Cash remittances between Account No. 2— Central and Account No. 2 of Regional /Sub Regional Office/ESIC Hospitals /Medical Educational Institutions etc.
- d) Schedule of cash remittances between Account No. 2— of Regional /Sub Regional Office and Account No. 2 Branch Offices/DCBOs within the Region/Sub Regions.

- e) Schedule of cash remittances between Account No. 2— of Branch Offices/DCBOs within the Region/Sub Regions.

18.4 Monthly review of trends of Income and Expenditure

- 18.4.1 Every month the Finance & Accounts Officers of all accounting units will make a demi-official reference to the Financial Commissioner in which significant developments in the accounting units relating to accounts and audit will be reported. Finance & Accounts Officer may in their DOs letters suggest any improvement or modifications in the system and procedure of accounts or bring out any special problem faced by them which may merit the personal attention of the Financial Commissioner.
- 18.4.2. A review of the receipts and expenditure for the previous month will also be incorporated with special stress on any significant deviations noticed and reasons therefor.
- 18.4.3. All the Finance & Accounts Officers of accounting units are required to submit a statement giving the provisional monthly figures for Contribution income and other sources of revenue by the 5th of the succeeding month. Similarly, they are required to send provisional figures of expenditure under 'B-Cash Benefits' and 'C-Other Benefits' so as to reach the Headquarters Office by the 10th of the succeeding month. The information, thus received from the Finance & Accounts Officers of units is consolidated by the Finance & Accounts Branch and submitted to the Financial Commissioner.
- 18.4.4. On receipt of monthly accounts, the monthly/quarterly averages under the various heads of income and expenditure are work out and the progress of income and expenditure is reviewed with reference to the budget provision in a register which is put up to the Financial Commissioner.

18.5 Detail Book

- 18.5.1 From the monthly Consolidated abstracts prepared at Headquarters Office in respect of Headquarters transactions and the copies of monthly consolidated Abstracts received from the Accounting Units, the Finance & Accounts Branch at Headquarters office shall complete the Detail Book which will show total receipts and expenditure for the month in all the offices of the Corporation. Before, however, posting the figures in the Detailed Books, the Consolidated Abstracts shall be scrutinized by the Finance and Accounts Branch to ensure that the sub totals and totals are correct and that the heads of Account which are generally operated in March (final) Accounts have not been operated upon without valid reasons having been stated. The bookings against such heads and any other unusual heads should be taken up with the Finance & Accounts Officer of the concerned region. The detail book shall be maintained in Form No. A-95. Besides preparing account for the month, the Detail Book should show account upto the end of the month for each quarter, upto the end of June, September, December and March. It should be ensured that Grand Total of Receipts Detail Book (including opening balance) agrees with the Grand Total of Expenditure Detail Book (including closing balance) Normally, there should be no discrepancy as fully reconciled accounts are received from accounting units/Headquarters. In case there is any discrepancy which cannot be set

right without causing serious delay, orders of the Financial Commissioner shall be obtained to operate on Suspense Account.

The accuracy of the postings in the Detail Book thus completed shall be checked and certified by the Branch Superintendent. He may check detailed postings of two accounting units accounts every month. Thereafter, it should be submitted to the Financial Commissioner.

- 18.5.2 Each Finance & Accounts Officer shall send reconciliation statement of bank balances of Account No. 2 of the accounting units so as to reach the Headquarters Office by 10th of the month following the one to which they relate. The Finance & Accounts Branch at Headquarters Office shall examine these statements and ensure that the discrepancies noticed therein are rectified and settled at the earliest by the Finance & Accounts Officer of accounting units. The Branch will also consolidate these statements and submit the same to the Financial Commissioner analyzing broadly the common reasons for the differences and steps taken/proposed to be taken to settle/adjust them with a view to rectify them.

18.6 Adjustment of Recoveries

- 18.6.1 If a recovery relating to an overpayment of the current year be made by a short payment of an item chargeable to the same detailed head, no separate adjustment shall be necessary. But such recoveries, if they are made in cash or by short payment of items not chargeable to the same detailed heads as were previously overcharged as well as recoveries relating to overpayments of a previous year, whatever the mode of recovery, shall be adjusted as prior period items for Revenue Income & Expenditure. However, for Capital Expenditure, Liabilities and the Heads for which separate reserve funds have been created, adjustment would be made by passing adjustment entries in those heads directly.

18.7 Rectification of Errors

- 18.7.1 No alteration should be made in the Detail Book Classified Abstract or Consolidated Abstracts in the same year, involving a correction by transfer of amounts from one minor head to another under the same major head, or from one major head to another, the necessary correction should be made by a formal transfer entry.

If the amount involved does not exceed ten rupees and affects only Revenue or Expenditure Heads, no formal transfer is necessary, and it should be sufficient simply to make note of the error against the original entry.

If any error be detected after submission of the final account for March, it should be adjusted only by a formal transfer entry.

Note: Corrections between detailed heads under the same minor head should not be made by formal transfer entry, such corrections being made by plus and minus entries against the heads affected.

18.8 Annual Accounts

18.8.1 At the end of each year, Revenue Account in Form No. A-97 and Balance Sheet shall be prepared by Finance & Accounts Branch concerned at Headquarters Office in the common format of accounts as approved by Central Government, and put up before the Financial Commissioner for approval and signature. In addition to the annual accounts the following statements are also required to be prepared in the Hqrs Office: -

- a) Financial review of the working of the scheme for the year (by Actuarial Branch).
- b) Review of balances.
- c) A report of the Auditors with comments and replies of the Director General to the observations made by the Auditors.
- d) A statement of investments made under Rule 27 of the Employees' State Insurance (Central) Rules, 1950. The investments of each Reserve Fund and of ESI General Reserve (General Cash Balance) shall be started separately.
- e) Statement showing State/UT-wise the amount of the capital expenditure (i) sanctioned and (ii) paid.
- f) Appropriation Accounts

18.8.2 In accordance with the provisions of Rule 36 of the Employees' State Insurance (Central) Rules, 1950, the Director of Audit Central Revenues, New Delhi or any other authority authorized by the Comptroller and Auditor General of India has been appointed as the auditor. The Director of Audit, Central Revenues, New Delhi) or any other authority authorized by the Comptroller and Auditor General of India has in turn arranged with the State Accountants General or any other authority authorized by the Comptroller and Auditor General of India to conduct on his behalf an audit of the transactions of the Employees' State Insurance Corporation in respective regions. The procedure for the receipt of inspection reports and the replies thereto has been provided in Appendix 6 to Vol-II. On receipt of final inspection reports from the local Accountants General, the Director of Audit, Central Revenues or any other authority authorized by the Comptroller and Auditor General of India compiles an Audit Report on the accounts of the Corporation. This is finalized by him after obtaining requisite comments from the Director General Employees' State Insurance Corporation.

18.8.3 The annual accounts with the report of the Auditors shall be submitted to the Standing Committee for consideration and thereafter placed for adoption at a meeting of the Corporation held immediately after the receipt of the audit report. After the accounts are adopted by the Corporation copies thereof as also of the Audit Report shall be authenticated by affixing the common seal of the Corporation and four copies thereof shall be submitted to the Central Government along with 45 additional copies for being placed in the Lok Sabha and the Rajya Sabha.

CHAPTER 19

General Principles of Budget Estimates

19.1 Introductory

Under Rule 31 of the Employees' State Insurance (Central) Rules, 1950, the budget estimates for each financial year beginning on the 1st of April and ending on the 31st March next shall be prepared by the Financial Commissioner in such form as the Central Government may, from time to time, direct and shall be submitted with his recommendations by the Director General to the Standing Committee for approval at a meeting of the Standing Committee to be held before the 1st of February of the preceding year.

19.2 Procedure of submission of Budget Estimates

- 19.2.1 Before the Budget is submitted to the Standing Committee for approval, it will be placed before the Budget & Accounts Sub Committee. The meeting of which shall be held before the meeting of the Standing Committee for consideration.
- 19.2.2 Prior to placing the Budget before Budget & Accounts Sub Committee, in its meeting in February, 'Projections' of the Budget shall be prepared and placed before these Committees in their meetings to be held in November/December of the previous year.
- 19.2.3 The Standing Committee shall consider and approve the budget estimates with such changes as it may consider necessary.
- 19.2.4 The budget estimates as approved by the Standing Committee shall be placed before a meeting of the Corporation to be held before the 20th February of the preceding year.
- 19.2.5 The budget estimates as passed by the Corporation shall be authenticated by affixing the common seal of the Corporation and shall be submitted to the Central Government under Section 32 of the Employees' State Insurance Act, not later than the 1st of March next following.
- 19.2.6 It shall be open to the Central Government to make such alterations in the budget estimates as may be considered necessary before according approval.
- 19.2.7 The budget estimates as finally adopted by the Corporation and as approved by the Central Government shall be placed before Parliament by the Administrative Ministry concerned and published in the official gazette as soon as possible after the Central Government budget estimates have been approved by the Parliament.

19.3 Form and material for budget estimation

- 19.3.1. The form of the budget estimates of the Corporation as approved by the Central Government is reproduced in Form No. A-100. The budget and account heads have been separately published in the booklet 'List of Major and Minor Heads of Account of Employees' State Insurance Corporation'.

The material for preparation of budget estimates is obtained by the Financial Commissioner in the form of detailed estimates submitted:

- a) by the Administration Division at the Headquarters as regard administrative expenditure etc.
- b) by the Insurance & Benefit Division as regards revenue collections and,
- c) the expenditure to be incurred on cash and other benefits by the Medical Division as regards:
 - i. the expenditure on medical benefits in hospitals and Dispensaries-cum-Branch Offices (DCBOs directly run by the Corporation),
 - ii. the expenditure on medical education institutions and medical education receipts,
 - iii. other medical expenditure directly incurred by the Corporation (viz., expenditure on Super Specialty Treatment by ESIS Hospitals and Dispensaries, Ayushman Bharat, Modified Insured Medical Practitioner, Modified Employers Utility Dispensaries, etc) and
- d) by the Director (Medical) at Delhi and at other states, as regards, the expenditure on medical benefits on primary care under dispensaries directly run by the Corporation,
- e) by the Property Management Division as regards the:
 - i. receipts of rents of buildings owned by the Corporation and,
 - ii. the expenditure for annual repairs & maintenance and special repairs of all buildings owned by the Corporation
 - iii. capital expenditure on purchase of land and /or constructions of office buildings, hospitals and dispensaries building and medical education buildings including staff quarters, and
 - iv. for loans to be granted to the State Governments for the construction of hospitals and dispensaries.

19.3.2. The estimated number of insured persons to be covered under the scheme and estimates for long term committed liabilities (viz., Employees' Benefits related funds, Permanent Disablement Benefits fund, Dependent Benefits fund and ESIC Covid-19 Relief Scheme fund) will be ascertained from the Actuarial Branch.

19.4 General procedure for estimating.

19.4.1 The detailed estimates of revenue and expenditure will be prepared in the following five parts: -

19.4.1.1 Part I -Revenue Receipts

19.4.1.2 Part-II-Expenditure on Benefits: -

- a) Medical Benefit to insured persons and their families.
- b) Provision for depreciation of hospital and dispensaries and medical education institutions.
- c) Provision for repairs and maintenance of hospital and dispensaries and medical education institutions.
- d) Cash Benefits to IPs
- e) Other Benefits.

19.4.1.3 Part III - Expenditure on-

- a) Administration Expenses (including provision for depreciation and repairs and maintenance of regional and sub-regional offices).
- b) Contribution to Capital Construction Reserve Fund and Contingency Reserve Fund.

19.4.1.4 Part IV - Expenditure on Capital Accounts:

- a) Expenditure under Non-Project Assets
- b) Expenditure under Project Assets

19.4.1.5 Part V Receipts & Expenditure in respect of-Debt, Deposits, Advances, Reserve Funds, Remittances & Cash Balance.

19.4.2 The detailed estimates should be prepared in Form No. A-101. These estimates shall be prepared separately for:

- a) Headquarters Office,
- b) Each of the Regional/Sub Regional Offices, including the Branch Offices & Dispensaries-Cum-Branch Offices (DCBOs) in the region,
- c) Each of the ESIC Hospitals and Dispensaries and,
- d) Each of the Medical Educational Institutions and attached ESIC Hospitals.
- e) NTA/DMD etc.

19.4.3 The Regional Director/SRO officer in-charge/Administrative Officer / Medical Superintendent / Dean / Director (Medical)/NTA in-charge etc. should ascertain the information for columns 2 to 4 from the Finance & Accounts Officer and fill up the columns 1 to 6. on both the receipt and expenditure sides of Form No. A-101. The columns 7 to 11 shall be filled up with reference to the information available with them.

19.4.4 The Regional Director/Sub Regional Office in-charge/Administrative Officer / Medical Superintendent / Dean / Director (Medical)/NTA in-charge etc. shall obtain such information as may be necessary from the Branch Offices and DCBOs under him but the responsibility for including the provisions required for Branch Offices and DCBOs rest with the Regional Director/Sub Regional Office in-charge/Administrative Officer / Medical Superintendent / Dean / Director (Medical).

- 19.4.5 So far as the Revised Estimates for the current year are concerned, The Regional Director/Sub Regional Office in-charge/Administrative Officer / Medical Superintendent / Dean / Director (Medical) etc. should ascertain the actuals up-to the end of July from the Finance & Accounts Officer and fresh estimates should be prepared for the period August to March, in respect of the head, "2-Administration Expenses".
- 19.4.6 In regard to Revenue Receipts, A-Medical Benefits, and B-Cash Benefits as well as C-Other Benefits the actuals up-to the end of September should form the basis of estimates for the next 6 months i.e. October to March which may be prepared & submitted on Form No. A-101/1.
- 19.4.7 The Revised Estimates, should be carefully and accurately prepared. The column 'Revised' should, therefore, be filled after including only those commitments which are likely to materialize during the year.
- 19.4.8 The estimates are to be prepared under the 'Account Heads' and not of the budget heads.
- 19.4.9 The arrangement of heads should be as detailed in the 'List of Major and Minor Heads of Account.' In case, no provision is required under any head or sub-head, the relevant head should be typed and not omitted from the estimates and provision against such head or sub-head may be stated as 'nil'.
- 19.4.10 The framing of the revised estimates should always precede an estimate of a future year. A revised estimate should be framed in the light of:-
- actuals so far recorded in the current year;
 - the actuals of the same period of the last and previous years;
 - the 12 months' actuals of the past and previous years;
 - Orders, already issued or contemplated, of appropriation or re-appropriation or any sanction to expenditure, and
 - any other relevant facts.
- 19.4.11 A schedule in support of the provision suggested under each head specifying the basis of calculations should be attached with the estimates. If expenditure is anticipated to be more than in the previous months, the reason for increase is to be stated.
- 19.4.12 The Estimates Cover: -
- already implemented areas;
 - areas where the scheme is likely to be introduced during the years to which the estimates relate; and
 - non-implemented areas.
- 19.4.13 Full details in the supporting schedules should be given so that receipt/ expenditure can be ascertained separately in respect of 19.4.12.(a), 19.4.12.(b) and 19.4.12.(c) above. In the region where the new areas are not to be covered during the years of the

estimates the figures will be the total of 19.4.12.(a) and 19.4.12.(c) above. The object for stating separate details is to know the extra receipt/expenditure provided in respect of new activities.

- 19.4.14 While submitting estimates for capital expenditure (non-project items viz, Vehicles, Medical equipment, Office Equipment, Furniture & Fixtures, Computers, Books and Medical Education Aid) the details related to number of such items required according to yardstick, the number in stock, the balance number required, the purchase price, incidental charges, and the total amount should be provided. These estimates should be further categorized into:
- a) amount proposed against existing assets and,
 - b) amount proposed for new assets
- 19.4.15 In framing the budget estimates. the estimating authorities should exercise the utmost foresight. All items of receipts and expenditure that can be foreseen should be provided for and care should be taken in consultation with the Financial Commissioner, where necessary, to see that provision is include under the proper heads. An exhortation to show foresight is not an invitation to provide for additional items of expenditure without justification. While provision should be made for all items of expenditure that can be foreseen. it is essential that the amount of the provision should be restricted to the absolute minimum necessary.
- 19.4.16 In making estimates in respect of fixed charges. it must be borne in mind that what are called fixed establishment are not irrevocably fixed for all time and should be brought under the formal review of the Divisional Heads from time to time. Even when there is no thought or intention of making any change in establishments. Divisional Heads should review the entire estimate of the requirements of their revisions. Similarly, sanctions to recurring contingent expenditure should also be brought under the review of Divisional Heads from time to time.
- 19.4.17 The estimates should be prepared on the basis of what is expected to be actually received or paid (under proper sanction) during the ensuing year, including arrears of previous years and not only for the demand or the liability falling due within the year. In no case should merely the net receipts or net charges be entered but the gross transactions in full, even where receipts are to be shown as deductions from expenditure.
- 19.4.18 No item of expenditure should be provided for, which is not covered by sanction either general or specific. If any provision be considered necessary for an unsanctioned item, it shall be included in the budget by the Financial Commissioner on receipt of sanction/orders of the competent authority.
- 19.4.19 The statement of details of provision for pay of officers should be prepared in Form No. A-102/1 and in all cases where estimates for the coming year differ from those of the preceding, full explanation must be given. In respect of provision for House rent, city compensatory and dearness allowance; etc. the details are to be furnished in Form A-102/2. In respect of Establishment, the estimates shall be prepared in Form A-102/1 A in respect of pay and in Form A-102/2 A in respect of allowances.

- 19.4.20 The estimates of contingency charges should be checked by the Controlling Officer by comparison of expenditure of various offices.
- 19.4.21 No lump sum provision should be made in the budget except under definite orders.
- 19.4.22 Whether in framing permanent estimates or temporary, for sanctioned the full amount establishment of the pay, including increments, which are likely to be drawn by employees on duty during the year should be provided for. Suitable provision should be made for leave salary both of officers and establishment on the basis of the past actuals, regard being had to any known factors which may affect the past actuals. Provision for those who are on deputation or otherwise absent and unlikely to return to the strength within the period of the budget should be excluded, but the names of the personnel on deputation should be shown. A lump deduction should then be made where experience shows that a saving may be anticipated for posts likely to be kept vacant or for other reasons.
- 19.4.23 The columns of numbers must be carefully checked and the rate of pay should be stated, wherever possible, in order to admit of verification with the columns of charge. Variations in the columns of numbers as well as in amount should be explained by quoting the number and date of the order, if any.
- 19.4.24 No provision should be made for posts which are to be left unfilled. If it is, however, desired to revive any of these posts, previous consent of the Director General should be obtained before including any provision in the estimates on this account.
- 19.4.25 For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.
- 19.4.26 Against every item of fluctuating charges, such as travelling allowances, contingent charges, postage and the like, a note in red ink should be made of the actual expenditure of each of the three years last passed together with a brief explanation of any abnormal variations; and in all cases where estimates for the coming year differ from those of the preceding year, full explanation must be given.

19.5 Estimates on new Expenditure

- 19.5.1 Proposals, if any, involving new expenditure should be submitted by estimating authorities to the Concerned Division at the Headquarters Office not later than the 1st October each year to permit the latter to undertake an examination of the proposals in their various aspects.
- 19.5.2 It is open to the Concerned Division at Headquarters Office to require heads of offices, etc. to submit proposals for new expenditure in the course of the year without reserving them for a consolidated report at the time of the submission of the budget estimates of the ensuing year, in order to ensure that a proper consideration of the proposals from the administrative and financial points of view is completed before the 1st October.
- 19.5.3 No scheme of new expenditure will be included in the budget unless it is complete and finally approved. In submitting proposals for new expenditure, administrative

difficulties and delay in sanctioning processes should always be borne in mind and not more should be recommended for provision in the Budget than is likely to be spent during course of the financial year.

- 19.5.4 As stated above, all proposals for new expenditure should be referred to the Director General not later than 1st October each year. Ordinarily no proposals will be accepted after that date but Director General will exercise his discretion in admitting provision for items which have not been completely through all the requisite sanctioning processes. This does not mean that the Director General will provide for unforeseen items, nor in general admit items into the Budget in regard to which there is insufficient proof that expenditure will be undertaken in the following year. In any case, the mere existence of budget provision does not imply the acceptance of the proposal when it comes up for detailed scrutiny.
- 19.5.5 In regard to the new areas of implementation of the Scheme, provision should be made strictly on the basis of the approved yardstick, assuming the staff to be in position two months in advance of the target date or from the date the staff is actually in position, whichever is earlier. A statement showing the phased programme of extension of the scheme to new areas in a year will be forwarded to the Regional Offices by 1st August. The Regional Director will then prepare estimates for the proposals accepted by the Director General and send to the Financial Commissioner by the 1st October for inclusion in the budget.

19.6 Adherence to timetable

- 19.6.1 Close adherence to the timetable given above is an essential part of the procedure and all concerned should make every possible effort to submit their original and subsequent proposals in advance of the last dates.

19.7 Preparation of Budget Estimates for Administration

- 19.7.1 Pay and allowances are to be worked out in detailed in respect of each employee of each category of the post with reference to the pay admissible during the years to which the revised and the budget estimates relate.
- 19.7.2 Schedules containing the detailed calculations should be attached to the estimates.
- 19.7.3 The Finance & Accounts Officer should check the detailed calculations with reference to the sanctioned number of posts. In case any discrepancy is noticed, necessary correction in the figures may be carried out by the Finance & Accounts Officer and also in the copy of the estimates to be sent to the Headquarters Office.
- 19.7.4 The provision made on account of pay and allowances consists of (i) the posts already sanctioned and authorized to be filled up and (ii) the posts likely to be filled up from various dates as a result of further implementation of the Scheme in new areas.
- 19.7.5 For the posts of category (i) of 19.7.4 above, a statement may be sent showing the strength as on 1st April.

- 19.7.6 In respect of posts of category (ii) of 19.7.4 above, the statement showing the number and types of offices to be opened and the staff to be appointed (including staff already sanctioned, if any) may be attached.
- 19.7.7 Estimates relating to the Revenue Receipts, A-Expenditure on Medical Benefits (e.g. Expenditure on SST for ESIC Hospitals and dispensaries, medical expenditure under - DCBOs, mIMP, mEUD, Ayushman Bharat, etc), B-Cash Benefit and C-Other Benefits should be prepared by the Regional Director / Director (Incharge).

19.8 Preparation of Budget Estimates for Cash Benefits

- 19.8.1 In respect of Regional Office / Sub-Regional Offices the average wages of employees prevailing in various implemented and non-implemented areas with number of employees in each area may be stated. The number of female workers should be specified separately. The number of employees in areas where the Scheme has already been implemented or proposed to be implemented as advised by the Headquarters Office for preparation of estimates should be adopted invariably.

19.9 Preparation of Budget Estimates for ESIC Medical Services and Medical Educational Institutions.

- 19.9.1 In respect of Hospitals and Dispensaries (including Hospitals attached with Medical Education Institutions) the average number of beneficiaries attached may be stated. the number of Insured workers should be specified separately.
- 19.9.2 The estimates relating to the heads "Expenditure directly incurred by the Corporation on Hospital with occupational diseases centres/ Model Hospitals" under "Benefits to insured persons and their families- Medical Benefits", will be prepared by the Medical Superintendent / Dean of Hospitals and Medical Education Institutions in the Form A-100 for the following Heads of Accounts:
- a) Pay & Allowances of Medical officers, Para medical staff and other Officers and staff posted in Hospitals/Dispensaries and Medical Education Institutions,
 - b) Other Administrative Expenses (e.g. expenditure on various utilities like Electricity, Steam, Gas, Oil, Telephone) and other services like Services purchased from vendors outside of the Hospital (e.g. Watch & Wards, House Keeping, etc), including Rentals and Leases, Travel, Consulting, Patient Care Supplies, Nursing Care, Unit Secretaries, etc and should be categorised.
 - c) Drugs and other medical supplies (Includes Medical and Surgical Supplies, Pharmaceuticals, Implants and other Materials) should be categorized. Further, estimates for Drugs should be further divided into formulary drugs and non-formulary. ABC-VEN matrix for drugs and Morbidity data was extracted from the Medical Records should also be provided in support of estimates.
 - d) Expenditure on SST (including Secondary Care) and should be categorized.
 - e) Expenditure Academic Expenses (for Medical Educational Institutions only)

- f) Expenditure on Research & Development (for Medical Educational Institutions only)
- g) Waste Material Management,
- h) Hiring of Vehicles,
- i) Depreciation of other assets, Employees related benefits fund (payments only),
- j) Expenditure on Capital Assets (viz., Vehicles, Medical equipment's, Office Equipment's, Furniture & Fixtures, Computers, Books and Medical Education Aid).

19.9.3 The estimates relating to the heads of Revenue Receipts under "Medical Education Receipts" will be prepared by the Dean, ESIC Medical Educational Institutions.

19.9.4 Pay and allowances are to be worked out in detailed in respect of each employee of each category of the post with reference to the pay admissible during the years to which the revised and the budget estimates relate. Schedules containing the detailed calculations should be attached to the estimates. The Finance & Accounts Officer should check the detailed calculations with reference to the sanctioned number of posts. In case any discrepancy is noticed, necessary correction in the figures may be carried out by the Finance & Accounts Officer and also in the copy of the estimates to be sent to the Headquarters Office.

19.9.5 The provision made on account of pay and allowances consists of (i) the posts already sanctioned and authorized to be filled up and (ii) the posts likely to be filled up from various dates as a result of increased number of beds as per norms. For the posts of category (i) above, a statement may be sent showing the strength as on 1st April of the 3 years:

19.9.6 The strength of all the ESIC Dispensaries and DCBOs will be grouped together and is not required to be shown separately in respect of each dispensary/DCBO.

19.9.7 In respect of posts of category (ii) of 19.5 above, the statement showing the number and types of dispensary/DCBO to be opened and the staff to be appointed (including staff already sanctioned. if any) may be attached.

19.10 Preparation of Budget Estimates for Medical Benefits (On account payment)

19.10.1 Budget for on account payments would be prepared as per the policy approved by the Corporation (Current approval issued by the Corporation on 22.4.2021) These estimates are to be prepared at HQ only.

19.11 Preparation of Budget Estimates for purchase, construction and maintenance of land and building owned by the Corporation.

19.11.1 The estimates relating to the heads of "Expenditure on Capital Account- For Projects" will be prepared by the Insurance Commissioner (PMD) based on the assessment of capital constructions projects by Chief Engineer, Headquarters Office in respect of (a)

Office Buildings and Staff Quarters, (b) Hospitals & Dispensaries & Staff Quarters and (c) Medical Education Institutions & Staff Quarters.

19.12 Estimation of revenue receipts

- 19.12.1 The estimates of revenue receipts are to be prepared by Insurance Division of HQ on the basis of current year receipts and Phased Implementation Programme for the following years.

19.13 Dates and channel of submission

- 19.13.1 The estimates prepared for each year by the Regional director etc. should, as far as possible, be got checked in Finance & Accounts Branch simultaneously and discrepancies if any, should be reconciled on the spot.
- 19.13.2 Two copies of the estimates relating to the heads "2-Administration Expenses", "Expenditure on Capital Assets" and "Advance" should be sent to the Finance & Accounts Officer by 25th August at the latest. Regional Director, will, after final scrutiny by Finance & Accounts Officer of the Budget Estimates relating to head "2-Administration Expenses", Expenditure on Capital Assets and Advance heads etc., forward one copy to the Insurance Commissioner (P&A) so as to reach him latest by 5th September. The Administration Division of the Headquarters Office after scrutiny of the Budget Estimates in Form-101 of each region will consolidate the estimates in regard to Head-2 Administration Expenses, Expenditure on Capital Assets and Advances (Receipt & Expenditure) and forward them along-with other data/statements duly approved by the Insurance Commissioner (P&A) to the Financial Commissioner by the 1st October.
- 19.13.3 The copies of the estimates relating to the (a) Revenue Receipts, A-Expenditure on Medical Benefits (e.g. Expenditure on SST, medical expenditure under DCBOs, mIMP, mEUD, Ayushman Bharat, etc), B-Cash Benefit and C-Other Benefits should be sent by the Regional Director / Director (Incharge); (b) A-Expenditure on Hospitals & dispensaries and Medical Education Institutions directly run by the Corporation should be sent by the Medical Superintendent / Dean, and (c) Annual Repairs and Maintenance (ARM) and Special Repairs (SR) of Office buildings / Hospitals & Dispensaries (both ESIC and ESIS) / Medical Education buildings owned by the Corporation should be sent by the Medical Superintendent / Dean / Regional Director, to the concerned Finance & Accounts Officer by 20th September positively.
- 19.13.4 A copy of the estimates, duly checked by the concerned Finance & Accounts Officer, regarding (a) Revenue Receipts, A-Medical expenditure directly incurred by the Corporation, B-Cash Benefits, C-Other Benefits, Annual Repairs & Maintenance (ARM) and Special Repairs (SR) of office buildings (including staff quarters) and ESI Hospitals and Dispensaries owned by the Corporation, should be sent by Regional Director to the Revenue & Benefits Division of the Headquarters Office in respect estimates of Revenue Receipts, Cash & Other Cash Benefits, to the Medical Commissioner in respect of medical expenditure and to the Insurance Commissioner (Property Management

Division) in respect of ARM and SR of the Office buildings (including Staff quarters) and Hospital & Dispensaries (ESIS), and (b) Expenditure of Hospital & dispensaries and Medical Education Institutions on medical benefits incurred and directly run by the Corporation, Annual Repairs & Maintenance (ARM) and Special Repairs (SR) of Hospitals and Dispensaries and Medical Education Institutions (including staff quarters) owned and run by the Corporation and Expenditure on Capital Assets should be sent by Medical Superintendent / Dean to the Medical Commissioner in respect of medical expenditure & Expenditure on Capital Assets and to the Insurance Commissioner (Property Management Division) in respect of ARM & SR, so as to reach him latest by 5th September.

- 19.13.5 The Revenue & Benefits Division, Medical Division and Property Management Division of the Headquarters Office, after scrutiny of the Budget Estimates of each accounting units, will consolidate their respective estimates in regard to Revenue Receipts / B-Cash Benefits & C-Other Benefits, Expenditure on Medical Benefits directly incurred by the Corporation and ARM & SR respectively and forward them with their remarks along-with comments of the Regional Director / Medical Superintendent / Dean and of the Accounts Officer & other data/statements duly approved by the respective Divisional Heads to the Financial Commissioner so as to reach him by 1st October positively.
- 19.13.6 The Finance & Accounts Branch at Headquarters Office will submit budget of each accounting units with comments of the Divisional Heads, Regional Director and of the Finance & Accounts Officer to the Financial Commissioner for approval. Thereafter, the budget estimates of all the offices will be consolidated and submitted to the Director General.

19.14 Certain Estimates to be prepared by Finance & Accounts Branch (Headquarters)

- 19.14.1 These comprise mainly the estimates for (i) Expenditure under 'On Account Payment', (ii) Provision of capitalised value of permanent disablement benefit, dependent benefit and ESIC COVID-19 Relief Scheme, (iii) Provisions of gratuity, leave, pension contributions and pensioners' medical scheme, (iv) Contribution to ESIC Provident Fund and interest thereon, (v) Interest on loans, (vi) Repayment of loans, (vii) Investments, and (viii) Realisation of investments, (ix) Payment of Audit fee, (x) Depreciation on buildings & attached assets (capitalised by HQ) owned by the Corporation, etc.
- 19.14.2 These estimates shall be prepared by the concerned Finance & Accounts Branches at Headquarters Office in consultation with the other Division, where necessary, and shall be submitted to the Financial Commissioner for approval by 1st October at the latest Consolidation of the Estimates.
- 19.14.3 The estimates framed in the individual budget as finally accepted will be consolidated by the Finance & Accounts Branch at Headquarters Office in respect of (i) Headquarters Office, (ii) each of the Regional Offices/Sub-Regional Offices (including its Branch Offices & DCBOs) and (iii) each of Hospitals (including ESIC dispensaries and Dispensary-Cum-Branch Offices) and Medical Educational Institutions directly run by

the Corporation. Thereafter, consolidated estimates both of revenue and expenditure of the Corporation as a whole will be drawn up in Form No. A-100. The consolidated estimates shall be forwarded to the Financial Adviser, Ministry of Labour, (who is a Representative of the Ministry of Finance on the Standing Committee), for remarks, if any. On return of the estimates, the suggestion made by the Financial Adviser, Ministry of Labour will be carried out and thereafter, the estimates with the schedules noted below and the budget note of the Financial Commissioner explaining (i) the provision made under various major heads (I.e. Executive Summary), and (ii) the variations between (a) the sanctioned and the revised estimates of the current year and the budget estimates of the next year (I.e. Explanatory Memorandum) will be submitted to the Director General to enable him to get the approval of the Budget & Accounts Sub-Committee and the Standing Committee.

- a) Statement showing the number of employees and family units covered and to be covered under the Scheme up to the last date to which Budget Estimates relates.
- b) Statement showing per capita income from ESI Contributions, per capita expenditure on revenue account and per capita margin, for the last ten years.

The budget estimates as approved by the Budget & Accounts Sub-Committee and the Standing Committee will then be submitted to the Corporation and to the Central Government for approval on or before 1st March.

- 19.14.4 A performance budget will also be drawn up. It will also be submitted to the Budget and Accounts Sub-Committee, the Standing Committee and the Corporation, and therefore, transmitted to the Central Government for placement before the Lok Sabha with the annual budget of the Corporation.

19.15 Communication and Distribution of Grant

- 19.15.1 The budget estimates as approved by the Central Government is treated as 'Grant' under the following major heads: -

- a) Benefits to insured persons and their families.
- b) Administration expenses.
- c) Interest on loans.
- d) Expenditure on Capital Account.
- e) Debt and remittances.

- 19.15.2 The grant under each of the above major heads is distributed by sub-head under which it shall be accounted for. Each sub-head constitutes a "Primary unit of appropriation". The list of primary units of appropriation is given in Appendix-8 of Vol-II.

- 19.15.3 With the approval of the Director General, the Administrative Officer will distribute sanctioned funds among the Controlling Officers as follows: -

- a) The whole or a part of the provisions under a primary unit as sanctioned may be

placed at the disposal of a controlling officer, or the primary unit may be broken into number of secondary units and the provision under any of these, wholly or in part, placed at his disposal.

- b) A controlling officer at whose disposal an appropriation for a primary or secondary unit has been placed, may out of it allot funds for expenditure on specific item or on a group of items.

19.15.4 The Grant shall be utilized to cover all the charges, including the liabilities if any of the past year, to be paid during the financial year or to be adjusted in the accounts of the financial year for which such grant is sanctioned. Such charges can be authorized by the competent authority, any time before, but not after, the expiry of the financial year. Any unspent balance shall lapse and shall not be available for utilization in the following year.

19.15.5 The financial year closes on 31st March. After this date, all actual transactions are treated as pertaining to the following year but bona fide transfer entries pertaining to the accounts of the year are permissible for some time till the accounts of the year are closed.

CHAPTER 20

Control of Expenditure

20.1 General procedure of control of expenditure

- 20.1.1. Each head of the office is responsible for enforcing financial orders and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.
- 20.1.2. A Controlling Officer must see not only that the total expenditure is kept within the budget allocation subject to prescribed rules and regulations but also expended in the interest of the Corporation and upon objects for which the budget was provided.
- 20.1.3. In order that the control over expenditure may be effective and real and that the controlling Officer should be in a position, to estimate the likelihood of savings in and excesses over the primary units of budget allocation, the procedure laid down in the following paragraph shall be observed.
- 20.1.4. The HQRs' Office will allot funds out of the provisions placed at its disposal to each of the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc.
- 20.1.5. It should be ensured the amount that of the primary total sum unit allotted under each sub head does not exceed the amount of primary units of budget allocation of that sub-head.
- 20.1.6. While making allotments, the HQRs' Office may keep some amount in reserve for allotment of budget allocation to the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc. to meet the contingencies.
- 20.1.7. Each controlling officer/Head of office should maintain "Expenditure Control Register" in Form A-105. Separate set of pages should be allotted for entries relating to each budget head of accounts, such as 'pay of officers', 'pay of establishment and other expenditure etc. The form of the register is self-explanatory. Original allotments and the revised estimates or supplementary budget thereof are to be noted on the top of the register in respect of each sub-head of account.
- 20.1.8. Each drawing officer should maintain record of expenditure incurred each month under each sub-head of Account (primary unit of allocation) in Form No. A-106. Separate pages should be set apart for year's entries under each primary unit of appropriations. The total of each bill sent to the Finance & Accounts Branch should be entered item by item in this register. The first column will show the number and date of the bill. In column 2, will be posted the date on which the bill is passed by the Finance & Accounts Branch.
- 20.1.9. Columns 3 to 5 of Form No. A-106 are self-explanatory. Column 6 provides for the record of progressive total and this column will be useful when the drawing officer has a separate allotment at his disposal. Sub and detailed head-wise progressive expenditure

in Form No. A-107 may be called for from the Accounting Units wherever necessary. During the first 8 to 10 months of the year he would be able to exercise control through monthly progressive totals in the register maintained in Form A-105. In the concluding months of the year, a vigilant drawing officer may like to know the progress as each voucher is passed for payment in order that he may be able to take suitable action promptly if any savings or excesses become likely at any time. To permit the exercise of such control, it is necessary that the figure of sanctioned allotment should also be noted at the top of each statement in Form No. A-106.

- 20.1.10 At the end of each month, the clerk responsible for maintaining the register in the office of the drawing officer will strike total of each sub head. The Branch Office/DCBOs should submit a monthly statement of expenditure, being an exact copy of entries in Form A-106 to their Regional/Sub Regional Office, so as to reach by the 5th of the month following to which it relates. On receipt of these statements and one maintained in the Regional Office/Sub-Regional Office for the expenditure incurred directly at the Regional Office/Sub-Regional Office the postings will be made in Form A-105. The entries made therein should be checked by Office Superintendent, who will affix his dated initials in token of this check in the appropriate column and submit to the Head of Office by 10th of every month for review.

20.2 Surrender of Anticipated Savings

- 20.2.1. A controlling officer may find in the course of the year that the expenditure under some sub-head is likely to be less than the provision in the Budget. The savings may be due to one or more of the following causes: -
- Actual postponement of expenditure;
 - real savings due to economy, and
 - normal savings due either, to original over-estimating, or to the usual administrative causes e.g. casualties etc.

Savings due to cause (a) should not normally be used for appropriation to meet new items of expenditure without the sanction of the Corporation. Unless savings due to cause (b) have been made deliberately to provide for an unforeseen emergency, they should not ordinarily be utilized in the course of the year for new items of expenditure as it is desirable that all such new items should be considered together at the time of the preparation of the budget.

- 20.2.2. All anticipated savings should be surrendered immediately they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses.
- 20.2.3. It is contrary to the interest of the Corporation that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of sanctioned funds could be avoided. In fact, the sanctioned the existence funds of likely that cannot

savings be should profitably not be utilized seized should as an be opportunity surrendered for introducing rush will ordinarily of expenditure fresh be regarded items particularly of expenditure as a breach in the closing of which financial months might regularity wait of the till financial next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

20.3 Expenditure not Provided for Re-Appropriation and Supplementary Grants

- 20.3.1. Expenditure for which no provision has been made in the original budget estimate of the current financial year should not be incurred unless funds are made available by the Competent authority except in cases of obligatory expenditure governed by Rule 24 of the Employees' State Insurance (Central) Rules, 1950.
- 20.3.2. It may, however, be found that an excess is likely owing to either (1) an unforeseen emergency or (2) underestimating or in-sufficient allowance for factors leading to the growth of expenditure. In the case of an -excess of either type, the Divisional Head concerned should proceed as follows: -
- 20.3.3. He should first see whether the excess expenditure can be met out of the funds reserved by him under the same subhead (primary unit of appropriation). If so, the funds may be distributed to meet the anticipated excess expenditure. In the absence of reserve funds, the allotments made to other Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc. under the same sub-head should be examined to see whether funds are surplus with them, and if so, additional allotment may be made to the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc. which requires it. Since appropriation check will ordinarily be conducted against total allotment for a unit there is no question of re-appropriate in the technical sense of the word. The process is nothing more than re-distribution, which the Divisional Head can ordinarily affect without reference to any authority.
- 20.3.4. Should he find such re-distribution impossible. he should examine the whole grant to see whether there are likely to be savings under any of the other units of appropriations due to cause, which can be utilized to meet it or whether special economics can be affected under other sub-heads. If the funds Are located, necessary re-appropriation orders may be made with the sanction of the Director General. In case the funds cannot be located, it will have to be considered by the Administration Division /Medical Division /Property Management Division whether the excess should be met by the postponement of expenditure or whether an application for supplementary grant should be made.

20.4 Re-appropriation of Funds

Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under the formal order of the Director General, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilized in full or that savings

can be affected in the appropriation for that unit. In no case it is permissible to re-appropriate from a unit with the intention of restoring the diverted appropriation to that units when savings become available under the other units late in the year. Any allotment or appropriation within a grant or appropriation may be sanctioned at any time before close of the financial year to which such grant or appropriation relates.

In all orders sanctioning re-appropriation, the reasons for savings and excesses of Rs. 10,000/- or over and the primary units affected should be invariably stated. The authority sanctioning the appropriation should endorse a copy of the order to the Financial Commissioner.

20.5 Supplementary Grants

Supplementary estimates will be prepared and submitted to the Standing Committee as provided in Rule 32 of the Employees' State Insurance (Central) Rules, 1950, in respect of any financial year further expenditure is likely to be incurred.

20.6 Inevitable Payments

Money indisputably payable by the Corporation shall not ordinarily be left unpaid and the payments made shall not be kept out of accounts longer than is absolutely necessary.

Under Rule 24 of the Employees' State Insurance (Central) Rules, 1950, no payment can be made unless it is covered by a current budget grant. In the absence of a current budget grant, the payment can be made only, if it is authorized by the Corporation either generally or for any particular case, or it relates to the payment of benefits to insured persons under the provisions of the Act and of the pay and allowances of duly sanctioned posts. The disbursing officer should take special care before authorizing any payment and if he is called upon to honour an urgent claim which is certain to produce an excess over the allotment at his disposal, he should obtain orders for payment in writing from Hqrs Office or the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc. as the case may be, that the proposed expenditure would be covered by funds either by re-appropriation or by obtaining supplementary grant. The Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc., as the case may be, will be responsible to arrange for the funds at the earliest date.

20.7 Surrender of Surplus Funds

Before close of the financial year, surplus funds, if any, are to be surrendered and necessary action therefore will be taken by Administration Division / Medical Division / Property Management Division, Copies of the surrender statement will be forwarded to the Financial Commissioner.

20.8 Appropriation Accounts

Appropriation Accounts for a financial year shall be prepared by the Finance & Accounts Branch concerned at the Headquarters Office in the following form:



Major Head and Sub Head	Final Grant	Actual Expenditure	Excess (+)/saving (-)
1	2	3	4

In column (1) the names of the Sub-Heads and the sanctioned funds therefore as finally approved by the Central Government are to be stated. In column (2) the final amounts as modified, from time to time, by re-appropriation orders are to be recorded. Variations in the amounts of columns (1) and (2) in respect of each Sub-head, where necessary, are to be explained in the Appropriation Accounts for which purpose reference, will be made to the re-appropriation orders which specify the reasons for modification of the sanctioned funds.

The actual expenditure incurred under each Sub-Head (primary unit of appropriation) and the reasons for variations, if any, as compared to the amount stated in column (2) are ascertained by the Administration Division / Medical Division / Property Management Division, from the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc. After scrutiny of the information received from the Regional/Sub Regional Office/ESIC Hospitals/ Medical Educational Institutions etc., the Administrative Officer of the concerned Divisions will formulate the reasons for excesses/savings appearing in column (4) and will intimate the same to the Finance & Accounts Branch, for incorporation in the Appropriation Accounts.

The whole process is to be completed by the 15th May, following the financial year to which the Appropriation Accounts relate. Thereafter, the Accounts are to be submitted to the Financial Commissioner and the Director General for approval.

CHAPTER 21

Employees' State Insurance Corporation Provident Fund

21.1 Introductory

- 21.1.1 The procedure prescribed in this chapter is applicable to the Employees' State Insurance Corporation Provident Fund so far as it is not inconsistent with the provisions of the GPF (CS) Rules, 1960 themselves.
- 21.1.2. The Employees' State Insurance Corporation Provident Fund Rules are not applicable to the employees, who joined this Corporation on or after 1st January, 2004 under National Pension Scheme, 2004 unless otherwise provided.
- 21.1.3. The account of Employees' State Insurance Corporation Provident Fund will be maintained by the Fund Section of the Finance & Accounts Branch at Headquarters Office.
- 21.1.4 The following points should be specially borne in mind by staff in the Section dealing with "FUND" work: -
- a) The Fund Accounts should be neatly and accurately maintained as any errors in posting or in working out balances would involve monetary loss either to the Corporation or to the individual concerned.
 - b) Special care should be taken in working out balances after each transaction, in calculating interest, in closing the accounts for a year, and in the preparation of annual accounts.
 - c) Erasing and over-writings in the registers are not permitted on any account. If a correction is found necessary, it should be made neatly and attested by the dated initials of the Ledger Examiner/Officer in-charge in each case.
 - d) The deposit accounts of a subscriber are treated as confidential. No information should be communicated to any outsider without the written permission of the competent authority.
 - e) All applications for withdrawals (temporary, final or otherwise) should be treated as 'urgent' and should be disposed of promptly and carefully.

21.2 Duties of Staff in Fund Section & Auditors' duties

- 21.2.1 The following is the list of the more important points requiring the special attention of the auditors in Fund Section. Each Auditor should: —
- Check the eligibility of all new entrants to the fund;
- a) Assign and communicate account numbers to the subscribers;

- b) see that nominations are received from all subscribers and that they are duly recorded in the ledger after proper scrutiny and acknowledged in the prescribed Form No. A-109;
- c) watch the punctual receipt of the schedules of fund deductions from Headquarters and accounting units etc. Delays in the receipt of these documents should at one be brought to the notice of the competent authority;
- d) post the deductions as recorded in the schedules into the respective ledger accounts;
- e) audit in detail the vouchers for withdrawals from the Fund, post them into the ledger and get the entry attested by the Ledger Examiner/competent authority and write up the Register of Temporary withdrawals. In respect of advances, it should be particularly see that the advances drawn are covered by proper sanction as well as by the balance at credit in the fund and are regularly repaid;
- f) post the Broadsheet from the ledger, total it and agree the total with the total of the schedules and figures in the Detail Book.

Note:- On no account should the Broadsheet be posted from the Schedules of deductions; and as only account numbers are shown in the Broadsheet, great care should be taken to guard against mis-postings;

- g) workout, where necessary, the monthly balance of each account in the ledger after the close of each month's accounts;
- h) calculate the interest due for the year in respect of each account, post the amount in the ledger and then close the account for the year;
- i) enter in the Broadsheet the annual totals of deposits, interest and withdrawals and the grant total and the closing balance for the year;
- j) prepare copies of annual accounts for supply to subscribers;
- k) maintain the objection Book and carry on correspondence in respect of items held under objection;
- l) watch the receipt of policies duly assigned where necessary;
- m) deal with all claims for final payment and take action for re-assignment of Life Insurance Policies, where necessary.

21.3 Ledger Examiner's Duties

21.3.1 The duties of the Ledger Examiner in charge of the Fund Section ordinarily are: -

- a) to maintain the Stock Register of policies assigned to the Corporation;
- b) to compile the consolidated broadsheet of Provident Fund Accounts and to get the monthly debits and credits as worked out therein, verified with those in the Detail Book;

- c) to see that the closing balance of the broadsheet agrees with Detail book after the close of March Accounts;
- d) to prepare the transfer entries on account of interest and unclaimed deposits of the Provident Fund;
- e) to deal with cases of general interest for the section as a whole;
- f) to maintain the unclaimed deposit register;
- g) to maintain the final payments register;
- h) to review the register of temporary advance etc.

21.4 Branch Superintendent's Duties

- 21.4.1 In addition to the general responsibilities, the officer responsible of Fund Section will:—
- a) be in general supervisory charge of the section;
 - b) exercise a close supervision of the Objection Books relating to the funds to ensure an early removal of objections;
 - c) deal with all applications for admission to the Provident Fund and nominations;
 - d) review monthly a portion of the ledgers with a view to see that the registers are maintained correctly. The review should be so regulated as to ensure that all the ledgers and registers come under scrutiny at least once in a year;
 - e) review the ledgers with respect to temporary withdrawals at least once a month to see that instalments towards the refund of advance and interest thereon are regularly paid and that any irregularity in this respect is brought to the notice of the officers concerned as expeditiously as possible;
 - f) see that each item of work is taken up and completed in time and that each return is dispatched on due date.
- 21.4.2 Rule 4 of GPF (CS) Rules, Provident Fund determines the classes of employees in whose case subscriptions of the Fund is compulsory or optional.
- a) Each head of office should send a statement generated in pay roll of ERP System to the Finance & Accounts Branch Hqrs. Office by 15th of every month. This statement should show the particulars of such Corporations' all eligible employees working in each office.
 - b) All eligible employees can view their subscriptions and balances in ERP System.
- 21.4.3 On receipt of statement from the head of the office. The eligibility of the new subscribers should be tested in Fund Section of Finance & Accounts Branch with reference to the relevant rules. As a rule, no employee should commence subscribing to the fund until his eligibility is tested and Account number is assigned to him. If in any case the name of an employee appears in the schedule of fund deduction before an account number is allotted, full particulars of the employee in Form A-108 should be called for and

eligibility to fund determined. If he is found eligible on account number should be assigned to him in the general Index Register) and a folio allotted to him in the ledger. The account number should be communicated to him through his head of his office. This number should be quoted in all communications and in the schedule of monthly deductions for facility of reference.

21.4.4 The General Index Register, Form No. A-110 should be maintained separately for Headquarters, and each of the accounting unit and each such register should have an alphabetical Index prefixed to it. There should be a separate series of numbers for

- a) Headquarters, and
- b) each of the accounting unit with distinctive letters prefixed to them e.g., 'H.Q.' for the Headquarters, 'R.O.' '-DLH' for Regional Office, Delhi and 'R.O.' '-UP' for Regional Office, Kanpur. There will be no separate numbers for Branch Offices/DCBOs and the subscribers of Branch Offices/DCBOs will be allotted numbers of their accounting units. When new numbers are assigned to old subscriber's consequent on their transfer from one accounting units to other accounting units and vice versa, the new number should be shown as numerator and the old number as denominator in the Index Register so that their past records may be traced easily whenever required. Special care should be taken to keep the registers up-to-date.

However on operationalization of ERP module fully, the GPF Account Numbers will be allotted by the system itself.

21.5 Nominations

21.5.1 As soon as an employee starts subscribing to the Fund, the Finance & Accounts Branch should endeavor to secure that the subscriber furnishes a nomination as required under Rule-5 of GPF (CS) Rules.

On receipt the nomination form should be scrutinized in detail by the auditor concerned with reference to each entry made therein to see whether it is complete and is drawn up in accordance with the orders in Rule-5 of the GPF (CS) Rules. If the declaration is not correctly filled in or is not in order, an objection memorandum should be prepared and submitted along with the nomination to the Finance & Accounts Officer in charge for his signature.

21.5.2 If the nomination is found to be in order, or after proper completion has been secured, an acknowledgement of its receipt should be prepared, and a suitable note made at the top of the account of the subscriber in the ledger (Form No. A-111) under the attestation of competent authority. The nomination should then be put up along with acknowledgement and the ledger to the Accounts Officer In charge through the ledger examiner/ competent authority. The Finance & Accounts Officer will initial the nomination form in token of its acceptance. The competent authority should then have the nomination filed in its proper place in the guard file of nominations which is maintained in order of Account numbers and is kept under lock and key in his own

custody. The nomination forms should be verified annually in January each year by a Group A & B Officer, other than the Finance & Accounts Officer. Incharge of the Fund Branch, whosoever is nominated by the Financial Commissioner. The Financial Commissioner will indicate the particular region(s) of which nomination form should be verified so that all the nomination forms are verified in 3 years. The certificate for verification of the nominations should be forwarded to the Financial Commissioner. After action has been taken on the observation, if any, of the Financial Commissioner thereon, the certificates may be filed in a separate file. Verification of nomination forms on due date should be watched through Calendar of Returns.

- 21.5.3 Nomination form and also the acknowledgement and other correspondence connected therewith must be treated as confidential.

Note:- It is sufficient if the original entry of receipt of nomination on the ledger sheet is attested by the competent authority, while admitting the nomination and that the Carry Forward Entries in respect of such nominations may be attested by the Ledger Examiner.

The acknowledgement in Form A-109 should be addressed to the subscriber through the office concerned. The names of the nominees and the share of deposit allotted to each as given in the nomination should also be indicated therein.

- 21.5.4 When a revised nomination is received, the superseded one should be cancelled and returned to the subscriber.

- 21.5.5 The nomination forms should be preserved for the period which may be decided. As soon as each final payment is made a record to that effect should be made on the relevant nomination form over the dated initials of the superintendent which should then be removed from the guard file and placed in chronological order of payments in one of the separate guard files opened with the following headings: —

- a) Nominations: Final payments made to subscribers;
- b) Nominations: Final payments made to persons other than the subscribers.

In each of these guard files which should remain in the custody of the superintendent, there should be an index showing the serial number, name of subscriber (with Account Number) and due date for destruction of the nomination form placed therein. An examination of these two guard files should be made in January each year and the nominations which are due for destruction should be destroyed in the presence of the competent authority. This item of work should be completed before the 28th February, each year, when a report of completion should be submitted to the Financial Commissioner.

- 21.5.6 A nomination is one of the most important documents and serves the purpose as a will or Testament of a subscriber and if it is somehow lost, legal disputes may arise and the officer may be in endless troubles. Therefore, instead of taking away the original nomination the clerk concerned should take out a true copy thereof, duly attested by the branch officer-in charge, for his current use. The original nomination should not go out of the custody of the Branch Officer in-charge.

21.6 Subscriptions

- 21.6.1 The drawing officers shall attach a statement of GPF generated in ERP System with every pay bill a schedule in Form No. A-112 showing the number of account, the name and pay of the subscriber, the leave salary drawn during the period of leave, the rate of subscription, the amount realized, and the refund of withdrawal, if any made. They shall also record in the remark's column of the schedules:
- the period of leave and the date of its commencement in the case of a subscriber who is on leave, and discontinued payment of subscription, or repayment of advance,
 - a brief explanatory note in cases where (a) the amount of a subscription in a particular month differs from that realized in the preceding month and (b) where a subscriber's name appears in a schedule for the first time.
- 21.6.2 When a subscription is paid for the first time or a revised rate is adopted, it should be seen that the amount of subscription is within the minimum and maximum rates prescribed in Rule 8 of the G.P.F. Rules. In the case of subscriptions paid subsequently, it should be seen that the amount paid agrees with the rate adopted in the first month of the year except when a variation of rates is allowed during the course of the year under the Rules of the Fund, e.g, during the period of leave when subscriber does not prefer to subscribe or enhances his rate of subscription. Whenever a subscription is discontinued by a subscriber, it should be seen that the discontinuance is permissible i.e., during leave. The minimum rate of subscription should not be less than the prescribed Rate.
- 21.6.3 Recovery of subscriptions from the "compulsory" subscribers is to be made from the date they become eligible to subscribe to the fund. There is, however, no objection to the arrear subscription being paid in easy installments, in addition to the current monthly subscriptions if directed by a authority competent to sanction advance under GPF (CCS) Rules.
- 21.6.4 If a subscriber died during the course of a month proportionate subscription should be recovered for that month from his emoluments, i.e. for the number of days during which he was alive in the month.
- 21.6.5 When a subscriber is on leave without pay or leave on half pay or half average for pay a part of a calendar month and he has elected not to subscribe during such leave, the amount of subscription payable shall be proportionate to the number of days spent on duty including leave if any other than those referred to above.
- 21.6.6 Sanctions for advances granted from the Provident Fund under GPF Rules shall be communicated by the authorities competent to sanction advances to (i) applicant direct, if he is a Group A&B Officers otherwise to his head of the office, (ii) Fund Section of the Finance and Accounts Branch at Headquarters Office and (iii) Finance & Accounts Branch of the office from which pay and allowances and drawn by the applicant to whom an advance has been sanctioned. A sanction shall, unless it is specially renewed, lapse on the expiry of a period of three months. The sanction will invariably specify: —
- the amount of advance granted;

- b) the designation and pay of the employees in whose favor an advance is sanctioned and in detail the purpose for which it is sanctioned unless it is of confidential nature in which case it will be communicated to the Financial Commissioner personally and/or confidentially;
- c) the reasons for relaxing the provisions of GPF Rules are specifically mentioned in the sanction. The balance of any previous advance not recovered shall be added to the advance so sanctioned and the instalment for recovery shall be fixed with reference to the consolidated amount.
- d) the number of instalments in which the advance is to be repaid are fixed in whole rupees and of equal amount.

21.6.7 On receipt of sanction permitting temporary withdrawals from the Fund, it should be seen in particular by Finance & Accounts Branch at Headquarters Office and all accounting units.

- a) that the advance has been sanctioned by a competent authority;
- b) that the purpose for which the advance has been sanctioned falls under one of the recognized objects for which advance can be granted;
- c) that the amount sanctioned does not exceed three month's pay or half the amount of the Employees' subscriptions and the interest thereon standing to the credit of the subscriber and is covered by the balance at the credit of the subscriber. If otherwise, it should be seen that the exceptional circumstances recorded in the sanction justify the grant of the special concession;
- d) that the grant of a second advance is made on valid grounds, and
- e) that there is no tendency on the part of the subscriber to treat the Provident Fund as a cheap loan account.

21.6.8 Enquiries made from the Fund Section whether the grant of an advance of a specified sum from the balance at the credit of a particular subscriber is admissible or not should be attended to without delay. Replies to enquiries should, however, be issued immediately. Such references should always be dealt with expeditiously so that no inconvenience may be caused to the subscribers. Any instances of abnormal delays will be severely dealt with on their coming to notice.

21.6.9 **Director General's orders**— For the purpose of ascertaining the balance at the credit of a particular subscriber, the applicant should be asked to produce the latest statement of his Provident Fund Account, and the balance at credit at the time of sanctioning the advance, may be arrived at after taking into account further receipts and payments to his Provident Fund which are known to the Head of Office.

- a) Bills on account of advances from the Provident Fund may be drawn by Group A&B Officers on ordinary pay bill forms or in Form No. A-114 supported by a copy of the order sanctioning the advance duly certified by a Group A & B Officer. In the case of other staff, the advance should be drawn and disbursed in the same way as pay

proper, the bill (ordinary pay bill form or in Form No. A-114 being similarly supported by a copy of the sanction duly certified by the competent authority. All bills will be audited and paid by the Finance & Accounts Branch which deals with the pay and allowances of the employees concerned.

- b) The Drawing Officer shall record the certificates provided in Form A-114 on the bill for withdrawing the amount from the Provident Fund.

21.6.10 The checks to be applied in the audit of the bills at the time of payment for temporary withdrawals or advances consists in seeing:—

- a) that the bill has been drawn in ERP Module.
- b) that it is supported by a copy of order sanctioning the advance duly attested by the competent authority;
- c) that it contains all the information required for audit purposes;
- d) that the bill is otherwise in order.
- e) that sanction has already been received and audited;
- f) that the claim has been preferred within three months from the date of issue of the sanction.
- g) An installment towards an advance should be recovered only when the subscriber draws full duty pay in any month, and while he is on leave, only when he expressed his consent to have the deduction made from his leave salary.
- h) All sanctions to temporary advances should on receipt be audited by the Fund Section and the particulars thereof entered appropriately in the Register of temporary withdrawals (Form No. A-113); over the dated initials of the competent authority. Simultaneously, the advance in question and the rate of monthly instalment should be noted in the remarks column of the ledger account. The number assigned to the sanction in “Register of Temporary withdrawals” should also be noted in the ledger account. Reasons for non-recovery of an instalment in a particular month should be noted in the ledger in the column for the month in which the recoveries do not appear. When new ledgers are opened after the prescribed period the amount outstanding in respect of an advance with the rate of monthly instalment should be noted in the remarks column thereof.
- i) The scrutiny of regular refund of such withdrawals should be made direct from the ledger and it should be ensured that recoveries on account of principal and interest are made regularly.
- j) Any irregularity in the re-payment of an advance should be brought to the notice of the subscriber, if he is a Group A & B Officer, or to the Head of his office, and failing compliance, to the next higher authority.
- k) In case where monthly recoveries do not commence from the first payment of a full month’s pay after the advance is granted, it should be seen that the first and second

instalment are recovered together from the subscriber's pay for the following month.

- l) An Finance & Accounts Officer is not authorized to postpone recovery of Provident Fund advance without proper orders except as provided for in the relevant regulations.
- m) After audit of the amount withdrawn, the amount should be entered in the ledger and the Register of temporary withdrawals in the proper manner and the entries duly attested by the Branch Officer.
- n) The postings in the ledgers from the schedules of withdrawals are checked by Ledger Examiner, while the Branch Officer reviews generally about 8 percent of the ledger folios. At the time of conducting the above review it should be seen that the advances are regularly repaid and that any irregularity in this connection is promptly brought to the notice of the officer concerned. The registers of temporary withdrawals should be submitted after review to the Finance & Accounts Officer in charge on the 25th of each month.

21.7 Final Payment of Provident Fund Money

21.7.1 Every subscriber is required to submit an application in Form A-117 for the refund of his fund money, through his head of the office, to the Financial Commissioner at the time he quits the Corporation service finally. In the event of a subscriber's death before retirement, application for the refund of his fund money would also be entertained only if received through the Head of the Office of the deceased subscriber.

- a) Heads of Offices shall report to the Fund Section of the Finance & Accounts Branch at Headquarters Office immediately on occurrence of all cases of resignation, discharge or dismissals, death, or retirement, etc. with full details in Form No. A-118.
- b) The amounts of pay and allowances which the Corporation owes to the subscribers shall be indicated in Form A-118 by the Head of Office while recording other certificates prescribed therein. If the Corporation does not owe any amount to the subscriber by way of pay and allowance, a certificate to the effect shall be endorsed on Form A-118.
- c) Form A-118 along with Form A-117 shall be sent by the Head of Office to the Financial Commissioner through his Finance & Accounts Officer who shall verify and certify the entry relating to the last deduction by a reference to the original vouchers and provident fund schedules and also indicate the figures of pay drawn pertaining to the last deduction referred to in column 6 of the Form A-118. In the case of Group A & B Officers, the Finance & Accounts Officer shall also indicate whether any withdrawal was made by the subscriber from the provident fund account for payment of premium on his life insurance policy during the twelve months to date of retirement or discharge or death.
- d) The audit section of the Finance & Accounts Branch at Headquarters Office and the

Accounts Branches at the all accounting units shall also report to the Fund Section of the Finance & Accounts Branch at Headquarters Office any cases of retirement or death etc., coming to their notice in the course of the work. These reports shall be sent on the 8th of every month. If reports of these events have not in any case been received from the Head of Office concerned, necessary inquiry shall be initiated.

- e) Applications for final withdrawal of Provident Fund money should always be treated as urgent.
- f) On receipt of the information asked for, final payment authority may be issued for the amount at his credit in the books if all subscriptions including the last subscription has been accounted for in the books. Otherwise, provisional authority for the payment of fund money, as recorded in the books, shall be issued and the payee informed that a statement of his account with any balance that may be due to him, will be sent to him after the accounts for the month in which the last subscription was paid by him, have been received and accounted for in the books.
- g) The amount for which provisional authority for payment of the fund money may be issued may include sums with respect to which intimations of credit has been received by the Fund Section from the Finance & Accounts Officers as having been deducted from pay bills received by them for audit, in anticipation of these amounts being credited to the subscriber's account. Before authorizing payment of such credits the orders of the Financial Commissioner/Director/Joint/Dy. Director should be taken.

21.7.2 In order to watch the prompt disposal of applications for final withdrawals, a register in a form with the following headings should be maintained by the Ledger Examiner personally and submitted to the Finance & Accounts Officer in charge fortnightly for review and to the Financial Commissioner for inspection at the end of each month with a list of outstanding cases.

- a) Serial No.
- b) No. and date of communication received.
- c) From which received.
- d) Name of subscriber with account No.
- e) Date of retirement or death (in red ink).
- f) No. and date of preliminary enquiries.
- g) Residual balance (if any) when to be paid (in red Ink).
- h) When actually issued.
- i) Remarks.

With a view to secure prompt payments of residual balances columns 5 to 8 should be properly filled in red ink. At the time of posting of schedules, the auditors should note in their note books, whenever any posting is made on closed ledger accounts, with a view

to find out if any authority for residual balance is necessary. Such cases should be taken up immediately after completion of postings so that the necessary authority may issue after reference to the final payment register.

All calculations of the amount due for payment should be checked by the Ledger Examiner and the Branch Officer and in token of the check they should attest their initials the note of issue of payment authority recorded in the ledger. The payment authority will however be attested by the signature of the Finance & Accounts Officer.

The payment authority for the amount approved by the Financial Commissioner/Director/Joint/ Dy. Director (F) should be issued in Form No. A-119. A note of the order issued should invariably be recorded in the subscriber's ledger account over the dated initials of the Finance & Accounts Officer:

Note:- Before authorizing final payment in the case of a subscriber who dies before retirement, a reference should be made to his original nomination and a note made in the ledger that payment has been made in accordance with the nomination. This note should invariably be attested by the Finance & Accounts Officer.

- 21.7.3 The responsibility for making payment to the proper payee rests with the Finance & Accounts Officer of the Accounting Unit making the payment so far as the payment to Group A&B Officers is concerned and with the Head of Office in other cases. The Head of the Office will send to the Finance & Accounts Branch at Head-quarters Office, a disbursement certificate stating the amount actually disbursed and the name of the payee(s) to whom disbursed with date(s) of disbursement. Similar certificate will be sent by the Finance & Accounts Officer concerned in respect of payments to Group A&B officers.

In auditing payments relating to final withdrawal, the auditor of the Fund Section at Headquarters Office shall see: —

- a) that the amount paid agrees with that for which authority was issued;
- b) that the payment has been made to the proper payee; and
- c) that the classification, is in order;
- d) that disbursement certificate has been received.

21.8 Unclaimed Deposits

Sums of which payment has not been taken within six months after they become payable under GPF (CCS) Rules should be picked out from the ledgers by the auditors concerned from time to time and entered in a register to be maintained in manuscript for the purpose. Early in April every year, the total of these items should be struck, and the amount transferred by means of a transfer entry in the Accounts for March final to a separate account "Unclaimed" deposits in the Employees' State Insurance Corporation Provident Fund" by per contra debit to "Unfunded debt, Employees' State Insurance Corporation Provident Fund—payment to subscribers". If subsequently, in any case, the sums transferred to "Unclaimed deposits" are claimed and the claims admitted, the

repayments should be authorized in accordance with the normal rules, relating to “Deposits” and the vouchers of payment classified “Unclaimed Deposits—Employees’ State Insurance Provident Fund”.

Items taken to “Deposits” should be marked off as such in the ledger Accounts of the subscribers concerned under the initials of the Branch Officer of the Fund Section.

After a period of 3 years’ the amounts of the Unclaimed Deposits remaining unpaid should be credited by a Transfer entry in the Accounts for March final by debit to (Information regarding Accounting head for Unclaimed Deposits—Employees’ State Insurance Provident Fund is to be provided by Accounts – I).

After the closing of the Accounts for a year, the balance of “Unclaimed Deposits” should be worked out in the register maintained as above and the same verified with the Detail Book by 28th of May.

21.9 Maintenance of Provident Fund Accounts

21.9.1 The Employees’ State Insurance Corporation Provident Fund Account in respect of all subscribers whether employed at Headquarters of the Corporation or at its accounting units will be maintained by the Finance & Accounts Branch at the Headquarters of the Corporation.

The accounts of subscribers should be maintained in a ledger in Form A-111, one complete folio being allotted to each subscriber.

There should be a separate ledger for each unit of account e.g., for Headquarters and each of accounting units etc. Each ledger should be of a convenient size and in the case of big units of accounts the ledger may be split up into two or more volumes of convenient sizes.

Each ledger should bear a label indicating the significant abbreviation of the Unit account to which it pertains.

The pages of each ledger whether in a single volume or in more than one volume, should be consecutively numbered in one series. The number assigned to the account of each individual will be the same as the number of the page in the ledger on which his account is recorded.

On the top of each account, the name of the subscriber, the number assigned to him his official designation and the name of the office which he belongs, should be neatly recorded in the space provided for the purpose. The fact of the receipt of a nomination form should be noted on the top of each page, and the entry attested, by the dated initial of Branch Officer, the column “Pay on 31st March of preceding year” should be filled in and the rate of subscription adopted noted in the second column “subscription” of the ledger.

When a subscriber is transferred permanently from one office to another, his account should be transferred to the ledger relating to his new office at the close of the year. In all

such cases suitable references indicating the transfer of the account from one ledger to another should be given in both the places and the subscriber informed of the change in his account number. Necessary corrections in the unit and consolidated broadsheets should also be made at the time with suitable notes.

When the account of a subscriber is closed, the date of, and the reason for, the closure should be noted in the ledger, as well as in the Index Register.

When new ledgers are opened, the old numbers should still be used for those subscribers whose accounts continue to remain current. The numbers of the pages on which the accounts have been closed in an old ledger should be kept vacant in the corresponding new ledger until they can be assigned to new subscribers of the unit of account concerned.

- 21.9.2 The closing balances of each account in the old ledger should also be brought over to the new ledger and should be attested by the branch officer after carefully verifying them with those shown in the corresponding broadsheets. Full details of policies, the premia of which are paid out of the fund, the fact of receipt of nomination, classification of the subscriber, viz, optional or compulsory advances outstanding and any other information that have a bearing on the maintenance of the account of the particular subscriber should also be brought over to the new ledger.

In posting the ledger the clerk should see:-

- a) that all compulsory subscriptions are paid;
- b) that the amount of subscription in each case agrees with the rate adopted for the year as noted in the ledger except when a subscriber is on leave or under suspension or for other authorized reasons; and
- c) that subscriptions and refunds are posted separately in their respective columns even though they may have been shown by mistake in lump in the schedules.

- 21.9.3 In order to expedite adjustments in cases in which credits for subscriptions do not appear in their respective accounts, it is essential that each ledger should be gone through by the respective auditor after it has been posted, examined and closed for each month, and enquiries instituted at once in consultation with audit sanctions, where necessary, in all cases in which subscriptions are found to be in arrears. A careful watch should be kept over the receipt of replies to reference made and reminders sent regularly, where required. The result of enquiry should be in each case be noted in the ledger before the document containing the requisite information is recorded under the orders of the competent authority.

- 21.9.4 The superintendent is required to review monthly a portion of the ledgers in order to see that they are properly maintained in accordance with the rules. The review should be so regulated as to ensure that all the ledgers come under scrutiny at least once in a year, and the distribution of review is to be watched through a register maintained for the purpose.

21.9.5 In the case of cash payments either of subscription, refund of advance or on account of realization of the proceeds of a policy, the date of receipt should be noted invariably on the account. In cases of withdrawals for payment of insurance premium a reference to the item No. in the Stock Register of Insurance Policies should be given prominently on the account and such reference should be carried forward from year to year. Stoppages of subscription should also be recorded on the ledger accounts.

21.10 Posting of Accounts

21.10.1 The following are the sources for which the Fund Accounts are posted:—

a) Deduction Schedules

The Finance & Accounts Officers are required to prepare consolidated deduction schedules in Form A-112 for General Provident Fund with reference to the deduction schedules received by them from the Drawing and Disbursing Officers along with the pay bills. The entries in the consolidated schedule should be made in the serial order of Account Numbers allotted to the subscribers.

b) Schedules of Cash Recoveries by Regional Offices/Head- quarters either supported by the fund schedules or themselves containing all the necessary information in respect of the subscribers concerned.

c) Schedules of withdrawals

These schedules should also be prepared by the Finance & Accounts Officer in serial order of Account Numbers allotted to the subscribers.

The drawing officers attach to every pay bill a schedule in Form A-112 commonly known as “Fund Schedule”. The entries in the fund schedules in respect of (i) rate of subscription (ii) pay drawn on duty (iii) leave-salary drawn during the period of leave and (iv) deductions made from the pay bills shall be checked with the pay bills etc., by the auditors and the schedules shall be signed by the Finance & Accounts Officer, Finance & Accounts Branch, in token of the correctness of entries. A certificate “Pay for 31st March also checked with the bills” should be recorded on the schedules attached to pay bills for March and attested by the Finance & Accounts Officer. Thereafter the details of amount recovered towards provident fund shall be listed in the consolidated schedule. The recoveries made in cash, schedule, shall be drawn up and certificate of agreement with the Cash Accounts shall be recorded.

A separate schedule of payments (withdrawals) shall be furnished.

The schedules prepared as above with the following certificate recorded under the signature of the Finance & Accounts Officer on the covering statements of both the recovery and payment schedules shall be forwarded by the Finance &Accounts Officer of each accounting circle to the Fund Section at Headquarters Office: —

“Certified that the figures shown in the statement agree with the figures shown in the monthly accounts of this Office.”

21.10.2 On receipt of the schedules etc. relating to a unit of account, the poster should after satisfying himself that the schedules pertaining to a particular unit have been completely received, see: —

that in the schedule for April the rate of pay drawn in respect of 31st March, is shown. If there is any omission in this respect, he should have the omission immediately supplied by the office concerned.

He should then enter the rates in the ledger accounts of the subscribers.

- a) that the schedules of deductions received from the Finance & Accounts Officer bear the usual certificate of check and agreement by the auditor concerned duly attested by the Ledger Examiner/superintendent as provided.
- b) that the amount of subscription is within the minima and maxima rates and that it agrees with the amount of subscription fixed for the year.

Thereafter, he should post the transactions in the relevant columns of the ledger account and submit to the Ledger Examiner along with the ledger for review. The Ledger Examiner should attest the entries relating to payments in the ledger in token of check. Any irregularity, omission or discrepancy noticed in the course of posting should be recorded on the schedule concerned and communicated to the Finance & Accounts Officer or the head of his office. In case of discontinuance of subscriptions, the poster should record the reason on the ledger folio concerned.

A list of the cases in which subscriptions have not appeared should be prepared and entered in a register called “The Missing Credit Register”. This register should be closed each month after recording the action taken up to date against each item and the register (one for each auditor) submitted to the Finance & Accounts Officer on the last working day of each month. The Branch Superintendent will be personally responsible for seeing that each ledger is regularly overhauled every month and enquiries in regard to non-appearance of credits for monthly subscriptions made, where necessary. On no account should this item of work be left over to be looked into at the time of closing the accounts for the year.

21.11 Verification

21.11.1 A Broadsheet in Form No. A-120 should be maintained separately for ledger(s) of each unit. All deposits and withdrawals posted in ledger should also be posted in the Broad-sheet pertaining to that ledger in order to admit of their verification in the monthly accounts. Each broadsheet must invariably be posted direct from the accounts in the ledger. On no account should it be posted from the schedule or vouchers.

As the broad sheet does not show the name of the subscriber but only his account number, particular care should be taken to see that all the ledger entries are posted in the broadsheet against their correct numbers. After the broadsheet has been completely posted, the figures shown therein on credit & debit side should be totaled for the month. The totals of broad sheet be tallied with totals of the schedule.

When broadsheet figures are tallied with the figures of the schedule. The figures in the schedules are compared with the figures of Detail Book supplied by Finance & Accounts Branch maintaining the Detail Book. Details of variation between Two sets of figures be recorded in an explanatory sheet appended for the purpose at the end of each broad sheet.

Each Broadsheet should be closed on or before the 15th of the month following that to which the transaction relate and submitted to the Finance & Accounts Officer in charge for review on the following day, i.e. the broadsheet for April should be sent to the Finance & Accounts Branch maintaining Detail Book, for verification of the figures as worked out therein, on or before the 15th June and submitted for the Accounts Officer's review on the 16th June with details of any variations between the two sets of figures duly recorded in an explanatory sheet in the Form No. A-121 appended for the purpose at the end of each broadsheet.

21.11.2 Discrepancies between the Detail Book and the broadsheet figures may arise in the following cases and should be dealt with as indicated against each case: —

- a) When the name of a subscriber appears for the first time in a schedule but he is found to be ineligible for admission to the Fund and his subscription cannot, therefore, be entered in the ledger or the broadsheet in such cases the amount already credited to the Employees' State Insurance Corporation Provident Fund in the Detail Book should be adjusted by transfer credit to "Suspense head" and a refund order issued. The "Suspense head" will be cleared automatically on receipt of the voucher on which the amount is refunded.
- b) When a subscriber is transferred to another office or to other duty but his accounts continue to be borne in the ledger of his old office credits on account of subscriptions paid by him should be posted in the old ledger containing his account and the difference explained in the broadsheets concerned.
- c) When the discrepancy is due to misclassification or wrong credit-in such cases a memorandum should at once be sent to the party concerned, e.g. to the accounting units, if the error is in Accounts or to the audit section if the error is in Headquarters Account with a view-to having the mistake rectified in the next month's accounts.

In all these cases the cause of difference becomes known to the posters when they post the schedules in the ledgers, and the most convenient way of accounting for such difference will be for the posters to keep a note of all such items on explanatory sheets in Form No. A-121 appended for this purpose at the end of each broadsheet. Hence there ought to be no difficulty in reconciling discrepancies between the figures in the broadsheet and those in the Detail Book. The manner of settlement should in each be noted in red ink in the column "How adjusted" of the explanatory sheet in Form No. A-121 appended at the end of the broadsheet. The column for "Adjustment of differences" should be filled in. An abstract page of difference (Form No. A-122) should also be maintained for watching the progress of adjustment of differences, made from month to month. In the abstract of differences, only the amount of the original differences should be entered and not of the net differences.

After all the accounting units and Headquarters broadsheets have been verified, and closed in the manner suggested in the preceding paragraphs ^ the total credit and debit for the month as worked out in each of them should be entered in a consolidated broadsheet which should also be the maintained in Form No. A-120, the particulars of the several broadsheets instead of the account numbers being entered in the first column. This broadsheet should be compiled by the Ledger Examiner, Fund Section. After the figures of all the broadsheets have been copied in the consolidated broadsheet, the Ledger Examiner will make the monthly totals and have them verified with the corresponding totals shown in the Detail Book. The consolidated broadsheet duly verified should be submitted monthly to the Finance & Accounts Officer, not later than the end of the month following the month of account.

21.11.3 The discrepancies between the Detail Book and Consolidated Broadsheet should be recorded and adjustment watched through Form No. A-121.

Both the Ledger Examiner and the Superintendent, Fund Section, should take particular care to see that all discrepancies are settled without any avoidable delay and that action taken in each case is recorded in detail in the explanatory sheet before it is submitted to the Finance & Accounts Officer-in-charge for review. When reviewing the unit broadsheet and the consolidated broadsheet, the Ledger Examiner and the branch officer, Fund Section should also see:-

- a) that the unit broadsheet is prepared from the ledger. This is tested by checking a few entries in the Broadsheets with the corresponding figures in the ledger;
- b) that all causes of omission of subscriptions due to discontinuance, leave, suspension, death, discharge or retirement are properly explained against the blank numbers in the unit broadsheets;
- c) that variations in subscriptions are due to authorized causes and not due to mis postings;
- d) that in the case of differences between the unit broadsheets and the figures of the detail book, the classification of differences is made and action taken, where necessary; and
- e) that in cases of differences due to posting of any amounts in the wrong ledgers, the items concerned are taken to the correct ledgers.

Interest on contributions should be posted separately from that of subscriptions. At the time of annual closing of the Broadsheet, the closing balance of deposits should be brought out separately.

21.12 Annual Closing of Accounts

The work of annual closing of individual account of subscribers should be taken in hand immediately after the closing of the broadsheet for March. No time should be lost in closing the account for which credits for all the twelve months have already appeared and in the case of any accounts in which credits are missing, urgent enquiries should be made with a view to expediting adjustment. The accounting units should be requested

to send the appropriate schedules in advance. The work of calculation of interest due on each account should be commenced slightly before the completion of March postings and completed within a month. The interest calculations made by the poster in the ledger with the help of the interest tables should be checked independently by a separate auditor. The amount of interest for the year as well as total deposits, refunds and withdrawals should be posted at the bottom of the form on the left-hand side and the closing balance for the year worked out in respect of all the accounts. All the calculations should be checked in detail by the Ledger Examiner/Branch Officer, Fund Section and so certified on each ledger or page.

Note 1:- Interest short or excess credited to a Provident Fund in the Accounts of a previous year should be readjusted by addition to or deduction from the interest adjustable in the accounts of the year in which the error is detected.

Note 2:- Interest short or excess credited to a Provident Fund in the accounts of a previous year should be readjusted by addition to or deduction from the interest adjustable in the accounts of the year in which the error is detected.

21.13 Annual Closing of Broadsheets

The interest figures in each individual account, including interest paid during the year on closed accounts should be posted in the broadsheet relating to that particular ledger account and the total of the unit broadsheet worked out. Thereafter, the totals of the unit broadsheet, after careful check, should be carried to the consolidated broadsheet. The total amount of the interest for the year as worked out in the consolidated broadsheet including interest paid on the accounts closed in the course of the year should be transferred by means of a transfer entry. The balance at credit of each subscriber, on 31st March including interest for the year should be worked out in the ledgers as well as in the unit broadsheets and the totals of the latter compared and agreed with the figures, in the consolidated broadsheet where closing balance of each unit broadsheet should be calculated similarly. After both the unit and consolidated broadsheets have been squared, the closing balance as per consolidated broadsheet should be verified with the figures in the Detail Book.

The individual closing balances in the unit broadsheet should also be verified with those in the ledger before they are carried over to next year's broadsheet as opening balances. The total of the Opening balances in each. unit broadsheet should also be agreed with the total of the closing balance of the previous year of the corresponding broadsheet. Similar agreement of the total figure in each unit broadsheet should also be made with that of the consolidated broadsheet.

21.14 Annual Account Statements to Subscribers

- 21.14.1 Copies of annual accounts should be prepared in Form No. A-123 and dispatch to the subscribers not later than 30th June with an enquiry whether the subscriber: —
- a) desire to make any alteration in any nomination made under Rule 7 of GPF (CS) Rules.
 - b) has acquired a family (in cases whether the subscriber has made no nomination in favor of a member of his family under Rule 7 of GPF (CS) Rules.

21.15 Investment of Provident Fund Balance

Fund Section shall work out the net credit during a month in the Provident Fund Accounts which will be invested by the Finance & Accounts Branch concerned as per the ESIC Investment Policy.

21.16 Annual Account of the Provident Fund

The accounts of the Provident Fund shall be made yearly as at the 31st March and the same shall be included in the annual accounts of the ESIC by separate statement. The annual accounts of the ESIC along with GPF Accounts would be presented before the CA&G of India for audit and thereafter submitted before the Budget and Accounts Sub Committee/Standing Committee/Corporation for approval/adoption per provisions of the act.

21.17 Periodical Review of Provident Fund Accounts

21.17.1 A periodical review of Provident Fund Accounts should be conducted as a standing arrangement at interval of 3 years on the following lines: —

- a) To check in detail one month's credits in the ledger of each unit with reference to the schedules, the selection of the month for each unit being made by the Accounts Officer.
- b) To examine generally the credits for the remaining 11 months appearing in the ledger and to see that the reasons for non-recovery of irregular recovery (short or excess) of advances and subscriptions are properly recorded therein.
- c) To check the debit postings of the whole year with reference to vouchers.
- d) To see that the balances are correctly carried forward.
- e) To see that the accounts of subscribers who have ceased to be in service have been promptly closed and refunds authorized.
- f) To see if there has been any omission to issue supplementary refund orders in cases where credits have been undisbursed.
- g) To see whether there has been any omission to transfer the balances of the subscribers who have quitted service to "Unclaimed Deposits" in March Final accounts under the regulation of the Fund.
- h) To see that in cases of withdrawals for insurance premiums reference to the item No. in the Stock Register of Insurance Policies is noted prominently on the ledger and carried forward from year to year till the account is closed or transferred.
- i) To see that in cases of substitution of premiums for subscription to the Fund, brief notes are made in the ledger showing the amount of subscription so substituted and such notes are carried forward.
- j) To see that in case of compulsory subscribers the word "Compulsory" is prominently noted on the top of the ledger.
- k) To examine that subscriptions are within maximum and minimum limits.
- l) To examine the stoppages of subscriptions are correctly recorded in the ledger.
- m) To examine that all final payments in case of Rs. 10,000/- have been made.

CHAPTER 22

Inspections and Local Audit

22.1 Introductory

22.1.1 Under Rule 19 of the Employees' State Insurance (Central) Rules, 1950, the Financial Commissioner is to maintain the accounts of the Corporation and to arrange for internal audit of the accounts of the Centres and the Regions and of the receipts and payments there at. Subject to the control and direction of the Director General, the Financial Commissioner arranges the internal audit of the receipts and expenditure. This audit is conducted centrally in respect of administrative expenditure with reference to the vouchers and documents received by the Finance & Accounts Branches and is further supplemented by local audit of the documents which are not received by the Finance & Accounts Branches. The local audit is thus mainly to be conducted in respect of the receipts and the benefit payments of which necessary data is not received by the Finance & Accounts Branches. In view of the volume of the transactions and the amounts involved, particular importance is attached to these items of internal audit.

21.1.2 Subject to the control of the Financial Commissioner, the local audit is conducted by the Finance & Accounts officer of respective RO / SRO / Hospitals / Medical Education Institutions etc in the Regions. The local audit in respect of Headquarters Office shall be conducted by the Central Audit Party of Hqrs Office. The Finance & Accounts officer of RO/ SRO / Hospitals/ Medical Education Institutions is not expected merely to confine himself to the routine audit and Inspection work. He should avail himself of the opportunity of assisting the departmental officers with his advice in matters affecting Accounts etc. or the financial regularity of transactions. The primary objects of inspections are (i) to see the initial accounts from which the accounts rendered by departmental officers are compiled or on which they are based, are properly maintained in the prescribed format and that financial rules and orders are being carried out; and (ii) to test the degree of care exercised by the departmental officers responsible for keeping the accounts over the accuracy of original records. In inspections, the purpose of the internal audit is to provide the material upon which the conclusion regarding (i) and (ii) above are reached.

22.2 Local Audit Check-Percentages

22.2.1 The local audit check shall be conducted in (i) Headquarters Office, (ii) Field Administrative offices i.e. Regional Offices, Sub-Regional Offices, Branch Offices (including DCBOs), (iii) Directorate (Medical) Delhi including ESIC's Dispensaries functioning under D(M)D, (iv) ESIC's Medical Institutions i.e. ESIC Hospitals (including Model & SST Hospitals), ESIC Medical Education Institutions (including dental Education Institutions & Nursing Education Institutions), (v) ESIC' Training institutions i.e. National Training Academy(NTA), Zonal Training Academy, (vi) Zonal Offices i.e. Zonal Medical Commissioner office, Zonal Commissioner office, Zonal Vigilance office (vii) Any other office under the jurisdiction of the ESIC in the manner and to the extent

incorporated in Appendices 9, 9(a) and 9(b). The procedure for checking in the rates of each benefits is specified in Appendix 10 of Vol-II.

22.3 Central Audit Party

22.3.1 There shall be Central Audit Party formed by the Financial Commissioner at the Hqrs. Office with the approval of the Director General which shall function under the Fin. & Account Branch handling the **Internal Audit Function**. There may be more than one Central Audit Party to be headed by the Jt. Director/Dy. Director/Assistant Director. Composition of the Central Audit Team can be decided by the Financial Commissioner in judicious manner but in no case the members shall be below the rank of Social Security Officer (SSO). Also for special Audit purpose any doctor or/and an Engineer or/and any other cadre officer of appropriate rank, be appointed as member of the Central Audit Party by the Financial Commissioner with the approval of Competent Authority. The Audit personnel may also be picked up from field offices for a fixed tenure or assignment.

22.3.2 Following Audit Assignment shall mainly be carried out by these Central Audit Parties:

- a) The Local Audit of the Hqrs. Office on Half Yearly Basis
- b) Local Audit of Director(Medical) Delhi on Half Yearly Basis
- c) Local Audit of National Training Academy on Half Yearly basis
- d) Internal audit on Half Yearly Basis of all Zonal offices i.e. Zonal Insurance Commissioner office, Zonal Medical Commissioner office, Zonal Vigilance office, Zonal Training offices, Zonal Superintending Engineer office, Zonal Inquiry Officer office etc.
- e) Audit of any other office of the ESIC as and when felt necessary by the Financial commissioner such as for checking the internal control of a specific area or nature of work being performed or in view of the complaint being received etc.
- f) Audit of field accounting units (RO/SRO/ Hospitals/ Medical Educational Institutions) in such a manner that all offices are covered at least once in three years, for checking the effectiveness of the Internal Audit being conducted so as to ensure that the Internal Control mechanism are being followed in letter and spirit by all offices.
- g) The Audit Report of the Central Audit Party shall be issued to the concerned auditee unit for proper compliance and the proper reply. The reply shall be analysed by the Hqrs. Internal Audit Wing for dropping the objections or further action if any. Also the Central Audit party shall have the power to recommend the dropping of the objections of the previous Audit Report, on the basis of the analysis of the reply & records during their current visit.

22.4 Programme of Local Audit

22.4.1 The Finance & Accounts officer of RO/SRO is to conduct audit on Half Yearly basis for all :

- a) the Branch Offices/DCBOs in the Region/Sub-Region,

- b) for the offices of the respective R.O./SRO,
- c) all ESIC Medical Institutions (Hospital, Medical Education Institutions etc.)
- d) He should draw up a programme for local audit of all the offices in the Region/Sub-region specifying the dates on which he proposes to conduct audit of each office during the ensuing Half Year in Form No. A-124, A-125 and A-125A for Regional Offices/ SROs/ DCBOs/ Branch Offices respectively.

- 22.4.2 The quantum of work to be done will be based on the figures of payments etc. of the first five months of the Half Year period under audit, the figure for the sixth month being presumed proportionately on the basis of actual number of payments of first five months and the extent of audit to be conducted.
- 22.4.3 This programme should be sent to the Joint Director(fin.)/Director (fin.) two weeks in advance of the date of commencement of the programme for approval. If it gets delayed and sent for ex-post-facto approval, then it shall be sent with the justification of the delay. Care shall be taken to ensure that such ex-post-facto approval does not become a routine matter. If the programme cannot be adhered to for any reason, the reason should be elucidated when the next programme is sent for approval of the Joint Director(fin.)/Director (fin.).
- 22.4.4 If there are deviations from the approved man-days of the audit programme, the ex-post-facto approval of the Joint Director(fin.)/Director (fin.) should be obtained but no such approval will be necessary if there is only change in the dates on which audit is conducted from the dates originally proposed by the Finance officer of RO/SRO and approved by the Joint Director(fin.)/Director (fin.).
- 22.4.5 A control Register for local audit work shall be maintained by the Finance officer of RO/SRO in Form A-126. Columns 4 to 11 of the register will be repeated every month and this may be done by attaching fly-leaves in the register.

22.5 Preparation of Internal Audit Report

- 22.5.1 Internal Audit party should record its preliminary audit objections noticed in the course of audit concurrently on Audit Objection-slips (Form A-127). These objection slips should be numbered serially and forwarded to the immediate head of the auditee unit such as Branch Manager of the Branch Office, Head of the DCBO, Branch officer of the Branches of RO/ SRO/ Hospital/ Medical Educational Institutions/ NTA/ Zonal offices/ D(M)D etc., as the case may be concurrently on each day of the audit.
- 22.5.2 If it is considered necessary, the objections may be discussed with the Head of the audit party explaining the position to facilitate settlement of the objections. In any case it is expected to furnish a formal reply to the audit objection slip within two days of the receipt of the objection slip or by the last day of the stay of the audit party whichever is earlier.
- 22.5.3 Where no reply is received from the immediate head of auditee unit, it will be assumed that he has no remarks to offer thereon.

22.5.4 At the close of audit, In-charge of the audit party will prepare Inspection Report in Form A-128(a) and Test Audit Note on the basis of the audit objection slips and the replies received from the immediate head of the auditee unit, if any.

(a) Inspection Report

The Inspection Report will be divided into two parts. Part I will be introductory, indicating inter-alia the period for which the audit was conducted, the name of the officials in charge of the office during that period, the name of the present incumbent and the names of official of the audit party conducting the audit. Part II will contain full details of all serious defects of procedure and financial irregularities etc. noticed in audit, which the Head of Office is unable to settle to the satisfaction of the Audit Party and which the Officer-In charge Audit Party considers as requiring the personal attention of the Regional Director/SRO in charge and Head of the office of the concerned Accounting unit. This report would exclude unimportant matters.

(b) Test Audit Note

This Audit Note should be divided into two parts. Part I will contain the objections relating to errors and irregularities which are not important enough to be brought to the special notice of the Regional Director through the Inspection Report. Part II will contain all other irregularities, replies to which are not required to be submitted to audit and are to be verified at the time of the next local audit. The Inspection Report and the Test Audit Note should be sent by the Officer-In charge Audit Party within 3 days of the close of audit to the Finance & Accounts Officer

22.5.5 In the Inspection Report or Test Audit Note, it is not necessary to state each case of over payment of benefit to the insured persons or recovery of Employers' Special Contribution being processed through Collectors as registers are maintained at Regional/ Branch Offices for watching recoveries thereof. It will suffice if the progressive number of such cases and the total amount involved is mentioned in the Inspection Report. If, however, the number of such cases go on accumulating or action to finalise cases has been inadequate, there is no objection to drawing attention to this aspect pointing out specially the need for more vigorous action on the inadequacies noticed. If considered necessary, even special report may be submitted to the Financial Commissioner.

22.6 Checking by Audit Party In charges

22.6.1 The Audit Party should attend to the following items of work during the Audit.

- a) The percentage checking prescribed for supervisory staff from time to time.
- b) Checking of all the Cash Books.
- c) Checking of other records i. e. acquittance rolls, register of undischarged pay and allowances, contingency charges, stock register etc.
- d) Review of outstanding objections.
- e) All other items of work laid down in the Audit Inspection proforma, from time to time.

- 22.6.2 **Percentage of checking:** This is indicated in Appendix-9 of the Manual of Audit & Accounts Vol-II.
- 22.6.3 **Checking of Cash Books:** The Audit Party will review the transaction for one month of the Half Year in detail as indicated by the Finance Officer. In case of Inspection of accounts of the Accounting unit, the month for detailed audit required prior approval of the Financial Commissioner. He should trace out all receipts and cheques issued and encashed in that month in the respective Cash Book with reference to the bank statements. Also the payment made through online transactions shall be checked. He may also generally review some of the other transactions in order to ensure that the Cash Books are being properly maintained and duly reconciled with the balances shown in the bank statements.
- 22.6.4 **Other records:** No detailed checking in this respect need to be done by him as the bills are pre-audited. However, on sample basis some bills and transactions may be checked to get the assurance that Internal checks are being applied as per norms. He may, however, review the registers for the particular month as selected above in order to see that these are properly maintained. Acceptance of tenders for supply of equipment etc. should receive his special attention.
- 22.6.5 **Review of outstanding objections:** This should receive particular attention of the Audit party In charge, especially those objections outstanding for want of record where the objections are outstanding for more than a year and he is unable to settle them despite personal discussion with the Branch Office Manager, he should analyse the case for other remaining unsettled items and bring out such old outstanding objections for review at the inspection by Finance & Accounts officer of RO/SRO.
- 22.6.6 **Other items:** Proforma prescribed should be completed and sent to the Accounts Officer along with the Audit Report of the office concerned.

22.7 Despatch and disposal of Inspection Report and Test Audit

- 22.7.1 The Inspection Report and the Test Audit Note submitted by the Officer in-charge of the audit party should be edited by the Finance & Accounts Officer after such supervisory checks as are prescribed for him.
- 22.7.2 The Report and Note will be, issued in duplicate in respect of the audit of the accounts of the Accounting Units (RO/SRO/ Hospital/ Medical Educational Institutions/ Headquarter/ NTA/ D(m)D), and in triplicate in respect of the Branch Offices/DCBO to the Head of Offices concerned,
- 22.7.3 Any serious or important irregularity noticed during Local Audit the records of which in the opinion of the Finance officer of RO/SRO, requires urgent action, should be brought to the notice of the Regional Director/SRO in charge and the Head of Office of the concerned Accounting Unit immediately on the completion of audit, so that action thereupon can be initiated promptly.
- 22.7.4 As regards that Test Audit and Inspection Report in respect of Regional Office/Sub-Regional Office/ Hospital/ Medical Educational Institutions / Headquarter/ NTA/ D(M)D,

the audit observation in respect of a particular branch may be brought/ at one place as far as possible in audit report so as to make it convenient for the Head of office to pass on the extracts from the report to concerned Officer.

- 22.7.5 A copy of the Inspection Report Part II if any, pointing out serious defects in procedure, fraud, misappropriation etc. should be sent to the Hqrs. Office in triplicate.
- 22.7.6 Except Branch Office Manager, the Heads of Office should return one copy of the report with their replies to all the audit observations within 15 days from the date of the receipt of the Report/Note to the Finance & Accounts Officer. The Branch Office Manager/DCBO in charge should, however, return copies of the report with their replies within ten days of the receipt to the Regional Director/SRO in charge out of which one copy will be utilised by him for getting comments from different Branches of Regional Office/Sub-Regional Offices.
- 22.7.7 The Regional Director/Sub-Regional office in charge may pass on one copy of the report, with replies of the Branch Office Manager/DCBO and his comments thereon, if any, to the Finance & Accounts Officer within 7 days from the date of its receipt from the Branch Offices. Replies to the observations in the Inspection Report are to be sent by the Administrative Officer/Regional Director/SRO In charge under his own signature whereas those to the Test Audit Note may be furnished under the signatures of the Branch Officers if the Administrative Officer/Regional Director/SRO-in charge so directs. This arrangement will not, however, divest the Regional Director/SRO-In charge of his responsibility for efficient supervision and financial control.
- 22.7.8 The Finance & Accounts Officer, after careful scrutiny of the replies, should communicate his further remarks, if any, to the head of the office within 7 days of the receipt of the replies. The compliance of objections shall further be reviewed during the course of next internal audit.

22.8 Inspections by Finance & Accounts Officer of RO/SRO

- 22.8.1 The main items of the work which the Inspecting Officers/ Accounts Officers have to check themselves at the time of Inspection of Regional/ SRO/ Branch Office are detailed below:—
- a) Cash Verification.
 - b) Review of the Inspection Report submitted by the Audit Party In charge after audit of each office.
 - c) Review and settlement of old outstanding objections and discussion if necessary with the Head of the Office.
 - d) Test check of Benefit payments.

22.8.2 Cash Verification

The Inspecting Officer should conduct the physical verification of cash in hand immediately and record necessary certificate in the respective cash books. He should also conduct general review of cash balances in hand during the quarter in which he

inspects the Accounts of an office to ensure that the cash in hand did not exceed on any day the amount of security furnished by the Cashier.

22.8.3 **Review of the Inspection Report**

The Audit Party In charges are required to submit a report in the prescribed proforma. The Inspecting Officer should arrange to take this with him during inspections and conduct a general review of the items given in the proforma with particular reference to those items where the Audit Party In charge has pointed out certain discrepancies. Cash Books Account No. 1 and II and Imprest Cash Book should receive special attention for review. He shall record his inspection note in part 9 of the proforma. If the space is not sufficient an extra page may be utilised and attached.

22.8.4 **Review of old outstanding objections**

Particular attention should be given to this item of work especially the old outstanding objections which have been brought out in the Inspection Report by the Audit Party In charge. The main points to be seen are whether proper action has been taken by the officers concerned to rectify the defects noticed. In cases where adequate action has not been taken or the objections are pending settlement for several years, these should be personally discussed with the Regional Director for their settlement. The Inspecting Officer should send a quarterly report to Hqrs. about the progress achieved in settlement of the old objections during each inspection.

22.8.5 **Test check of benefit payments**

The payments may be categorised as follows:—

- a) Claims for Dependents and Permanent Disablement benefits.
- b) Other claims i.e. Sickness, maternity and temporary disablement benefits.
- c) Other Benefit Payments

So far as category (a) of the cases is concerned, all such claims should be concurrently audited in the Finance & Accounts Branch of the Regional Office and the rates of benefits with the connected details should be noted by them in Register of Permanent Disablement Benefits (Form A-129) and Register of Dependants Benefits (Form A-130) as the case may be. The entries in this register should be duly attested concurrently by the Accounts Officer at the time of auditing the permanent disablement benefit/dependent benefit claims. In view of this, further detailed checking need not be done at Branch Offices by the Inspecting Officer. Since all such initial claims are to be checked concurrently by the Finance & Accounts Branch of the Regional Office/SRO, the Inspecting Officer may test check the work done by the Audit Party. He may exercise his discretion in selecting such cases. As regards the cases speeded in (b) and (c) above, the Inspecting Officer may check about 5 claims of each category.

A record of the checking done by Inspecting Officer should be kept under Part 9 of the Inspection proforma submitted by Audit Party In charges.

22.9 Periodicity of Inspections

- 22.9.1 Review of local audit work in the various offices is to be conducted half yearly by the Inspecting Officers/Finance & Accounts officer and Inspection Reports, Test Audit Note and Inspection Proforma should be reviewed concurrently at the time of local audit or immediately thereafter so that the Inspection Report is issued within three weeks from the date of completion of audit of each branch office.
- 22.9.2 The Inspecting Officers should ensure that at least one Inspection is conducted by them every financial year, of all the offices and branches in the Regional Office/SRO. They should send a report to the Financial Commissioner by the 31st of July every year confirming that this has been done.
- 22.9.3 In case any serious irregularity is reported by the Audit Party In charge, it should be duly considered by the Finance & Accounts Officer and if, in his opinion further probe is needed, the review should be conducted immediately and results reported to the Financial Commissioner with a copy endorsed to the Regional Director.

22.10 Submission of Progress Reports of Local Audit

- 22.10.1 The Monthly Progress Reports showing the extent of the Local Audit actually done and important irregularities noticed in the Local Audit should be submitted by the Finance officer of RO/SRO to the Financial Commissioner in Form A-131 in respect of Regional Offices/SROs & Other Accounting Units. In col. 1 viz., "Nature of payments or Accounts" the Finance officer of RO/SRO should state under broad headings e.g. Employees' Ledger, Employers' Ledger, SSO's Report, Exit Cards and Administrative Expenditure etc. It is not necessary to show the number of service books or leave accounts etc. have been checked.
- 22.10.2 The Monthly Progress Report showing the extent of the Local Audit actually done and important irregularities noticed in respect of the Branch Offices in the Local Audit should be submitted by the Finance officer of RO/SRO to the Financial Commissioner in Form A-132.
- 22.10.3 It will be implied that all relevant records relating to the particular periods stated in the report have been checked unless otherwise specified.

22.11 Inspection of Finance & Accounts branches by Finance officer of RO/SRO etc.

- 22.11.1 The Finance officer of RO/SRO Branch Officers are required to conduct half-yearly inspection of the branches under their charge in the months of January and July every year and to submit a report thereof to the Financial Commissioner by 20th January and 20th July every year.
- 22.11.2 The Inspection Reports should bring out the position of work in the branches and aim at high-lighting the arrears and instances of exceptionally good or bad work done by the members of the Finance & Accounts Branch during the period under review.



- 22.11.3 The Office Superintendent in RO/ SRO/ Hospital/ Medical Education Institutions/ NTA/ Zonal offices/ D(M)D and Assistant Director/Section Officers in Hqrs. Office are also required to conduct a thorough review of the work on the seat of one dealing assistant every month so as to ensure that the work of all dealing assistants in the branch is reviewed at least once in a year. This should be submitted to the Financial Commissioner/ Addl. Commissioner(fin.)/Director(fin.)/Jt. Director(fin.)/Central Audit Party when he inspects the Region.
- 22.11.4 The Finance and Accounts Officer of RO/SRO/Branch Officers while conducting their half-yearly inspections should keep in view the defects pointed out in the review reports of the Office Superintendent which are not required to be sent to the Hqrs Office.



क.रा.बी.नि.
ESIC

कर्मचारी राज्य बीमा निगम

Employees' State Insurance Corporation

श्रम एवं रोज़गार मंत्रालय

भारत सरकार

Ministry of Labour & Employment

Government of India

Panchdeep Bhawan, C.I.G. Marg, New Delhi-110 002

Toll Free No. 1800-11-2526

Website: www.esic.gov.in

[esic.gov.in](http://www.esic.gov.in) [@esichq](https://www.facebook.com/esichq) [@esichq](https://www.twitter.com/esichq) [@esichq](https://www.instagram.com/esichq) [@esichq](https://www.youtube.com/esichq) [@esichq](https://www.linkedin.com/esichq)