CHAPTER 5

BUDGET, GRANTS AND APPROPRIATIONS

I - PROCEDURE FOR PREPARATION AND SUBMISSION OF BUDGET ESTIMATE.
(NON-DEVELOPMENT BUDGET)

GENERAL PROCEDURE

60. Under Article 87 of the Constitution, a statement of the estimated receipts and expenditure of the Government for each financial year has to be laid before the Parliament. The Constitution refers to this statement as "the Annual Financial Statement", and in common parlance it is called "the Budget".

61. The Annual Financial Statement consists of two main parts - the "Consolidated Fund" and the "Public Account of the Republic". Under Article 84(1) of the Constitution, the Consolidated Fund comprises all revenues received and loans raised by Government as well as all moneys received by it in repayment of any loan. All other public moneys received by Government or on behalf of the Government are credited to the " Public Account of the Republic".

PREPARATION OF THE BUDGET

62. The Finance Division prepares the Budget and for this purpose other Ministries/ Divisions/Departments are required to furnish materials on which the estimates are to be based. Most of the Ministries/Divisions/Departments depend for these materials on local officers who collect the revenue or incur expenditure.

BUDGET MONITORING AND RESOURCE COMMITTEE

63. There exists a Budget Monitoring and Resource Committee in the Finance Division headed by the Finance Minister. All the relevant Ministries/Divisions are represented in the Committee. The Committee monitors the budget on the basis of review of progress of revenue collection, inflow of foreign assistance, expenditure trend against the budget and all other pertinent issues. It also examines the economic and fiscal impact of new measures for resource mobilisation and takes corrective actions. A Technical Committee in the Finance Division provides technical support to the Budget Monitoring and Resource Committee.

DATES OF SUBMISSION OF BUDGET ESTIMATES

64. (1) The time schedule for the preparation of Revised and Budget Estimates is given in appendix 3.

(2) The authorities by whom the different Revised and Budget Estimates are to be prepared, the authorities by whom these Estimates are to be submitted to the Finance Division and to the Accounts Officers concerned, and the authorities responsible for watching the progress of collection and of expenditure against appropriation are indicated in two separate publications of the Finance Division entitled "List of Authorities responsible for Watching the Progress of Collection" and "List of Authorities responsible for Control over Expenditure in each Demand for Grant".

(3) The Chief Accounts Officers will actively assist the Ministries/Divisions/Departments concerned in the preparation of the Budget and will intimate appropriate action, without waiting for a request for estimate from the Finance Division. Lump sum provisions in the Budget will not be proposed or made except in the most exceptional circumstances, the reasons for which will be recorded in writing.

METHOD OF DRAWING UP ESTIMATES

65. The estimates of receipts and of ordinary charges prepared in district and departmental offices in October are checked and consolidated in the offices of the Accounts Officers concerned in November. They are then considered by the Finance Division in December and January. In March, the Finance Division hold discussion with administrative Ministries/Divisions and, on consideration of their points of view, finalize the first edition of the Revised and Budget Estimates. By 22nd January each year the administrative Ministries/Divisions submit Schedules of New Expenditure (i.e., expenditure on items not included in the current budget) for inclusion in the next year's budget. Subsequently, Government decide for what new expenditure provisions will be made in the budget of the ensuing financial year, the amounts being determined by a review of the funds available and of the proposals either initiated in the Secretariat or put forward by Heads of Departments in their Schedules of New Expenditure.

NEED FOR PUNCTUAL SUBMISSION OF BUDGET ESTIMATES

66. It is of utmost importance that all officers will transmit their estimates on the dates prescribed in the aforesaid schedule. It should be borne in mind that this programme allows only the minimum period necessary for scrutiny in the various controlling offices.

ESTIMATES OF REVENUE AND RECEIPTS

67. The estimates will be prepared in quadruplicate. One copy will be kept for record in the office of origin, the remaining copies being sent simultaneously to (a) the Accounts Officer concerned, (b) Finance Division, (c) the administrative Ministry/Division concerned. Where the administrative Ministry/Division is itself responsible for the preparation of the estimates, only three copies will be required, one copy being kept for record in the Ministry/Division and the duplicate and triplicate copies being sent simultaneously to the Accounts Officer concerned and the Finance Division.

REVISED ESTIMATES

68. (1) These estimates are intended to be the best possible forecasts of what the actual receipts of the current year will be. A very important guide to their preparation will, therefore, ordinarily be found in the actual receipts of those months of the year which have already elapsed by the time when the estimates are being prepared. If an officer observes that the actual receipts from a particular source of revenue reveal a growth or a diminution compared with those of the corresponding period of the previous year, he will, other things remaining unchanged, be justified in tentatively assuming a continuance of the growth or decline at the same rate during the remaining months. The proportionate estimate based on this assumption must, however, be modified by an intensive scrutiny of other known factors which affect the yield of the tax or receipt under consideration. For example, an anticipated increase or decrease in the volume of dutiable imports, excisable manufactures, or over-all economic activity in the remaining months of the year may suggest that the rate of growth or decline in the relevant receipts will be accelerated or retarded. Seasonal variations, if any, in the collection of specific receipts will also be borne in mind while using actuals for part of the year as a basis for the preparation of the revised estimate for the whole year. The proportionate estimate will, therefore, only be used by the estimating officer as one (albeit a very important one) among a number of factors which influence his estimate. It must be noted, however, that it is rarely suitable for use in estimating land revenue and similar receipts, for which the demand is fixed, or such income as those from the sale of land and houses, which necessarily fluctuate widely from year to year.

(2) Sanctioned budget estimates will not be used as a guide to the revised estimates, because in most cases these are somewhat out-of-date by the time the revised estimates are being prepared.

(3) There will ordinarily be little difficulty in arriving at an accurate estimate of the expenditure of the year, when the experience of the earlier months is available as a guide. However, as in the case of revenue estimates, known special factors which have a bearing on the expenditure under consideration have also to be taken into consideration in order to arrive at the revised estimate for the year.

PURPOSE AND BASIS OF THE REVISED ESTIMATES

69. The revised estimates of expenditure are merely forecasts, based on the latest information, of what the actual outlay of the year will be; they do not operate either to increase or to reduce the grants which have been placed at the disposal of officers in the sanctioned budget. This is as true of revised estimates of Civil Works expenditure as of those of expenditure of other categories.

70. The actuals of previous years ordinarily afford an important guide in framing the budget estimates, and a continuance of any trend of growth or decline in income indicated by them may, in the absence of definite reasons to the contrary, properly be assumed in all cases in which the proportionate estimate can be usefully employed.

71. In all cases and specially in dealing with important revenue estimates, the reasons underlying the proposed estimates will be briefly but clearly explained. This explanation will recount the particular circumstances which, in the opinion of the estimating officers, have led to a recorded increase or decrease in the revenue of the earlier months, and the grounds on which they expect to collect the balance of the estimates in the later part of the year. This explanation will not, however, be merely mechanical. A statement, for instance, that the revised estimate is based on the income to date plus that anticipated during the remaining months of the year is merely an arithmetical explanation and is of no assistance to the controlling officers in deciding whether the estimate is reasonable.

PURPOSE OF BUDGET ESTIMATES

72. (1) The Budget estimates serve two purposes :

(a) their primary function is to forecast the expenditure of the ensuing year, and thus to enable Government to make the necessary arrangements for financing the charges which it will be called upon to meet; and

(b) as finally passed, they fix the allotments at the disposal of officers for expenditure in the ensuing year.

(2) An over-estimate of expenditure under one item reduces the amount which can be treated as available for other items while an under-estimate of expenditure or the omission of items of outlay which are likely to be incurred can be remedied later only by postponement of other items of expenditure for which provision has been duly made. It is consequently of great importance that expenditure estimates should be accurately framed, programmes involving new expenditure should be carefully worked out before the Budget Estimates are forwarded and no admissible charges which are likely to be incurred should be omitted.

ESTIMATES OF EXPENDITURE TO BE IN TWO PARTS

73. In the preliminary stages with which heads of offices and of Ministries/Divisions are concerned, the expenditure estimates are divided into two parts, viz.:

(a) the estimates of ordinary charges which are transmitted to the Finance Division, the Accounts Officer concerned and the administrative Ministry/Division in prescribed forms; and

(b) the estimates of new expenditure, i.e., expenditure on items which do not appear in the current budget.

PREPARATION OF ESTIMATES OF EXPENDITURE

74. (1) The budget estimates of expenditure to be prepared in district and departmental offices must be rigidly confined to ordinary charges and to charges which, although not yet being incurred, have been approved for introduction in the ensuing financial year. They must not include provision for any new unsanctioned item which it is desired to be introduced in the ensuing financial year.

(2) Proposals for new expenditure on items which it is desired to introduce in the ensuing financial year should be submitted by the administrative Ministries /Divisions to the Finance Division in the form of Schedules. The preparation of these schedules is governed by the procedures contained in Para 75 to 78.

(3) Article 87 (2) (a) of the Constitution requires that the estimates of expenditure embodied in the Annual Financial Statement will show separately the sums required to meet expenditure charged upon the consolidated Fund. A list of expenditure charged upon the Consolidated Fund is given in Appendix 4.

(4) Provision is made in the estimates of ordinary charges for sanctioned charges only including those for which direct budget provision has been authorised by the Finance Division.

(5) In justification of the estimates under "Pay of Officers" and "Pay of Establishments" full details of the number of officers and their pay together with the number and pay of the permanent and temporary establishments will be separately supplied with the estimates in the Form G.F.R 1. In the case of temporary establishments, the last Government order will also be quoted.

(6) The budget estimate of charges, such as travel expenses, the amount of which tends to vary from year to year, will be based on the actual of previous years; and, in default of reasons to the contrary, it is ordinarily advisable to assume a continuance of any growth or decline which is indicated by these figures.

(7) The estimates of ordinary charges will exclude the value of stores proposed to be obtained from abroad for which an indent has already been submitted to the Government.

SCHEDULES FOR NEW EXPENDITURE PROPOSED FOR INCLUSION IN THE BUDGET

75. (1) In the first week of December each year, reminders will be issued by the Budget Wing of the Finance Division to all the Administrative Ministries/Divisions of the Secretariat, pointing out that their Schedules are due, in triplicate, by the 22nd January. No schedules will be received by the Finance Division after that date except under special orders of the Finance Minister.

(2) The Schedule prepared by the Administrative Ministries/Divisions in the Form shown in Form G.F.R.2 will be approved by the Secretary of each Ministry/Division and will be sent to the Finance Division in triplicate arranged in order of urgency, under the orders of the Minister.

(3) Against each item in the consolidated schedule, the Administrative Ministry/Division will record, in the appropriate column, the number and date of the Government letter approving the scheme and a very brief note indicating the exact stage of the proposed scheme to enable the Finance Division to judge whether the scheme is so far advanced as to render it probable that the whole or any part of the expenditure proposed can actually be incurred in the ensuing year. The note will state the background of the case and also whether it cannot be postponed or dropped without creating any serious inconvenience to the Administration.

(4) On receipt of the Schedules, the Budget Wing will examine them at once to see if any of the instructions issued with regard to their preparation have been contravened. Those found in order will be accepted. Defective Schedules requiring modification will be corrected where possible or will be returned to the office of origin with a brief note over the signature of Deputy Secretary or Assistant Secretary, indicating the exact nature of the defect, with a request to return them after necessary amendment.

(5) As soon as possible after the preliminary scrutiny contemplated in clause (4), one copy of the Consolidated Schedule will be sent to the press to be set up in type and the other copy will be examined by office which will confine its note to the probability of the proposed expenditure being incurred in full in the ensuing year.

(6) It is of great importance that all schedules returned to the office of origin under clause (4) above will be received back by the Finance Division by the due date. After the Consolidated Schedules have been duly corrected those will be printed by the Finance Division for consideration by the Cabinet/Council of Ministers.

(7) To ensure that all items of new expenditures for which it is desired to make provision in the Budget are included in the schedules prepared by the Administrative Ministries/Divisions, Assistant Secretaries of these Ministries/Divisions will maintain registers in which they will enter, at the time of receipt, all proposals which may involve new expenditure in the following year, irrespective of whether the proposals have been received unofficially, demi-officially or officially. When a proposal has been rejected, the entry relating to it will be struck out.

SCHEDULES OF NEW WORKS PROPOSED FOR INCLUSION IN THE CIVIL WORKS BUDGET

76. (1) By the 31st August each year the Ministry of Housing and Public Works will obtain from the Administrative Ministries/Divisions lists of works that have been administratively approved and for which the office concerned desires that provision should be made in the estimates of the next financial year. The works in each list will be arranged in order of urgency. Where some time has elapsed since administrative approval was accorded to a work, the administrative Ministry/Division will consider whether fresh approval is likely to be necessary owing to increased costs or for other reasons and, if necessary, steps will be taken in the meantime to have the work re-approved. The Ministry of Housing and Public Works will prepare detailed estimates for the schemes. The cost as determined by the detailed estimates as well as the probable expenditure on each scheme in the ensuing year will be furnished in triplicate to the Finance Division by the Ministry of Works not later than the 22nd January.

(2) It will be remembered that works already included in the estimates of the year are treated, for the purposes of the estimates of the ensuing year, as works in progress, even if construction has not been taken up, that provision for them is made by the Ministry of Housing and Public Works in their departmental estimates, and that consequently they must not be included in any list of new works.

ESTIMATES OF NEW EXPENDITURE ON WORKS

77. The estimates of new expenditure on works are submitted by the administrative Ministries/Divisions in lists as shown in the Form GFR-3. They will reach the Finance Division not later than the 22nd January in each year, and the orders with regard to their preparation are as follows:

(a) The lists will be submitted in triplicate;

(b) No work will be included in the list for which provision has been made in the budget for civil works for the current year, even if construction has not begun at the time of the submission of the list or is not likely to be taken in hand during the year. Provision for such works will be made, if necessary, by the Ministry of Housing and Public Works in their estimates as for works in progress;

(c) No work will be included in the lists of works which have not received administrative sanction;

(d) No important work will be included in the list of works unless detailed plans and estimates have already been technically sanctioned in the Ministry of Housing and Public Works, or are so far advanced as to ensure that they will be technically sanctioned before the commencement of the next financial year;

(e) No proposal regarding a work, which has not been included in the list of works submitted by the 22nd January, or which does not fulfil either or both of the conditions under sub-paragraphs (c) and (d), will be accepted after the end January, in each year, unless it is shown that the work is of such extreme urgency that it cannot possibly wait for inclusion in the subsequent year's budget; and

(f) Care will be taken to see that all works are entered in order of urgency. In determining the projects to which the available funds will be allotted, Government will be guided by the recommendations of Heads of Ministries/Divisions in this matter provided there is reasonable probability of the projects being commenced in the ensuing financial year.

ESTIMATES OF OTHER NEW EXPENDITURE

78. The estimates of other new expenditure are submitted in the Form GFR-2 in accordance with the following orders:

(a) The Schedules are submitted in triplicate by the Administrative Ministry/Division to the Finance Division not later than the 22nd January in each year. They will contain all new charges for which it is desired to provide funds in the ensuing years, other entries in the schedules will be confined to measures which have, after examination by the Finance Division, been approved by Government and no item will be entered, unless proposals for its introduction have been sent to Government in the Administrative Ministry/Division in good time to enable them to send in their recommendations to the Finance Division for examination prior to the 22nd January;

(b) No proposal for new expenditure, which has not been included in the Schedule of New Expenditure, will be accepted after the 22nd January in each year unless it is shown that the scheme is of such importance that it cannot possibly wait for inclusion in the subsequent year's budget; and

(c) The schedules are prepared in the Form GFR-2. The items will be entered in order of urgency, and in the last column of the form a reference will invariably be given to the number and date of the latest communication to or from Government relating to the proposals.

79. No schedules need be prepared for individual minor works for which lump provisions are made in the Civil Works budget. If an administrative Ministry/Division is of the opinion that the lump sum allotted each year for minor works is inadequate, a schedule in the Form GFR-2 showing the proposed increase in the lump provision, will be sent to the Ministry of Finance not later than the 22nd January each year.

PREPARATION OF CIVIL WORKS ESTIMATES

80. (1) The estimates will be submitted in sample form GFR 4.

(2) Supporting the entries against "Works in Progress" in the form GFR 5, a statement in the form shown in GFR 4 will be forwarded to the Finance Division. The information to be given in this form will be obtained from the reports of Executive and Superintending Engineers, and it will be seen that the instructions for filling up the Form are clearly understood by them and are exactly followed.

(3) On the 15th February each year, a similar Form based on reports from Executive and Superintending Engineers, and containing up-to-date information then available as to the amount likely to be spent on works in the current financial year, will be submitted to Government through the Accounts Officer. The date for the submission of this supplementary statement will be most carefully observed, since it will be of no use unless it is received in good time.

(4) In issuing these and any subsidiary instructions to Executive and Superintending Engineers, it will be pointed out to them that the revised estimates which they submit of the expenditure they are likely to incur on works, do not operate to reduce the sanctioned grant for those works. It is their duty to assist the Financial Officers of Government by giving as accurate an estimate as possible, not of the amounts which they want to spend but of the amounts which they can actually spend in the current year, taking into consideration the pace at which work is going forward, the difficulty or otherwise in respect of labour, materials, etc.

(5) In framing the revised estimate of repairs, the remarks made in instructions at Para 68 should be borne in mind. For the budget estimate of repairs, the revised estimate with necessary additions for repairs to new works executed in the course of the year will ordinarily be the safest guide.

(6) Past actuals will ordinarily be the best guide for the revised estimate of establishment charges; and past actuals and the revised estimates will ordinarily be the best guide for the budget estimate. In both the cases, allowances will be made for any increase or reduction in the charges due to any revision of the number or pay of the establishment which may have taken place in the year to which the revised estimate relates.

DISPOSAL OF BUDGET REFERENCE

81. (1) Immediately on receiving from the Accounts Officer concerned, the form containing the actual and the estimates proposed by the local officers, the Finance Division will send to the press a copy of it to be set up in types and utilise another copy for framing the revised and budget estimates. All relevant papers will be placed on the file, these being obtained, if necessary, from the Administrative Ministries/Divisions concerned.

(2) A copy of the estimates as framed by the Finance Division together with the relevant notes, where necessary, will be sent as soon as possible to the Administrative Ministry/Division concerned for their comments on specific points raised in the notes. They will also be required to point out errors and omissions, if any, in the estimates framed by the Finance Division.

(3) On receipt of these references, the Administrative Ministry/Division will supply the information required by the Finance Division and also point out errors and omissions, if any, the references of the Finance Division being returned without fail within three days from the date of their receipt in the Administrative Ministry/Division. It should be clearly understood that no general criticism of the references from the Finance Division is necessary and that the notes of the Administrative Ministry/Division should be confined to really important issues.

(4) If the references are not received back within the time allotted, which must be regarded as the maximum, the Finance Division will at once proceed to decide the doubtful points, as it is of paramount importance that the time-table drawn up for the compilation of the Budget Estimate will be rigidly followed.

DISCUSSION WITH ADMINISTRATIVE MINISTRIES

82. The estimates framed by the Finance Division are discussed with representatives of the Administrative Ministries/Divisions/Departments at a round of meetings held in the Finance Division in the month of March. At these meetings, the estimates are reviewed in the light of the latest available facts and data, including the latest figures of actual expenditure and receipt, which the representatives of the Administrative Ministries/Divisions/ Departments are expected to furnish. These meetings thus afford them an opportunity for making a coherent presentation of the reasons in favour of budgetary provisions which they consider to be necessary. The authority for modifying, if necessary, the estimates earlier framed, however, rests with the Finance Division.

83. The estimates of expenditure embodied in the Annual Financial Statement laid before the Parliament under Article 87 of the Constitution are understood to represent Government's full requirements for the financial year, and nothing but pressing emergencies that cannot be accommodated within the provision available will occasion the presentation to the Parliament of demands for further funds or of estimates of further charged expenditure.

84. Demands for Supplementary Grants will not be made, except in extraordinary circumstances, for which full justification will be furnished to Finance Division including an explanation for the failure to foresee the additional expenditure at the time of submitting proposals for budget provision. No expenditure will be incurred in anticipation of the authorisation of a Supplementary Grant, without the prior concurrence of the Finance Division. The procedure in the Parliament in connection with Supplementary Estimate will be the same as in the case of the Budget proper.

85. The responsibility in regard to proposals for Supplementary Estimates rests in the first place on the Principal Accounting Officer of every Ministry/Division (i.e., the Secretary of the Ministry/Division) who will be in a position to explain clearly not only why a supplementary appropriation is required but also why the need for funds was not foreseen when the original estimates were framed. The greatest care will be taken by the Administrative Ministries/Divisions in submitting proposals for Supplementary Estimates. If, on the closing of the accounts, any supplementary appropriations actually obtained are found to have been unnecessary or excessive, the Audit Office will draw attention to the fact in the Audit Report on the Appropriation Accounts and the action of the Ministry/ Division will attract the criticism of the Public Accounts Committee.

86. When an unavoidable need for additional funds arises in the midst of the year for a purpose not provided for in the current Budget, or a purpose for which the existing Budget provision has been exhausted, the Administrative Ministry/Division will send a self-contained proposal to the Finance Division well in time. In this proposal, besides giving justification for the proposed additional expenditure and the reason why it could not be foreseen earlier and provided for in the original Budget, the administrative Ministry/ Division will also give (a) the recurrent expenditure, if any, that will have to be admitted in future years if the proposal is accepted and (b) an analysis of the Budget Grant to which the expenditure is debitable indicating, *inter alia,* the expenditure already incurred under the various items and the reasons why the proposed expenditure cannot be partly or wholly accommodated within the balance of the provisions under these items by effecting appropriate economy. The Finance Division will, in the first place, examine the proposal in respect of its justification and magnitude and thereafter allocate the additional funds considered admissible and feasible. While communicating their decision to the Administrative Ministry/Division, the Finance Division will indicate whether the funds are being allocated from the budget provision for

"Unexpected Expenditure" or whether they will in due course be provided either by re-appropriation or by Supplementary Grant. The Administrative Ministry/Division will thereafter issue the requisite expenditure sanction with the concurrence of the Finance Division by whom a copy thereof is to be endorsed to the Chief Accounts Officer concerned.

II- PROCEDURE FOR PREPARATION AND SUBMISSION OF BUDGET ESTIMATE (DEVELOPMENT BUDGET)

GENERAL PROCEDURE

87. The preparation of the Annual Development Programme depends on cooperation from all Ministries and specially the executing agencies. Each one involved should be aware of what is wanted to be achieved by the development programme and should know how to go about it. Every year the Planning Commission issues guidelines for preparation of the proposed and revised Annual Development Programme.

88. A Programming committee constituted in the Planning Commission with participation of Finance Division, Economic Relations Division and Implementation, Monitoring and Evaluation Division examines development project proposals, fix their priorities and determine the allocations to be provided in the Annual Development Programme. The committee undertakes a review of the Annual Development Programme beginning the middle of November each year to finalise the revised Annual Development Programme and make the first projection of the Annual Development Programme for the following year. The committee finalises its recommendations for Annual Development Programme in the month of April each year for consideration by the Planning Commission and presentation to the National Economic Council. Project proposals for inclusion in the Annual Development Programme are formulated, processed and approved in accordance with procedures prescribed by the Planning Commission from time to time.

REVISED ESTIMATE

89. On completion of discussion on the Revised Annual Development Programme in the Planning Commission with representatives of the Administrative Ministries/Divisions and the Finance Division, the Estimates are finalised. Particulars of each approved project/ scheme included in the Revised Annual Development Programme, showing Revenue and Capital components with the breakdown and estimated receipts, if any are furnished to the Finance Division for incorporation in the Budget.

BUDGET ESTIMATE

90. After the Annual Development Programme is finalised, particulars of each development project/scheme included in the Programme, showing the Revenue and Capital components and receipts, if any, are furnished to the Finance Division by the respective Administrative Ministries/Divisions for incorporation in the Budget.

91. The Finance Division then classify the allocation for the project/scheme according to the Classification Chart for incorporation in the Budget and submission before the Parliament.

92. The project-wise estimates of expenditure of projects/schemes completed during the last fiscal year are also furnished to the Finance Division by the respective Ministries/Divisions for making necessary budget provision in the non-development budget.

III - COMMUNICATION AND DISTRIBUTION OF GRANTS

93. (1) The grants voted by the Parliament, together with any sums sanctioned for non- votable (charged) expenditure will be communicated by the Finance Division to the Administrative Ministries and the Chief Accounts Officers concerned in the shapes of lump sums known as primary units of appropriation. The Administrative Ministry will then make arrangements for distributing the sanctioned funds, where necessary, among the controlling and disbursing officers subordinate to them in accordance with instructions laid down in clause (2) of paragraph 98. The Chief Accounts Officer will render such assistance in the distribution of grants as may be settled in each case.

(2) Subject to any special rules or orders of Government, the distribution of grants should usually be effected as under :-

(i) The whole or part of the appropriation for an operating unit may be placed at the disposal of a controlling or a disbursing officer or the operating unit may be broken up into a number of secondary units and the appropriation for any of these, wholly or in part, may be placed at his disposal.

(ii) A controlling officer at whose disposal an appropriation for an operating unit or a secondary unit has been placed, may out of it, allot funds for expenditure on a specific item or on group of items.

(iii) Any distribution of appropriation among specific items or groups of items, which may be made by disbursing officer for purposes of his control over the expenditure, will not be recognised by the Accounts Officer and should not be intimated to him.

94. An appropriation is intended to cover all the charges including the liabilities, if any, of past years, to be paid during the year or to be adjusted in the accounts of it. It can be authorised by competent authority at any time before, but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilisation in the following years, except in so far as it has been anticipated and re-included in the estimates.

IV-INCURRING OF EXPENDITURE IN ANTICIPATION OF FUNDS

95. In the event of the orders communicating the allotment of funds under paragraph 93 not being received before the commencement of the financial year, disbursing officers may authorise expenditure in anticipation of funds on pay and other charges on the basis of that incurred in the last month of the preceding year.

Note.- Appendix 6 to the Public Works Account Code lays down the rules for incurring expenditure in the Public Works Department in anticipation of funds. These rules will apply *mutatis mutandis* to the expenditure on works executed by other departments, except where the controlling authority directs otherwise.

V- CONTROL OF EXPENDITURE

96. (1) The Secretary (which term shall be deemed to include the Secretary-in-charge) of Ministry/Division shall continue to be the Principal Accounting Officer of his Ministry/Division, its attached Departments and subordinate offices in respect of receipts as well as expenditure incurred from the budget grants controlled by his Ministry/Division.

He shall be responsible for ensuring that -

(a) funds allocated to his Ministry/Division, its attached Departments or subordinate offices are spent for the purpose for which they are allocated ;

(b) the funds are spent strictly in accordance with the rules and regulations, and the expenditure is not, *prima-facie,* more than the occasion demands and that every Government servant exercises the same vigilance in respect of expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of expenditure of his own money ;

(c) actual expenditure does not exceed the sanctioned budget allocation made for the respective items/operating units, etc. ;

(d) no expenditure is incurred in anticipation of authorisation of an annual Budget/Supplementary grants, without the prior concurrence of the Finance Division ;

(e) all payments and receipts are correctly classified under appropriate codes of the Classification Chart and the departmental accounts are reconciled every month with the figures communicated by the CGA and the Chief Accounts Officer.

(f) audit objections are promptly settled.

(2) The powers and responsibilities of the Principal Accounting Officer of a Ministry/Division in respect of the autonomous bodies/corporations/organisations under his Ministry/Division shall be prescribed by the special/general orders of the Finance Division.

97. The authority administering a grant is responsible for watching the progress of expenditure on public services under its control and for keeping the expenditure within the grant. In order that the control of departments over such expenditure may be effective and real and that the controlling officer should be in a position from month to month to estimate the likelihood of savings in and excesses over grants and appropriations, the procedure laid down in the following rules should be observed by all departments and controlling and disbursing officers subordinate to them except where the Finance Division has agreed in writing to some other procedure.

98. (I) The head of each department will be responsible for controlling expenditure from the grant or grants at his disposal, and will exercise his control through the controlling officers, if any, and the disbursing officers subordinate to him.

(2) Control over expenditure must be exercised with reference to the grant as it stands from time to time. It is the duty of the head of the department to distribute the grant as voted by the Parliament or, in the case of non-voted (charged) appropriation, as sanctioned by the Government among the various controlling and disbursing officers subordinate to him, so far as this has not been done by the Finance Division. In so doing he must take into account lump sum cuts made by the sanctioning authority. He must similarly distribute any increases or reductions subsequently made in the grant or in any part of it by the competent authority, whether the alteration is due to a supplementary grant, to a lump reduction or to a re-appropriation. When making his distributions, he must invariably communicate to the officer concerned the complete accounts classification of each item distributed. Such distribution is however, not essential in the case of provision for pay of officers and of establishments. In making a distribution, it is always open to the head of a department to keep a portion of the grant as an undistributed reserve in his own hands.

(3) The following procedure must be followed by every disbursing officer in submitting claims for money :- .

(i) He must attach to each bill a slip in Form G. F. R.6, which will be returned by the Accounts Officer, with the cash or cheque, after noting thereon the voucher number and the date assigned to the bill.

(ii) He must enter on each bill the complete classification code of the proposed expenditure. When a single bill includes charges falling under two or more economic classification codes the charges must be distributed accurately over the respective economic classification codes.

(iii) Except in the case of bills for the pay of officers or of establishments and for allowances drawn with pay, he must enter on each bill and on each slip in form G.F.R.6, the progressive total of expenditure up- to- date under the classification code to which the bill relates, including the amount of the bill on which the entry is made.

(4) In order to enable all concerned to watch expenditure against those portions of grants which are particularly liable to fluctuation, the following procedure must be followed in respect of all bills other than those for pay of officers or of establishments and for allowances drawn with pay :-

(i) Every disbursing officer and, in respect of his own expenditure from portions of the grant retained in his own hands, every controlling officer and head of department must maintain a separate register in Form G. F. R. 7 for such operating unit with which he is concerned. In this must be entered the necessary particulars of the charges drawn on each bill under the appropriate classification code.

(ii) On the third day of each month, a copy of the entries in this register, so far as these recorded sums actually drawn from the Bank during the proceeding month, must be sent in full detail by the officer maintaining it to the head of the department or other controlling Officer. As certain of the entries in each month will represent bills which were not actually cashed before the end of that month, the copy sent will include a few entries of a previous month and exclude a few made in the month for which the return is submitted. With the copy must be forwarded all the slips in Form G. F. R. 6 which relate to the bills entered in it. If there be no entries in the register in any month, a "nil" statement must invariably be sent.

(iii) In order to watch the receipt of the returns prescribed in the foregoing sub- clause, the controlling officer must maintain a broad sheet in Form G. F. R. 8, in which a serial number will be allotted to each individual disbursing officer. This broad sheet must be carefully watched and reminders sent if any returns are not received by the 7th of the month, since the accuracy of the controlling officer's accounts will depend upon the receipt of complete returns. The serial number allotted to each disbursing officer must be communicated to the Accounts Officer.

(iv) On receipt of the returns from disbursing officers, the controlling officer must carefully examine them and must satisfy himself -

(1) that progressive expenditure has been properly noted on the slips and the available balances worked out ;
(2) that the accounts classification has been properly given;
(3) that expenditure up to date is within the grant;
(4) that the returns have been signed by the disbursing officers; and
(5) that all relevant slips in Form G.F.R.6 have been attached. If he finds any defects in them, he must take immediate steps to rectify them.

(v) When all disbursing officers' returns for a particular month have been received and found to be in order the controlling officer must prepare a statement in Form G.F.R.9, in which he will incorporate-

(I) the totals of the figures supplied by disbursing officers;
(2) the totals taken from his own registers in Form G.F.R.7; and
(3) the totals of adjustments under the various economic classification codes which will be communicated to him by the Accounts Officer on account of transfer entries and expenditure debited to the grant through accounts current.

If the controlling officer be not the head of the department, he must forward to the latter authority a copy of this statement supporting it by the slips in Form G.F.R.6, and the copies of Form G.F.R.7, submitted by disbursing officers and by a copy of the month's entries in the register in Form G.F.R.6.

If any adjustment communicated by the Accounts Officer affects the appropriation at the disposal of a subordinate disbursing officer, the fact that it has been made must be communicated by the controlling officer to the disbursing officer concerned.

(vi) On the receipt of all the necessary returns, the head of the department must prepare an account in Form G.F.R.10, showing the complete expenditure from the grant at his disposal up to the end of the preceding month. The figures of expenditure upon pay of officers and establishments and upon allowances drawn with pay will be communicated to him by the Chief Accounts Officer as prescribed in sub- paragraph (5) below.

(vii) In August of each year, the Head of the Department must forward to the Accounts officer a copy of his account for July in Form G.F.R.10. Subsequent to this, it will suffice to send an abstract of the expenditure upto date under the various classification codes of disbursements in three columns, showing –

(I) expenditure up to the end of the preceding month;
(2) expenditure during the month just concluded; and
(3) total expenditure up-to-date, being the total of (I) and (2).

The subsidiary records in Forms G.F.R.7 and 9 will be retained by the head of the department in his own office, unless in any case the Chief Accounts Officer requires that the whole or any part of them should be sent to him with the statement.

(viii)The head of the department and the Accounts Officer will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accounts Officer's books. Unless in any case there are special rules or orders to the contrary, the reconciliation should be made monthly, the initial responsibility resting with the Accounts Officer. The reconciliation need not be very close; its extent should be determined by the following considerations:-

(1) that the account figures finally published will be those maintained by Accounts officer, and
(2) that the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure.

(5) Expenditure on the pay of officers and establishments is not, as a rule, liable to violent fluctuations. Moreover, the provision for such expenditure is frequently not distributed among disbursing officers. It is therefore unnecessary to watch such expenditure through the forms and registers prescribed in sub- paragraph (4) above. The figures of such expenditure will be communicated monthly by the Chief Accounts Officer to the head of the department, who must enter them in his account Form G.F.R.10 and watch the progress of expenditure against the grant.

(6) The head of the department and his controlling officers must further take steps to maintain a careful watch over expenditure incurred from time to time on important non- recurring objects, such as grants and contributions, purchase of rations and purchase of uniforms. It is necessary to deal with such items separately from the accounts of ordinary monthly expenditure since they occur once or twice only in the course of a year. The head of the department or controlling officer must decide for himself what method of watching such expenditure he will adopt. In some cases he may prefer to keep the entire grant under his own control and to order disbursing officers who wish to spend money against it to apply to him for a special allotment. In other cases, he may prefer to distribute the

grant and to order his disbursing officers to report expenditure against it as soon as they incur such expenditure, separately from their ordinary monthly accounts. Whatever method he adopts, it is essential that he should keep himself informed, not only of actual expenditure against such grants, but also of liabilities which have been incurred and must ultimately be met from them. Without such information, no adequate control over expenditure can be exercised.

(7) Under the procedure prescribed in these rules, a head of the department or controlling officer should be in a position from month to month to estimate the likelihood of savings or excesses and to regularise them in accordance with the instructions laid down in paragraph 101 et seq.

Note 1: Special rules for the control of expenditure under Public Works are laid down in Appendix 6 to the Public Works Account Code.

Note 2: Special rules for the control of expenditure in other departments to which the procedural rules in sub-paragraphs (3) to (5) do no apply, will be contained in the departmental Regulations and Manuals.

99. The Chief Accounts Officer will warn the department concerned immediately of the first appearance of any excessive proportionate outlay under any grant or under any operating unit. It must be clearly understood, however, that the authority administering a grant and not the Accounts Officer is ultimately responsible for the control of expenditure against the grant.

VI- PROVISION OF FUNDS FOR WORKS EXECUTED THROUGH A DIFFERENT AUTHORITY

100. In order to ensure that a department undertaking a work on behalf of another does not exceed the sanctioned estimates without the authority of the employing department, the department responsible for providing the funds should intimate to the department undertaking the work the sanctioned grant within which the expenditure is to be incurred. The department incurring the expenditure shall be responsible not only for seeing that the allotment placed at its disposal is not exceeded but also that any anticipated savings are notified and surrendered in time. In cases where an excess is anticipated, the department incurring the expenditure shall be responsible for obtaining the additional allotment in proper time through the employing department.

VII- SURRENDER OF ANTICIPATED SAVINGS

101. A department or disbursing officer may find in the course of the year that the expenditure under some items or operating units is likely to be less than the provision in the Budget. The saving may be due to one or more of the following causes:-

- (i) actual postponement of expenditure;
- (ii) real savings due to economy; and
- (iii) normal savings due either -
  - *(1)* to original over- estimating ; or
  - *(2)* to the usual administrative causes, e .g., casualties, etc.

Savings due to cause (i) should in no circumstances be used for reappropriation to meet new items of expenditure without the sanction of Government. Unless savings due to cause (ii) have been made deliberately to provide for an unforeseen emergency, they should not ordinarily be utilised 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.

102. All anticipated savings should be surrendered to Government 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 (see paragraph 105) which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses .

103. It is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. In the public interest, grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which might wait till 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.

VIII - EXPENDITURE NOT PROVIDED FOR RE- APPROPRIATIONS AND SUPPLEMENTARY GRANTS.

GENERAL RULES FOR SUPPLEMENTARY GRANTS

104. Expenditure for which no provision has been made in the original budget estimate of the current financial year should rarely, if ever, be incurred.

105. (1) It may, however, be found that an excess is likely owing to either (a) an unforeseen emergency or, (b) underestimating or insufficient allowance for factors leading to the growth of expenditure. In the case of an excess of either type, the head of the department or controlling officer concerned should proceed as follows :-

(i) He should in the first place examine the allotments given to other disbursing officers under the same classification code inside the unit of appropriation, and transfer to the disbursing officer who requires an additional allotment such sums as can be permanently or temporarily spared. Since appropriation audit will ordinarily be conducted against total allotments for a unit there is no question of re-appropriation in the technical sense of the word. The process amounts to nothing more than redistribution, which the controlling officer can ordinarily effect without reference to any other authority.

(ii) Should he find such redistribution impossible, he should examine the allotments against other classification codes inside the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is feasible, he should, if he has been invested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.

(iii) If provision of funds from within the primary unit proves to be impossible, an examination of the whole grant should be undertaken to see whether there are likely to be savings under any of the other units of appropriation due to cause (iii) described in paragraph 101, which can be utilised to meet it. If so, he should proceed as indicated in clause (ii) above.

(iv) If such savings are not available, it should be seen whether special economies can be effected under other items of expenditure. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Finance Division through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All application for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

(2) All applications for supplementary grants under paragraph (1) should normally be submitted to Government so as to reach the Finance Division as far as possible, by the middle of December at the latest or by such other date as may be prescribed by the Finance Division from time

to time. Administrative Departments should not, however, hold up the applications till that date, but forward each application to the Finance Division as soon as they become convinced that a supplementary grant will be necessary.

(3) On receipt of an application for a supplementary grant, the Finance Division will review the position of the grant as a whole with reference to the known actuals of the year to date and actuals and estimates for previous years. If after this examination the Finance Division comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure within the sanctioned grant, either from normal savings or by special economies or in the last resort by judicious postponements of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to the Parliament. If, on the other hand, the Finance Division considers that a supplementary grant will be necessary a demand will be placed before the Parliament as soon as possible.

(4) The supplementary grants and appropriations referred to in the preceding paragraphs are such as are required by extra expenditure on the normal activities of the department. Expenditure on a new service, in the technical sense, and on new items, such as, new buildings, new roads, etc, for which no provision exists in the budget, may be incurred in the middle of the year only in exceptional cases. Government is averse, on general principle, to admitting such demands in the course of year . In case, however, the necessity to incur such expenditure is urgent, the Administrative Department should explain clearly why it was not provided for in the original Budget and it cannot be postponed for consideration in connection with the next Budget. The Finance Division, if satisfied on these points, will consider whether it would not be reasonable to ask the department concerned to curtail its other expenditure so as to keep the total within the grant. Ordinarily, no new service or item will be accepted by the Finance Division unless the department concerned can guarantee that the extra expenditure will be met from normal savings or by special economies within the grant. Cases which involve a supplementary grant will normally be accepted by the Finance Division only if they relate to matters of real imperative necessity, or to the earning or safe-guarding of revenue. In such cases the demand for a supplementary grant, or for a token grant in respect of a 'new service' if the expenditure can be met by re-appropriation, will be presented to the Parliament as soon as practicable after the need arises.

REAPPROPRIATION OF FUNDS

106. Reappropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilised in full, or that savings can be effected in the appropriation for that unit in the manner indicated in paragraph 101. In no case it is permissible to reappropriate from a unit with the intention of restoring the diverted appropriations to that unit when savings become available under other units later in the year. Any allotment or reappropriation within a grant or appropriation may be authorised at any time before but not after the expiry of the financial year to which such grant or appropriation relates.

107. The different kinds of re-appropriations that may arise and the authorities competent to sanction the re-appropriations are detailed below :-

(1) From a voted item to another voted item within a grant—

(a) The Finance Division can sanction reappropriation from one voted item to another voted item within a grant;

b) Ministers can sanction reappropriation between operating units which does not involve undertaking a recurring liability.

(2) From a voted item to another voted item involving re-appropriation from one grant to another:- Supplementary grants should be voted by the Parliament in such cases, as no authority subordinate to it has power to reappropriate.

(3) From one charged item to another charged item:- Ministers may sanction reappropriation from one operating unit to another. The Finance Division should sanction any other formal reappropriation that may be necessary from one charged item to another.

(4) From a charged item to a voted item:- No reappropriation is admissible as the voted grant cannot be increased except by the Parliament.

(5) No re-appropriation from a voted to a charged item is admissible, but the Finance Division can sanction supplementary funds for any charged service against earmarked savings under specified voted grants, provided that executive orders are issued to the authority controlling the specified voted grant to restrict the expenditure within the reduced figure.

Note: The powers of reappropriation conferred upon subordinate authorities are also subject to the condition specified therein and such other general or specific restriction as may be imposed by Government in this behalf.

108. An application for additional appropriation of funds should ordinarily be supported by a statement in Form G.F.R.11 (or other special form as may be authorised by departmental regulations) showing how the excess is proposed to be met. In all orders sanctioning re-appropriation, the reasons for savings and excess and the primary units (and secondary units, where necessary) affected should be invariably stated. The authority sanctioning the appropriation should endorse a copy of the order to the Chief Accounts Officer concerned.

INEVITABLE PAYMENTS

109. It is an important financial principle that money indisputably payable should not , as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments even for the purpose of avoiding an excess over a grant or appropriation and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. It must be borne in mind that if an inevitable payment is required to be made in the absence of funds, the error lies not so much in the payment as in the entering into of the relevant liability.

Note. When demands (original or supplementary) are placed before the Parliament, suitable provision should always be made for anticipated liabilities; and the provision in the Note below paragraph 299(2) that adjustment should not be made in the previous year's accounts in certain circumstances should not be used as a cloak to cancel the results of defective budgeting. The onus of providing that the disbursement could not have reasonably been anticipated should lie on the controlling officer.

110. A disbursing officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorising payment of the claim in question.

IX- RELEASE AND USE OF FUNDS FOR DEVELOPMENT PROJECTS

INTRODUCTORY

111. External assistance is presently required in Bangladesh to meet both balance of payments and investment gap. Generally four kinds of assistance are obtained from external sources. There is food aid to meet the gap between consumption and stock requirement on the one hand and domestic production on the other. Commodity aid seeks to meet the import needs for various inputs, raw materials and spares which cannot be financed with own resources. Project aid which is tied to projects essentially provide capital assistance and often finance a part of local currency expenditure on projects. The last kind of external assistance is technical assistance which provides, inter alia, services of experts & equipment that improve skills and provide for training. The need for and likely availability of all these kinds of external assistance are carefully considered by the Government through interministrial consultations before finalising the Annual Development Programme. The Government prescribes from time to time guidelines for processing, approval, implementation and monitoring of projects involving external assistance.

112. The local currency requirement of development projects is met by domestic resources allocated in the development budget, counterpart funds generated by food and commodity assistance and local currency support provided by Development Partners.

PROCEDURE FOR RELEASE OF LOCAL CURRENCY FOR DEVELOPMENT PROJECTS

113. Procedure for release of local currency funds provided for in the ADP for project implementation depends on the approval status of the project. All ADP provisions must first be rendered into budget grant which is now done before the budget is presented to Parliament. Releases of funds are made on quarterly basis according to procedures prescribed by the Finance Division from time to time. The Finance Division also lays down procedures for release and payment of Customs Duties and Value Added Tax relating to development projects. Finance Division's OM No. MF/FD/DEV-1/MISC-46/95/401 (3000) dated 28 December 1995 contains detailed procedures subject to modifications made from time to time.

UTILIZATION OF REIMBURSABLE PROJECT AID

114. (1) Project aid usually covers payment of goods and services in foreign exchange. Different Development Partners follow various procedures for disbursement of project aid required for payment of goods and services in foreign exchange. They also follow different procedures for reimbursable project aid covering both foreign exchange and local currency. Once local currency financing is negotiated for a project it has to be ensured that such a project follows the stipulated implementation schedule very closely. Local currency reimbursements must be claimed promptly and systematically. In few cases advances are provided for local currency expenditure by Development Partners. In such cases, it is important to submit accounts of expenditure promptly.

(2) In respect of projects financed by the International Development Association (IDA), Government of Bangladesh and the World Bank have agreed to set up Convertible Taka Special Account (CONTASA) for development projects under the Government Departments/Autonomous/Semi-Autonomous bodies. All project expenditure eligible for IDA financing in local currency and any expenditure in foreign exchange up to US$ 50000 equivalent or less can be met from CONTASA. All expenditure/payment under CONTASA shall be incurred/made as per approved Project Proforma (PP) and terms and conditions of Development Credit Agreement and Project Agreement. Special Account in Foreign Exchange (SAFE), the forerunner of CONTASA, which have been in operation for IDA financed projects since 1985 shall not however come under the preview of CONTASA until a review has been completed jointly by the Government and IDA. Detailed procedures for operation of CONTASA and SAFE are contained in Finance Division's O.M. MF/FD/DRS/3/91/444(20) dated May 4, 1992 and No. MFD-1/BT-1/IA-26/84-85/376/1(100) dated 29 may, 1985, respectively.

(3) For projects financed by the Asian Development Bank (ADB), the Government and the ADB have agreed to institute an Imprest Account Facility similar to the World Bank's SAFE for reimbursable project aid. Such Imprest Facility covers all loan categories (except for unallocated and service charge during construction), both foreign and local expenditure. Ceiling of Impress fund, whenever possible, is stated in the Loan Agreement or in the Minute of Loan Negotiations. Otherwise, the amount of the initial advance (3 to 6 month's requirement) establishes a ceiling. Executing agencies can make (i) all local payments from the Second Stage Imprest Account and (ii) foreign exchange (limit US $ 50,000 equivalent per payment) from Imprest Fund held at Bangladesh Bank. Operational procedure prescribed for this facility are elaborated in Finance Division's O.M. No. MF/FD/DRS/25/92(p-I)/141/(200) dated 25 April, 1993.

(4) With regard to IDA technical assistance project, Government and IDA have recently agreed to set up a Dollar Special Account (DOSA) in the Bangladesh Bank the operational procedure of which has been detailed in Finance Division's O.M. No.MF/FD/DEV.RESEARCH SECTION/10/92/84 (100) dated 5 June, 1993.

(5) The procedure for release and use of funds for development projects laid down in these rules will be applicable subject to revisions that may be made by the Government from time to time.

X- APPROPRIATION ACCOUNTS

115. The Appropriation Accounts mainly depend on explanation furnished by heads of departments etc., to the Chief Accounts Officer as to the cause of variations between the appropriations and the expenditure. It is most important, therefore, that all references from the chief Accounts Officer in connection with the Appropriation Accounts should be dealt with as promptly as possible. The explanation furnished of variations between appropriation and expenditure or of any apparent failures to exercise adequate financial control over expenditure should be concise, accurate and fully informative, and such vaguely worded phrases as "due to over estimating", "covered by reappropriation" or "reappropriations proved unnecessary or inadequate" should be avoided. The questions in which the Public Accounts Committee are ordinarily interested are (I) whether the variation was inevitable, and (2) whether it could not have been foreseen. If the explanations indicate, with sufficient clearness, the answers to both of these questions the number of points on which additional information may be required would be very materially reduced. The same principle applies also to cases of financial irregularities proposed for inclusion in the Appropriation Accounts or the Report thereon.