
	<b>GOVERNMENT OF THE PUNJAB</b> <b>TECHNICAL EDUCATION &amp; VOCATIONAL TRAINING</b> <b>AUTHORITY</b> 96-H, GULBERG II, LAHORE PHONE: 042-99263055-59 <a href="http://www.tevta.gop.pk">www.tevta.gop.pk</a>	
	<b>(FINANCE WING)</b>	
TEVTA/FIN/BUD/2018-19	Rev No 00	Date: <u>7th</u> September, 2018

## **NOTIFICATION**

Subject: **GUIDELINES REGARDING FINANCIAL DISCIPLINE AND MAINTENANCE OF BOOKS OF ACCOUNTS.**

**TEVTA/FIN/Bud/2018-19/** It has been observed that different SOPs/Notifications / Circulars issued by Finance Wing on different financial, accounting, audit and taxation issues for proper internal control/internal check are not being followed properly by the concerned heads of Institutions / Offices/Service centers. Therefore, the competent authority is pleased to notify the following guidelines to ensure financial discipline and maintenance of Accounts.

### **1- Canons of Financial Propriety**

In incurring or authorizing expenditure from the government fund, following canons of financial propriety shall be observed;

- i. Same vigilance shall be exercised in respect of expenditure from government fund as a person of ordinary prudence would exercise in respect of his own money.
- ii. Expenditure shall not be more than what the occasion demands.
- iii. No authority shall exercise powers of sanctioning expenditure to pass an order which shall be directly or indirectly to its own advantage.
- iv. No expenditure shall be incurred for a purpose not authorized by law.

### **2- Duties / Responsibilities and Functions of DDOs-Budget & Expenditure /Treasury Management.**

- I. The financial powers including DDO powers have been delegated to all officers of Offices / Institutions / Service Centers vide various notifications /

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circulars by the competent authority. Following are functions / duties of Head of Institutes (DDOs)

- i. Ensure and maintain financial discipline at Institute/Office.
- ii. Make budget estimate and continuous comparison with actual expenditure and assure to make expenditure within budgetary resources of the institute.
- iii. The following are the objectives of a budgetary control system.
  - Planning
  - Co-ordination
  - Communication
  - Motivation
  - Control
  - Performance evaluation
- iv. To make expenditure as per approved budget, rules & regulations.
- v. To ensure Pre-audit of each transaction of payment.
- vi. To take care of monthly reconciliation of Civil servants salary expenditure with District Accounts office/AG office.
- vii. Properly and timely submission of annual budget estimates to the District/Zone/H.O.
- viii. Properly and timely submission of excess & surrender statement to DM/ZM/H.O.
- ix. To provide monthly verified receipt and salary expenditure statement of the institute to DM office.
- x. Submission of monthly expenditure statements.
- xi. To forward the Pay bills/attendance of the TEVTA /PSIC employees to Districts offices.
- xii. To ensure that purchases are made as per rules and regulations.
- xiii. To ensure internal control over each financial transaction.

## **II. Payment Procedure**

As a rule no cheque should be drawn until it is intended to be paid away. No Payment shall be made after fulfilling following all codel, legal and financial requirements and completing the below mentioned documents.





- i. Properly written requisition / indent for Purchases /Services /Repairs /AR /SR /Civil Work etc.
- ii. Sanction order/Sanction note duly approved by competent authority
- iii. At least three quotations duly signed by concerned purchase committee where applicable.
- iv. Comparative statement duly approved and signed by concerned purchase committee.
- v. Complete tender documents duly verified by purchase committee.
- vi. Copy of Agreement/Contract in case of civil work or AR/SR etc.
- vii. Copy of Supply Order / Work Order.
- viii. Invoice/Bills for purchases or services etc.
- ix. Inspection report/ certificate of technical expert/member for goods/work completed as per specifications/drawings etc.
- x. Proof of goods received duly entered in stock register.
- xi. Copy of cross cheque paid for purchases/civil work/services etc.
- xii. Any other relevant document/evidence.

**III. Basic Conditions of Expenditure:**


- i. Budget is available.
- ii. Sanction is available
- iii. Amount be drawn for immediate disbursement only.

**IV. Payment Approval Form**

- i. All payments on "payment approval form"
- ii. The Payment approval form contains information about: Vendor Name, NTN and Sales Tax etc.
- iii. Nature of payment
- iv. Sanctioning authority
- v. Bank title and bank Account No.
- vi. Cheque number & date.
- vii. Gross amount of the Invoice
- viii. Income tax deduction
- ix. Sales tax deduction
- x. Net amount
- xi. Form signed by Accounts Clerk, co- signatory and 1st signatory.

- V. **Every Government servant** is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the account in every respect.
- VI. **Monthly Schedules of Receipts and Payments (as per formats)**
- i. Monthly reporting of Income (TEVTA dues and pupil funds) to AM (Finance) of concerned districts for recording/updating accounting software.
  - ii. Monthly reporting of grants (development or non-development) to AM (Finance) of concerned districts for recording/updating accounting software.
  - iii. Monthly reporting of expenditure (development or non-development) to AM (Finance) of concerned districts for recording / updating accounting software.
  - iv. The Expenditure includes verified expenditure on purchases out of ADP or Special Allocation, Salary of TEVTA, PSIC, TEP or Civil servants and Non Salary Expenditure.
  - v. Monthly reporting of expenditure out of pupil funds (development or non-development) to AM (Finance) of concerned districts for recording / updating accounting Software.
  - vi. Monthly reporting of Income & expenditure in respect of Non-subsidized scheme (development or non-development) to AM (Finance) of concerned districts for recording / updating in accounting Software.

### **3- Duties / responsibilities of DDOs- Inventory Management**

- i. Curtail and avoid losses.
  - ii. Sale and disposal of un-serviceable stores and write off losses of such stores.
  - iii. All materials received should be examined, counted, measured and weighed and preparing gate pass, GRN etc.
  - iv. Issue of stores and transfer of charge of stores by preparing store issue requisition.
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- v. Inventory management of stock, stores and spares
- vi. Accounts of stores - dead stock, other stores, equipment stores.
- vii. Raw materials & spare parts procurement
- viii. Maintaining record for Partially completed goods called work in progress
- ix. Finished-goods inventories
- x. Replacement parts, tools, & supplies
- xi. Goods-in-transit to warehouses or customers
- xii. To meet anticipated demand
- xiii. To smooth production requirements
- xiv. To protect against stock-outs
- xv. To take advantage of order cycles
- xvi. To help hedge against price increases
- xvii. To take advantage of quantity discounts
- xviii. To achieve satisfactory levels of customer service while keeping inventory costs within reasonable bounds
  - Level of customer service
  - Costs of ordering and carrying inventory
- xix. A system to keep track of inventory
- xx. A reliable forecast of demand
- xxi. Knowledge of lead times
- xxii. Physical count of items made at periodic intervals

#### **4- Duties of DDOs- Maintenance of Accounts**

Handling of financial transactions has always remained a focus of attention for owners, custodians and the stakeholders in almost all the economic and commercial activities as well as the non-commercial concerns. Individuals and organizations, who handle their financial transactions (Receipts and Payments) carefully, manage their financial affairs effectively. Those who failed to do so, may lead to troubles later on and face difficulties to arrive at a correct position of their financial affairs. Same is equally applicable in recording of financial transactions. Be careful and cautious in recording the receipts and disbursements of financial entries upon their occurrence.



- I. **Accounting is considered** as “eyes and ears organization” of any organization. Accounting is a management function comprising:
  - i. Record keeping
  - ii. Protect Government properties
  - iii. Fulfilling legal requirements
  - iv. Communicate the results to the stakeholders i-e Owners, Management, Creditors, Employees, Investors, Government, Consumers.

II. **General Rules of Cash Handling**

- i. Maintenance of record of receipts and payments in relevant accounts.
- ii. Maintain correctness of accounts.
- iii. Private cash or accounts should not be mixed up with public cash or accounts.
- iv. Accounts should be maintained in prescribed manner.

III. **Maintenance of Accounts – Cash Book**

It is the most important primary record of financial transactions. It contains the record of receipt and expenditure transactions. Different departments use different forms of cash book according to departmental requirements. Every entry whether a receipt or expenditure gives a brief description of the nature of transaction like:

- i. From where received or to whom paid
- ii. Amount involved
- iii. Head of Classification
- iv. Date of occurrence of transaction

IV. **Maintenance of Cash Book**

The concerned DDO will ensure that Cash book of all type (Non Salary, Non Govt. Funds, Non – subsidized scheme and Short Courses/ IDD courses etc.) maintained on daily basis and reconciled with banks on monthly basis and cash book maintained as procedure narrated below;

- i. Immediate posting
- ii. Record every transaction
- iii. Entries attested



- iv. Check receipts with payment schedule
- v. Cash remittances with consolidated receipts
- vi. Regularly closed
- vii. Don't mix private cash
- viii. Verify cash balance & certify

V. **Method of recording Cash Book – Receipt and Payment side**

- i. Cash book is basically bank book, recording bank transactions during a specific period.
- ii. Chronological record is to maintain on daily basis. cheque no., cheque date, nature of payment, folio & cheque amount is to record on both sides of cash book i-e receipt and payment.
- iii. Physical verification of cash book on daily basis by concerned DDO.
- iv. Physical verification on monthly basis by concerned AM (F).

VI. **Daily Closing of Cash Book**

- i. Daily closing means that each payment and receipt is to record on daily transaction basis and signed by DDO and cashier/accounts clerk.
- ii. Closing balance of each page is carried forward on next page.

VII. **Monthly Reconciliation of Cash Book (Bank Column) with Bank Statement**

- i. All types of cash books are to be reconciled by concerned Institute staff on monthly basis and reconciliation report to be submitted to AM (F) to update accounting software.
- ii. Separate cash book of each bank account.
- iii. Each cash book should be reconciled with concerned bank account.
- iv. Petty cash book (for expenditures up to Rs.10,000/-) is to maintain on daily basis and should be reconciled with main cash book.

VIII. **Quality of Accounts**

- i. Accounts must be complete / comprehensive.
- ii. Accounts should be correct i.e. free from mistakes.



- iii. Accounts should be prepared well in time so that they might be available in time to users.
- iv. They should be intelligible and readable.
- v. Maintain record of all financial transactions as per approved procedure.

**IX. Importance of Accounts**

- i. Accountability
- ii. Control of funds
- iii. Budget making and execution
- iv. Policy making
- v. Management controls
- vi. National income data
- vii. Measuring performance
- viii. Legislative requirement
- ix. Political needs
- x. Organizations development
- xi. Employees motivation

**5- General Record and Various Registers to Be Maintained**

**I. Stock Registers for Consumables (Raw / Training material etc.)**

- i. Such registers are maintained to depict receipts, issuance and balance at a particular day.
- ii. Evidence of receipts and issuance is kept by the store keeper.
- iii. The quantity and amount are shown on the register.

**II. Stock Registers for Fixed Assets - Permanent Stock Registers**

- i. Land, showing area and ownership
- ii. Building, showing covered area and ownership
- iii. Motor vehicles, showing location, registration and possession.
- iv. Office equipment including lab equipment, showing location, quantity and value on a specific date.
- v. Electrical & gas equipment, showing location, quantity and value on a specific date,



- vi. Computers and ancillaries, showing location, quantity and value on a specific date,
- vii. Machinery and equipment, showing location, quantity and value on a specific date,
- viii. Library Books, showing location, quantity and value on a specific date.

III. **History Sheet Registers**

- i. History sheet registers are maintained to record expenditure on repair and maintenance of above listed fixed asset registers.
- ii. Chronological record is maintained.
- iii. Nature of repair, its date and bill number etc is recorded.

IV. **Hot and Cold Registers**

- i. Such registers are maintained for coal and Ice purchases
- ii. Chronological record is maintained.
- iii. Quantity and value of item purchased, its date and bill number etc. is recorded.

V. **News Paper Registers**

- i. All purchases of newspapers and periodicals are recorded in the register.
- ii. Chronological record is maintained.
- iii. Quantity and value of item purchased, its date and bill number etc. is recorded.
- iv. Distribution of newspapers is also indicated in the register.

VI. **News Paper Advertisement Register**

- i. Advertisement approval is to record in the register
- ii. Chronological record is maintained.
- iii. Advertisement cutting, even concerned newspaper is placed in the register.

VII. **Dead Stock Registers**

- i. Any fixed asset after declaring, damaged, unserviceable is to enter in the register.
- ii. Location of the asset is to record in the register.
- iii. Quantity and book value is to enter in the register.

VIII. **Service Stamp Registers**



- i. Service stamps are used only for official mail delivery of government organizations.
- ii. The receipt, issuance and balance on each day is to record in the register.
- iii. The issuance must reconcile with the letters dispatched in a month.

IX. **Voucher and Cheque Register/file**

- i. The payment voucher must be passed on prescribed "payment approval form".
- ii. All relevant documents including copy of **cheque** must be attached with the "payment approval form".
- iii. Separate register/file for each bank account.
- iv. Chronological record must be maintained.

**6- Duties of DDOs- Audit Co-ordination / Compliance**

The concerned DDO is responsible to execute / process all transaction of their respective institutes in accordance with the provisions of law, rules and regulations made thereunder as well as also follow the difference notifications / sops/ circulars from time to time by TEVTA. The scope of audit, its execution and audit para settlement is described below;

I. **Types of Audits**

- i. External Audit by Chartered Accountant Firm.
- ii. Commercial Audit by D.G.Commercial
- iii. Internal Audit (Executive Arrangement)
- iv. Pre-Audit (Accounting Function)
- v. Performance Audit (extended scope of audit on the principle of Economy, Efficiency, Effectiveness to ascertain how far the objectives were conceived, properly implemented and sufficiently delivered)
- vi. Special Audit

II. **Procedures of Audit**

- i. Audit Team duly appointed by the Director General Commercial Audit & Evaluation (DG CA&E) or Chartered Accountant Firm conducts audit of institutes/offices/ service centers on annual basis.





- ii. Audit Team gives tour plan by selecting different institutes/offices/ service centers on sample basis.
- iii. During visit of institutes/offices/ service centers, Audit team gives requisitions for provision of auditable record.
- iv. Audit team checks the record / vouchers / cash books / registers of institutes/offices/ service centers in the light of applicable laws.

### III. Different types of Audit Paras (D.G.Commercial Audit)

- i. Audit Team issues Observation Memos (OMs) during the course of audit.
- ii. OMs are either settled during discussion with Audit team or converted in General Paras.
- iii. Audit Inspection Report (AIR) comprises of General Paras converted from OMs.
- iv. Certain Significant Paras are selected by the Audit team and converted in Proposed Draft Paras (PDPs)
- v. During discussion at appropriate forum, PDPs are either settled or printed in Audit Report on the Accounts of Public Sector Enterprises (ARPSE) for the year.
- vi. There are two sections of ARPSE i.e. Draft Paras and Memorandum for Departmental Accounts Committee (MFDAC)

### IV. Classification of Audit Observation

- i. **Audit observation**: Ordinary observation (reported to DDO)
- ii. **Advance para**: Serious financial irregularity / defalcation / embezzlement / fraud / theft / damage.
- iii. **Proposed draft Para (PDP)**: Advance paras reported to the Administrative Department / Chairperson TEVTA, as a last bid for settlement before those are converted into draft paras.
- iv. **Draft para**: the para reported by the Auditor General through ARPSE to the Governor of the Province / Finance Department/ Provincial Assembly as the case may be.

### V. Audit Paras Contain

- a) Public loss by way of fraud or negligence
- b) **Procedural Lapses**.

- i. **Mis-classification** – not charging the expenditure to its proper and specific object of expenditure/receipts as per Charts of Accounts (CAO).
- ii. **Incompetent sanctions** – According sanctions beyond Delegation of Financial Powers delegated by the authority from time to time
- iii. **Advance Drawals** – Drawal of money from Bank Accounts without the sanction of competent authority.
- iv. **Excess Payments** – Expenditure made in excess of the Budget Allocations or without allocation.
- v. **Savings**–Non-surrendering/retaining the allocations beyond requirements or non-utilization of funds demanded during a financial year.
- vi. **Irregular Re-appropriation** – Re-appropriation made inconsistent to the Delegation of Financial Powers.
- vii. **Irregular Purchases** – Purchases made without adopting the proper procedure.
- viii. **Improper Account;**
  - a) Payments & receipts not properly accounted for in Cash Book.
  - b) Actual Payees Receipts (APR) not obtained.
  - c) Log Books not maintained as Govt. Vehicles Rules.
  - d) Stores not entered in Stock Register.
- ix. **Levies not applied on payments -**
  - i. Deductions of Income Tax not made / paid
  - ii. Deduction of Sale Tax not made / paid.

#### VI. Settlement of Audit Paras

- i. OMs can be settled at the time of discussion with Audit Team during audit
- ii. General Paras of Section I (Previous years' audit paras) can be settled during audit through annotated replies and provision of relevant record.



- iii. General Paras of Section II can be settled through annotated replies and provision of relevant record after issuance of AIR
- iv. General Paras can also be settled during discussion in Departmental Accounts Committee (DAC)
- v. Proposed Draft Paras can be settled during discussion in Special Departmental Accounts Committee (SDAC)
- vi. Draft Paras can only be settled in Public Accounts Committee (PAC)

**VII. Proceedings of Audit Committees (DAC,SDAC,PAC)**

- i. Preparation of working paper by the concerned DDO.
- ii. Submission of working paper to TEVTA Audit section for onward forwarding to the office of Director General Commercial Audit & Evaluation.
- iii. Verification of original record before meeting
- iv. Issuance of audit comments.
- v. Updated working paper in the light of audit comments.
- vi. Submission of duly authenticated working paper to all the concerned at least 15 days before meeting.

**7- Detail of different SOPs/Notifications**

The guidelines on financial matters are given / notified by issuing Accounting Manual. Further, the list of circulars on financial matters already been issued by TEVTA Finance Wing are given below for ready reference in order to observe financial discipline;

- i. Fee structure of TEVTA Institutions
- ii. Accounting manual
- iii. Accounting policies
- iv. Pupil fund management
- v. Short courses
- vi. Delegation of financial powers
- vii. Funds management-own sources
- viii. Maintenance of cash book at Institute level
- ix. Deduction of tax

- x. Inventory management system
- xi. SOP for internal audit
- xii. Memo explaining provision of sales tax.
- xiii. Tax provisions regarding withholding tax
- xiv. Financial assistance packages for deceased family.
- xv. Health & life insurance of TEVTA employees.
- xvi. Pay scales of TEVTA employees
- xvii. Drawing & disbursing powers circulars.
- xviii. SOP for procurement under Development Scheme by CPC.



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GENERAL MANAGER (FINANCE)  
TEVTA

Endst: No. TEVTA /FIN/BUD/ 2018-19

Dated 07 September, 2018.

**A copy is forwarded for information and necessary action to:**

1. All General Managers TEVTA Secretariat, Lahore.
2. All Deputy General Managers TEVTA Secretariat, Lahore.
3. All Zonal Managers (Center, North, South), TEVTA.
4. All Managers of TEVTA Secretariat, Lahore.
5. All District Managers, TEVTA with the request to circulate the same to lower formation.
6. All Project Manager / Project Directors of TEVTA Service Centers.
7. The Manager (SCs) TEVTA.
8. SA to Chairperson TEVTA.
9. PS to COO TEVTA.



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