

Most Urgent
Time Bound
Personal Attention

No.PW-Bud-LOC-Genl./2018-19- 19-5-31
Public Works Department
Himachal Pradesh

From:

Engineer-in-Chief

To

1. The Chief Engineer (SZ),
HP.PWD, Shimla-2
2. The Chief Engineer (MZ),
HP.PWD, Mandi.
3. The Chief Engineer (KZ),
HP.PWD, Dharamshala
4. The Chief Engineer (HZ),
HP.PWD, Hamirpur.
5. The Chief Engineer (NH),
HP.PWD, Shimla-171001
6. The Superintending Engineer,
Elect. Circle, HP.PWD, Shimla-9
7. The Superintending Engineer,
Elect. Circle, HP.PWD, Dharamshala.
8. The Superintending Engineer,
Mech. Circle, HP.PWD, Shimla-12
9. The Superintending Engineer,
Mech. Circle, HP.PWD, Dharamshala.
10. The Additional Deputy Commissioner,
Spiti at Kaza.
11. The Deputy Commissioner,
Reckong Peo at Kinnaur
12. The Deputy Commissioner
Lauhal at Keylong.
13. The Resident Commissioner,
Pangi at Killar.
14. The Additional District Magistrate,
Bharmour.
15. Deputy Controller (F&A),
O/O Chief Engineers (MZ/KZ & HZ)
HP.PWD, Mandi, Dharamshala & Hamirpur.

*F.R
N.O.O.P.*
*J
24/8/18*
*Abu Qasim
Sh. Meel*
Dated: Shimla-171002, the

16 August, 2018

Subject: Abolition of LOC System.

I am to enclose herewith a copy of letter No. Fin(TAL)B(15)-2/2010- dated 03.08.2018 received from Special Secretary (Fin.)-cum-Director, Treasuries Accounts & Lotteries, Kasumpti, Shimla-171009, regarding abolishing of the LOC system and link the payment and accounting system through treasuries. It has instead been decided to bring all expenditures of departments having LOC system under the purview of treasury mode from 01.10.2018.

In this regard, a draft of review the Letter of Credit (LOC) System is under consideration for approval at the State Govt. level and circulated for suggestions/observations of this department.

You are, therefore, requested that the proposed system may please be examined in view of above system/procedure contained in aforesaid letter and the detail comments / suggestions / observations in this regard may be supplied to this office within a 2 days i.e. by 18.08.2018 through FAX and e-mail address: dc-enc-hp@nic.in positively, so that in terms of your suggestion/comments the matter could be considered and Govt. is apprised accordingly.

Please treat it as Most Urgent.

Encl: As above.

Engineer-in-Chief,
HP.PWD, Nirman Bhawan,
Shimla-171002.

Copy forwarded with enclosures for information and necessary action and with the direction that any suggestions/observations/comments on this proposed draft be made available to the Budget Section by 17/08/2018 positively:

1. All the Chief Engineers (Head Quarter).
2. All the Superintending Engineers (Head Quarter).
3. The Financial Adviser (PMGSY) in this office.
4. The Joint Controller (F&A) in this office.
5. Executive Engineer, Nodal Officer (IT) in this office for information and necessary action. He is directed to download the proposed order in the departmental Website today positively.
6. Copy to the Superintending Engineers, 3rd Circle, Solan, 4th Circle, Shimla-3, 11th Circle, Rampur, 12th Circle, Nahan & 14th Circle, HP.PWD, Rohru for similar necessary action.

Encl: As above.

rk
Engineer-in-Chief,
HP.PWD, Nirman Bhawan,
Shimla-171002

File no. Fin (TAL)B(15)-2/2010
Government of Himachal Pradesh
"Finance Department"
(Treasuries Accounts & Lotteries)
Dated Shimla-171009

3 August, 2018

To

F
EPB
EPB
EPB
EPB

1. Engineer-in-Chief
IPH Department, Shimla-2.
2. Engineer-in-Chief
PWD Department, Shimla-2.
3. Pr. Chief Conservator of Forest Shimla-2

Subject: - Abolition of LOC System

7/8/18 Sir
1492
7/8/18
I am directed to convey that State Government has decided in principle abolish LOC system of payment and link the payment and accounting system through treasuries. Office order in this regard is attached.

You are requested to offer your comments/suggestions on this,

within 10 days.

Yours Faithfully

Encl. As above

D.D. Sharma
D.D. Sharma (IAS)
Special Secretary(Fin.)-cum-Director,
Treasuries Accounts & Lotteries
Kasumti Shimla-171009
0177-2620887

F.R.
E.A.
C.A.
D.C.
Sub.
D.D.

Sh. Rakesh S
Dept. (S)
9/8/18

Order

The Government of Himachal Pradesh reviewed the system of Letter of Credit (LOC) and has decided to delink the system of expenditure through LOC. It has instead been decided to bring all expenditures of departments having LOC system under the purview of try. mode from 01.10.2018.

The procedure to be followed by the Heads of Department of Irrigation and Public Health and Forests, Departments in the revised system of presenting bills in the District Treasuries/Sub-Treasuries concerned under existing IFMIS/e-Bill System consequent to discontinuance of Letter of Credit system shall be as under:

A. Budget Allocation and drawl of funds

1. The estimates for all works to be divided on the basis of fund requirements on a yearly basis and accordingly budgeted in that year.
2. For incurring sanctioned expenditure towards works, funds allotment will be obtained by the Heads of Departments of IPH and Forests, from the Government as is being done for other items of expenditure.
3. Such allotment of funds by the Heads of Department shall be distributed through e-vitran to the Divisional Offices under their control for implementation of works and presenting the bills towards payment purpose. The Division-wise distribution for each head of account shall be available in e-bills login of the DDO. It shall also be available to District Treasuries/Sub-Treasuries concerned in OLTIS and in public domain in e-vitran.
4. Treasury will capture budget, classification detail and works code in modified bill TR-5 alongwith name of work, administrative approval/expenditure sanction number and estimated cost etc. (Format attached)

5. Original administration sanctions/expenditure sanctions is to be retained in treasury. Monitoring of expenditure as per administrative sanction/expenditure sanctions and annual budget will be done in treasury.
6. The Drawing Officers nominated for the purpose of presenting the bills shall prepare the bills for works and present the same in the District Treasuries/Sub-Treasuries to which they are attached for making payment under e-bills using Electronic Clearance System. The bills should be presented in HPTR-5 along with vouchers and enclosures.
7. All the bills for works presented by the Drawing Officers shall be based on the administrative sanction/orders issued for making payment by the competent authority and approved by both Divisional Officers/Divisional Accountants and Executive Engineers.
8. All the District Treasuries/Sub-Treasuries shall verify the financial aspects like availability of funds under the head of account concerned, enfacement slip, necessary recovery schedules (such as IT, VAT, Fine, etc.) other mandatory certificates, etc., in the bills presented before making pass orders and authorizing the same for payment to the concerned beneficiaries through Electronic Clearance System.
9. All the Divisional Officers and Drawing Officers are responsible for the contents and mandatory certificates furnished in the bills.
10. One bill shall be presented by the Drawing officer concerned for each head of account.
11. If funds are provided for a work under different heads of account, the funds can be drawn by presenting separate bill for different heads of accounts in the treasuries.
12. Works falling under same scheme i.e. one budget string will be allocated money through e-vitran. The executive engineers will continue to have powers

of re-appropriation within the same budget string subject to the delegation orders of the department. However, the department may decide he competent authorities for re-appropriation of funds at the division's level. The re-appropriation from one head of account to other will be decided by the Finance Department.

13. The funds allotted to the Heads of Department will lapse at the end of the financial year.

B. Drawl of advance and adjustment bills

1. The divisional officers are entitled to sanction advance amount in accordance with the financial powers delegated to them.

2. Since bills for works will be presented in treasuries, these bills will be included in the payment scroll by the banks and accounted as the bills of other department. These will then form part of cash account being sent by the treasuries to AG. AG will compile account of PWD/IPH along with other civil departments. Drawl of advances & their settlement will be through Abstract Contingent/Detail Contingent bills presented & processed in treasuries.

3. The concerned Drawing Officer shall present the bill either for an advance or an adjustment bill i.e. Detail Contingent bill based on the sanction order issued by the competent authority.

4. The concerned Divisional office shall maintain all the technical and work related documents for drawal of advance funds from treasuries.

5. The advance drawn shall be adjusted by way of adjustment i.e. Detailed Contingent bill within the stipulated time following the existing procedure in HP Treasury Rules-2017.

C. Payment mode

1. The bill presented by DDO shall be processed at DTOs/TOs and the payment shall be made to the contractors/suppliers/beneficiaries through Electronic Clearance System.

D. Deposit works

1. New deposit accounts shall be opened in the DTOs/TOs in respect of the concerned divisions under the major head of account "8443" and the funds provided by the requisitioning departments/agencies shall be deposited in that account by Divisional officers.

2. Both payment and receipts in the above Deposit accounts shall be maintained in a separate ledger at Divisions and treasuries with reference to the deposits made by the work executing officers.

3. The details of the works for which the fund is deposited into the DTOs/TOs shall be maintained properly by all Divisional Offices.

4. The work executing officers shall draw the funds from the above Deposit account by presenting bills in the treasuries for making payment for executed deposit works by debiting the same head of account which was used for depositing the funds.

5. All the usual/normal procedures regarding maintenance of deposit accounts, preparation of plus and minus memo statement, reconciliation of accounts in monthly and yearly basis, submission of Certificate of Acceptance for deposits etc., shall apply to these Deposit works.

E. Refund of works deposits, Transfer of Deposits and lapsed Deposits

1. Bills shall be preferred in HPTR-8 bill format.

2. Sanction orders from the competent authority is necessary.

3. Original adjustment challan details received from the treasury shall have to be mentioned the bill presented by DDOs.

4. Necessary certificates and all other regular enclosures are required to be furnished with the bill.

F. Suspense Accounts

1. The balance amount (i.e. Closing balance as on 01.10.2018) in the Divisional office under suspense accounts uncashed cheque shall be transferred to the respective divisions.
2. The concerned divisions shall continue to maintain all the accounts until it is cleared, with proper entries, to be made in future in consultation with A.G.

G. Revenue Receipts

All the revenues realized in treasuries shall be accounted properly under the appropriate receipt heads in the following manner:

1. The revenue receipts deducted under the major heads 0040, 0851, 0853, 0406 etc., and deductions like Cash Recovery, Income Tax, etc. shall be credited to the relevant receipt head only by way of transfer.
2. Separate adjustment shall be made by the treasuries for payment of the Labour cess which needs to be paid to the Labour Welfare Board account. The DDOs shall advise the treasuries in the bill itself accordingly.
3. The deposits received towards the works from Non-Governmental Organisations shall be deposited in the newly opened deposit accounts of the concerned Divisions under appropriate head of account.
4. The amount deposited towards Earnest Money Deposit as Security Deposit by the Contractors/Suppliers shall be accounted under the major head "8443" Civil Deposit accounts and entered in the deposit register maintained in the concerned divisions.
5. Refund of deposits would be regulated by presenting the bills in HPTR-8 and withdrawal of funds from the Treasury debiting concerned head of account.

6. Depositing of receipts received by the Divisional officers under "8782" and "8658" is, dispensed with and it shall be directly credited into "8443" – Civil Deposit.

H. Maintenance of registers, schedules, accounts, etc., relating to works expenditure

1. The Divisional offices should satisfy themselves that all the supporting documents for the claims are properly enclosed with the bill along with appropriate sanction orders.
2. All the registers maintained in divisions for works shall continue to be maintained as in the existing system for verification during audit and inspections by the competent authority.
3. No Consolidated Treasury Receipts (C.T.R.)/Consolidated Treasury Issues (C.T.I.) needs to be issued.

All the outstanding balances pertaining to pending works and the unspent amount that has been released through Letter of Credit will lapse after 1.10.2018.

I. Accounts & Reconciliation of accounts

1. Treasury will send cash account as is being sent to AG in respect of other DDOs in the District so divisional accounts/complied accounts by the divisions shall not be sent.
2. The Divisional Officers shall reconcile the payment and receipt with the treasury figures every month and submit a consolidated statement of both payment and receipt duly countersigned by the authority concerned for verification and it will be countersigned and enclosed with the monthly accounts by the treasuries while submitting the accounts to the Accountant General.

3. The Divisional Officers shall take care of all the adjustments and corrections required to be made in the accounts with the Accountant General prior to the date of implementation of the revised system.
4. The duties and functional responsibilities of Divisional Officers as prescribed in the codal provisions would remain unchanged in the revised system except in rendering of complied monthly accounts to Accountant General and issue of cheques for works. All the supporting registers for verifying allotment received, expenditure incurred will continue to be maintained in the Division as is being done.

J. Other

1. On the day of implementation of Treasury mode of payment, the list of cheques issued but not realized should be sent to attached treasuries.
2. Surrender of all unused cheques shall be ensured under proper intimation to the Treasury concerned.
3. Preparation of Division – wise list of expenditure and the existing system of reconciliation by the concerned authority will continue.
4. Accountant General will furnish the categories of the deposits and their sub-detailed head, rules and procedures for lapsing of deposits and refund of deposits.
5. All treasuries shall coordinate with Divisions and Accountant General for smooth transition into the Treasury mode of payment.