

GENERAL CHECK DONE IN THE PAO AS PRESCRIBED IN THE CIVIL ACCOUNTS MANUAL

Introductory

4.1.1 Bills presented to Directorate of Accounts and Treasuries are required to be passed for payment after precheck.

4.1.2 It is the duty of the Directorate of Accounts and Treasuries to see that the incurring of expenditure from the Consolidated Fund of India is governed by the following essential conditions:-

- i. that there is provision of funds authorised by the competent authority fixing the limits within which expenditure can be incurred;
- ii. that the expenditure incurred conforms to the relevant provisions of the Act, Constitution and of the laws made thereunder and should also be in accordance with the financial rules and regulations framed by the competent authority; and
- iii. that there exists sanction, either special or general, accorded by the competent authority authorising expenditure.

Check against provision of funds

- i. No expenditure incurred from the Consolidated Fund and Contingency Fund of the UT of Puducherry on or after 1st April of the financial year, unless authorized by the Appropriation Act passed by the Legislature.
- ii. It is an important part of the functions of the Accounts Office to see that no payments are made in excess of budget allotment.
- iii. The Accounts Office should decline payment under advice to the authority controlling the grant so that the latter could arrange for additional funds.

4.4 Check of sanction for expenditure

- i. The responsibility of the Accounts Office with reference to check of sanction is to see that the sanction conforms to the relevant financial rules/orders/regulations issued by the competent authority either in pursuance of the Act and Rules or by virtue of the powers formally delegated by a higher authority.
- ii. The period of currency of the sanction is to be checked as per Rule 30 of General Financial Rules, 2005.

Check of classification in Accounts

4.6.1 The classification of expenditure as Capital or Revenue will broadly depend on the following conditions:-

- a) Capital expenditure may be generally defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character or of reducing recurring liabilities.
- b) It is not essential that the concrete assets should be productive in character or that they should even be revenue producing. A productive asset may be considered as one which produces sufficient revenue to afford a surplus over all charges relevant to its functioning. It may on rare occasions be necessary and justifiable to treat as capital a scheme not commercially remunerative but involving large expenditure, say for the construction of a new city.