

# **FINACIAL CODE – II**

# **WELCOME**

**- G.RAJESWARA RAO**

- IN TWO VOLUMES
- VOL. ONE COMPRISES 330 ARTICLES DIVIDED INTO 16 CHAPTERS
- COMPRISE THE FORMATS ON CONTRACTS, AGREEMENT, LOANS & ADVANCES, ACCOUNTS REGISTERS
- VOL. TWO COMPRISES DELEGATION OF POWERS & OTHER ASPECTS CONCERNING STOCK ACCOUNTS, WORKS EXPENDITURE, ETC.

- HEADS OF OFFICES SHOULD FOLLOW GENERAL PRINCIPLES CONCERNING EXPNDITURE BEFORE MAKING ANY PURCHASE:-
- POWERS TO PURCHASE STORES LAID DOWN IN :-
- (1) ARTICLE NO. 93 VOLONE F.C LAYS DOWN THE POWERS OF HEADS OF OFFICES ON CONTING ENT EXPDR WHICH INCLUDES STORES ALSO.
- APPENDIX NO: 7 F. C. VOL II DEALS WITH PURCHASE POWERS FOR VARIOUS ITEMS

- THE TERM ' STORES ' UNDER ARTICLE 122 INDICATES ALL ARTICLES REQUIRED FOR PUBLIC SERVICE LIKE FURNITURE,CHEMICALS,SCIENTIFIC INSTRUMENTS, APPLIANCES, STATIONERY ARTICLES, DIETARY ITEMS, MATERIAL FOR DEPARTMENTAL CONSTRUCTIONS, MANUFACTURED TOOLS AND PLANT, MACHINERY & EQUIPMENT ETC.

- POWERS OF PURCHASE ARE ENLARGED IN RESPECT OF HEADS OF DEPTS, DIST. COLLECTORS, REGIONAL OFFICERS, DISTRICT OFFICERS, DIVISIONAL OFFICERS, MANDAL OFFICERS IN FOLLOWING ORDERS
- G.O.Ms. NO: 490 G.A. AR&T D. 28.09.94
- G.O. Ms NO: 389 G.A. A.R & T D. 04.09.96
- G.O. Ms NO: 148 7 PD. 21.10.2000
- G.O. Ms NO; 178 F/N TFR.19.08.11

- BESIDES THE ABOVE THE DEPARTMENTAL MANUALS LAY DOWN SPECIFIC POWERS OF FUNCTIONARIES OF THE DEPTON SPECIFIC ASPECTS
- SOME DEPARTMENTS LIKE ANIMAL HUSBANDRY, WOMEN & CHILD WELFARE, AGRICULTURE etc HAVE OBTAINED SPECIFIC ORDERS ON INCREASE OF POWERS WHICH IF ADVANTAGEOUS CAN BE EXERCISED

# GENERAL PRINCIPLES

- BE FORE MAKING ANY PURCHASE THE FOLLOWING TO BE SATIS FIED
- EXPENDITURE PRIMA FACIE NECESSARY
- FINANCIAL POWERS TO INCUR
- SANCTION OF COMPETENT AUTHORITY, ( IF NOT VESTED WITH POWERS )
- AVAILABILITY OF BUDGET UNDER RELEVANT HEAD

## DETAILED HEADS

- 130 OFFICE EXPENSES
- DEALS WITH OFFICE FURNITURE, COMPUTERS AND OTHER OFFICE STORES



## OTHER DETAILED HEADS

- 210: SUPPLIES & MATERIAL
- 212: DRUGS & MEDICINES
- 220: ARMS & AMMUNITION
- 320: DIET/ RATION CHARGES
- 250: CLOTHNG & TENTAGE
- 510: MOTOR VEHICLES
- 520: MACHINERY & EQUIPMENT

# FORE CAST OF REQUIREMENTS AND TIME OF PURCHASE

- ART. 124:- FORE SEEN REQUIREMENTS FOR THE YEAR ESIMATED. LAY IN SUFFICIENT STOCK DURING CHEAPEST SEASON
- KEEP IN VIEW THE STORAGE FACILITIES, POSSIBLE DETERIORATION TO BE CONSIDERED

# PURCHASES

- RULES OF PURCHASE APPLY TO DEPARTMENT & LOCAL FUNDS.
  - PREFERENCE
- FIRST PREFERENCE TO FOODS MANUFACTURED IN INDIA IN THE FORM OF RAW MATERIALS OF ARE MANUFACTURED IN INDIA FROM RAW MATERIALS PRODUCED IN INDIA

- **SECONDLY ARTICLES PARTIALLY OR WHOLLY MANUFACTURED, HELD IN INDIA AND**
- **THIRDLY- ARTICLES OF FOREIGN MANUFACTURE HELD IN STOCK IN INDIA**
- **FOURTHLY- MANUFACTURED ABROAD WHICH NEED TO BE IMPORTED**

# PURCHASE PROCESS

- OPEN TENDERS TO BE INVITED FOR PURCHASES FROM ABROAD AS WELL AS IN INDIA. THE FIRMS ABROAD CAN FURNISH RATES AS FOR DELIVERY AT ANY PORT.
- IF THE TENDER IS FOR SUPPLYING PLANT & EQUIPMEN THE TENDERER IS TO ERECT THE SAMEA APPROPRIATE PLACE AT SITE

**AS PER G.O. Ms. NO: 489  
FINANCE DATED: 08.12.2008**

- **ARTICLE 125 APFC IS AMENDED A SMALL ORDER OF A VALUE NOT EXCEEDING Rs. 10,000 OR IF MORE THAN ONE KIND OF ARTICLE IS ORDERED AT ONE TIME WHICH DOES NOT EXCEED Rs. 20,000 SINGLE TENDER IS FOLLOWED.**

- THE LIMITED TENDERS SYSTEM IS ADOPTED INSTEAD OF OPEN TENDERS WHEN THE ORDER IS LESS THAN Rs. 5 LAKS.
- OPEN TENDERS CALLED FOR PURCHASES EXCEEDING Rs. 5,00,000/-
- WHEN THERE ARE SUFFICIENT REASONS THAT IT IS NOT IN PUBLIC INTEREST TO CALL FOR TENDERS BY ADVERTISEMENT PURCHASING OFFICER TO RECORD REASONS & INFORM ACCOUNTANT GENERAL CONFIDENTIALLY IF NECESSARY

- **WHEN THE DEMAND IS SO URGENT THAT ANY ADDITIONAL EXPENDITURE INVOLVED IN THE ELIMINATION OF OPEN COMPETITION MUST BE INCURRED TO AVOID DELAY. NATURE OF URGENCY TO BE RECORDED**



- LIMITED TENDERS MAY BE CALLED WHEN SCIENTIFIC APPARATUS, CHEMICALS PURCHASED FOR USE IN GOVT. MEDICAL COLLEGES

- TENDER FORMS TO BE SUPPLIED ON APPLICATION TO ALL SUPPLIERS
- WHEN UNKNOWN FIRM PARTICIPATES, STEPS TAKEN TO ASCERETAIN WHETHER FIRM IS CAPABLE OF EXECUTION IN PROPER MANNER

- EVERY TENDERER TO FURNISH INCOMETAX CLEARANCE
- CERTIFICATE FROM CONCERNED AUTHORITY
- SALES TAX CLEARANCE CERTIFICATE & SOLVENCY CERTIFICATE ALSO INSISTED
- EARNEST MONEY DEPOSIT (ART. 125 INSTRUCTION 16)

- APART FROM NEWS PAPER NOTIFICATION & NOTIFICATION IN TRADE BULLETINS, INDIVIDUAL NOTICES MAY BE SENT TO CONTRACTORS OF REPUTE APPROVED IN THE LIST.

# PREFERANCES

- FIRST PREFERANCE TO STORES MANUFACTURED IN GOVT. WORKSHOP
- SECOND; STANDARD ITEMS TO FULLY OWNED GOVT. UNDERTAKINGS CORPORATIONS
- FOR NON STANDARD ITEMS UNDERTAKINGS TO PARTICIPATE IN TENDERS
- ITEMS RESERVED FOR S.S.I. UNITS AS PER LIST OF DIRECTOR INDUSTRIES EXCLUSIVELY PURCHASED FROM S.S.I. UNITS

- CLOTH REQUIREMENTS- APCO
- STITCHING OF UNIFORMS- PHYSICALLY HANDICAPPED CO-OP CANE AND WEAVING INDUSTRY
- COMPARISON OF RATES OF FIRMS WITH IN AND OUT SIDE STATE ON BARE COST EXCLUDING LOCAL TAXES
- PRICE PREFERENCE OF 5% ALLOWED FOR PRODUCTS MANUFACTURED WITH STATE AS AGAINST OUT SIDE STATE MANUFACTURERS ( GOVT. MEMO NO: 8410/ACCTS/62-11 FIN. DATE: 28.02.62

- EVERY ORGANISATION SHOULD KEEP A LIST OF FIRMS OF REPUTE WHICH SUPPLY THEM REQUIREMENT AND INTIMATE THEM THE PURCHASES PROPOSED TO ENABLE THEM TO PARTICIPATE IN THE TENDERS WHEN CALLED

- SUPPLIED STORES TO BE INSPECTED BEFORE ACCEPTANCE FOR QUALITY AND QUANTITY
- FURNITURE TO BE PURCHASED PUBLIC FROM JAIL DEPT; WORKS WORK SHOPS UNLESS THE TOTAL EXTRA COST INCLUDING FREIGHT EXCEED FIVE PERCENT- TECHNOLOGICAL AND INDUSTRIAL SCHOOLS RUN IN PUBLIC SECTOR ALSO PREFERRED .
- STANDARDISED ARTICLES OF FURNITURE OBTAINED ONLY FROM JAIL DEPARTMENT



- **ELECTRONIC ITEMS TO BE PURCHASED THROUGH THE MEDIA OF A.P. TECHNOLOGICAL SERVICES B.R.K. COMPLEX HYDEABAD (COMPUTERS TELEVISION SETS ETC.)**

# ACCEPTANCE OF TENDERS

- AFTER OPENING TENDERS AT THE SPECIFIED TIME, THE GOVT. SERVANT TO RECORD A BRIEF STATEMENT ON THE SPOT GIVING NAMES OF TENDERERS AND THE AMOUNT OF TENDERS AND OBTAIN DATED SIGNATURE OF THOSE TENDERERS WHO ARE PRESENT
- RETENDERS CALLED IF CONSIDERED NECESSARY ( INST. 15 RULE iii ART. 125)

- IF THE LOWEST TENDER IS NOT ACCEPTED THE OFFICERS HELD RESPONSIBLE TO JUSTIFY TO SUPERIORS AND THE A.G. OFFICER WHEN CALLED UPON.
- NO TENDER TO BE ACCEPTED FROM ANY PERSON DIRECTLY INDIRECTLY CONNECTED WITH THE GOVT. SERVICE COLLUSION DEALT WITH SERIOUSLY (ART 127)

- **SOME OF THE REASONS FOR PASSING OVER LOWEST TENDER INCLUDE LACK OF REQUIRED QUALITY, PAST PERFORMANCE NOT SATISFACTORY CAPACITY TO PERFORM ETC.**

- AGREEMENT TO BE ENTERED WITH APPROVED TENDERER ON STAMP PAPER. ( ART 128)
- SECURITY AT 10% OF TOTAL VALUE OF CONTRACT TO BE OBTAINED IN THE FORMS (1) TO (5) PRESCRIBED IN ART 279

- LIBRARY BOOKS H.O.Ds MAY PURCHASE BOOKS FROM REPUTED DEALERS TENDERS NEED NOT BE CALLED FOR THE PURPOSE
- COMPLETE PHYSICAL VERIFICATION EVERY YEAR WHEN LIBRARY HAS UP TO 20,000 VALUMES
- ABOVE 20,000 UPTO 50,000 VALUMES AT INTERVALS OF NOT MORE THAN THREE YEARS
- EXCEEDING 50,000 VOLUMES AT INTERUALS OF NOT MORE THAN FIVE YEARS, SAMPLE VERIFICATIOIN MADE. IF IT REVEALS UNUSUAL OR UNREASONABLE SHORTAGE COMPLETE VERIFICATION MADE

# DISCREPANCIES IN STORES

- ON VERIFICATION MAY BE DUE TO
  1. INCORRECT OR CARELESS ACCOUNTING
  2. FRAUD, THEFT OR NEGLIGENCE
  3. UNAVOIDABLE CAUSES, WASTAGE SHRINKAGE AND SPILLING IN THE CASES OF STORES SUBJECTED TO THEM.

## E. PROCUREMENT OF STORES

- THIS IS THE LATEST PROCUREMENT METHOD



- HEADS OF DEPARTMENTS MAY EXEMPT A FIRM OF ESTABLISHED REPUTE FROM OBLIGATION OF FURNISHING SECURITY ( ART 129)

# LIBRARY BOOKS

- LOSS OF THREE VOLUMES PER 1000 VOLS CONSULTED ISSUED IN A YEAR IS TAKEN AFTER A COMMITTEE OF THREE RECOMMENDS. THIS POWER IS VESTED IN HOD. LOSS OF BOOK VALUED ABOVE Rs. 200 SHOULD BE VIEWED WITH CARE AND INVESTIGATED. SIMILARLY BOOKS OF SPECIAL NATURE AND RARITY (ART 143)

- ART.133: STOCK ACCOUNTS TO BE MAINTAINED IN PRESCRIBED FORMAT.
- PREVENT LOSS THROUGH THEFT FRAUD, NEGLIGENCE OR ACCIDENT  
VERIFY PHYSICALLY THE BALANCES  
SEPARATE RECORDS MAINTAINED FOR EXPENDABLES & NON EXPENDABLES
- ISSUES COVERED BY INDENTS APPROVED BY DESIGNATED AUTHORITY

- **ART.136: EVERY PURCHASE ENTRY TO BE RECORDED AS RECEIPT; DETAIL THE FIRM SUPPLYING STORES; INVOICE NO WITH DATE; COST; AND THIS OFFICE FILE / VOUCHER NO AS CONTRA RECORD**

# PHYSICAL VERIFICATION

- OF STORES TO BE CONDUCTED COMPLETELY AND BEFORE CLOSE OF FINANCIAL YEAR- CERTIFICATE OF VERIFICATION RECORDED IN REGISTERS CONCERNED
- UN SERVICEABLE, OBSOLETE OR SURPLUS STORES TO BE IDENTIFIED & DISPOSED
- NO EXCESS STOCKS PERMITTED
- TO BE HELD ( ART 139)
- UNSERVICEABLES ARE TO BE CONDEMNED AND BROUGHT TO UNSERVICEABLES REGR.
- IF FAIRLY USED , WRITE OFF AS ITEMS DONE; IF OTHERWISE UN REALISED BOOK VALUE WRITTEN OFF ( ART. 140) AFTER EXAMINATION

***THANK YOU***