



## FINANCE MANUAL – 2023

### COAL INDIA LIMITED

A Government of India Undertaking  
A Maharatna Company



For any corporate it is essential to have in place a clearly defined financial procedures manual that acts as a guiding beacon to ensure greater transparency, internal control and good governance. Finance Manual compiles various policies into a single compendium and aids as a ready reckoner for the officials of the finance division. It makes decision making faster and efficient. An updated Finance Manual has greater importance for a company like Coal India which has wide monetary distribution, multitude of associated stakeholders, humungous contribution to exchequer and strong financial fundamentals.

First formulated in 1977 after the nationalization of coal sector, CIL's Finance Manual has mostly remained intact. Few cosmetic changes were made in 2015. However, the entire financial procedures and operations, since then, have undergone a sea change with the introduction of many Acts.

Some of the changes in financial management system include new Company's Act of 2013, introduction of GST in 2017, changes witnessed in General Financial Rules (GFR) in 2017, payment system going online on digital platforms, migrating away from issuance of cheques and demand drafts, tax structure now automated and introduction of new levies etc. There was a compelling need to take a wholesome review and come out with an exhaustive revised manual incorporating the impact of all these introductions. I am glad that, this task was carried out diligently.

This newly restructured CIL Finance Manual addresses all these changes. What is of foremost importance is periodic review and regular updating of the Manual to keep abreast of the changes in the economic eco system.

I appreciate the painstaking efforts and labour put in by the officials involved in updating and making this manual a meaningful document. I also acknowledge the valuable suggestions and the synergy of finance department officials of all CIL's subsidiaries.

Best Wishes!

(Pramod Agrawal)



Effective financial policies encapsulated in a Manual form helps in efficient financial management and risk mitigation within the organization. A well-crafted Finance Manual specifies how the tasks and policies are ought to be adhered to. It establishes the roles and responsibilities within the financial realm of the organization. Such manuals further help employees to carry out their functions objectively and inculcates increased accountability, providing a guardrail to operate under.

I truly appreciate the collective efforts and contribution of all the concerned officials across CIL and its subsidiaries that resulted in CIL's Finance Manual being revised. Importantly, it is aligned with not only the changed economic environment but also with the other manuals of the company like Civil and Purchase. A new chapter on Sales Accounting has also been included in a welcome step. In tandem, all these manuals provide an effective functional frame work. All the checks and controls will facilitate a seamless functioning of financial operations and lessens confusion.

I offer my congratulations to all those who have toiled over the past months in drafting the revised Finance Manual. I also urge them to keep reviewing it and update the subjects regularly. An organization of the immensity and complexity of CIL requires this. Also, any best practices or lessons learned have to be frequently incorporated into the financial policies for continual process improvement.

Best Wishes !

(Debasish Nanda)



## CFO Message



It gives me immense pleasure and great pride to announce that approved revised Finance Manual is available for employees of Coal India.

The present business dynamics brings new challenges and goals that cannot be achieved without contribution of finance.

In this regard, it was felt necessary to update finance manual. Accordingly, a Task Force was constituted having members from different subsidiary companies for each chapters of proposed finance manual.

After having plethora of meeting, a draft finance manual was prepared. Further, valuable inputs have been received from all Director (Fin.)/CFO, GM (Fin.) of subsidiaries and HODs of CIL and with their immense support, this finance manual is available to us.

I would like to express my personal gratitude to Chairman, CIL, CMD, BCCL and Director (Fin.), CIL, Director (Fin.)/CFO and GM (Fin.) of all subsidiaries for their support and guidance to me at the time of need.

I am sure that this Finance Manual will go a long way and will become milestone to solve various difficulties faced by employees of CIL.

Best Wishes!

(CA Sunil Kumar Mehta)



Finance manual Committee:

1. Shri Sunil Kumar Mehta, Executive Director (Fin.)/CFO, CIL :- Chairman of Committee
2. Shri G. Srinivasan, Director (Fin.), SECL:- Vice Chairman of Committee
3. Shri Kundan Shahi, Manager (Fin.), CIL :- Nodal officer of Committee

Special Contribution:

Shri Pawan Kr. Mishra, Director (Fin.), CCL, Md. Anzar Alam, Director (Fin.), ECL, Shri Ajit Kr. Behura, Director (Fin.), MCL, Shri Rajneesh Narain, Director (Fin.), NCL, Shri Rakesh Kr. Sahay, Director (Fin.), BCCL, Shri P.K Prasad, CFO, CMPDIL, Shri Jayanta Mukhopadhyay, CM (Fin.), CIL, Shri Sanjay Kumar, CM (Fin.), CIL and Dr. Sanjay Singh, CM (Fin.), CCL

Special Guidance:

Shri T. K Mishra, Advisor (M&C), Shri O.P Mishra, GM (Civil) and Shri G. Girish, GM (CMC)

Committee Members:

Company	Name of Committee Members						
CIL	Sri Ashish Gupta	Sri Chandan Dubey	Sri Kundan Shahi	Sri Raushan Pathak	Sri Nishikant Kumar	Sri Rinku Aggarwal	Sri Laxminarayan Tripathi
	Sri Jitesh Arora						
ECL	Sri Abinash Kumar	Sri Sukesh Kr. Mondal	Sri Arnab Basu Mullick	Sri Subhajit Dey	Sri Anuj Kumar Choudhary	Sri Aditya ugar	Sri Ankit Rathi
	Sri Md Sahid Hussain	Sri Ujjwal Mondal					
BCCL	Sri Amit Ghosh	Sri Prateek Ganeriwal	Sri Ravi Kant	Sri Durgesh	Sri Valpula Raju	Sri Sourabh Gautam	Sri Virendar Sharma
	Sri Avinash Kumar	Chavali Srinivas					
CCL	Sri Sarandeep Singh	Vipin Thomas	Kalyan Kumar Viswas	Paurush Kumar	Sri Pradeep Kumar Singh	Abhishek Kumar Singh	
NCL	Sri Vipin Kalra	Sri Ravi Khanal	Sri Prakash Chauhan	Sri Sheo Agarwal	Sri Mahaveer Anchalia	Sri Hemant Sindhwani	Sri Prateek Singh
WCL	Sri .Ankush Jaiswal	Sri. Mukesh Aluri	Sri Ravi Shanker Reddy	Smt. Shanti Prathi	Sri Akash Singhai	Sri Ankush Jaiswal	Sri Sumit Khicha
SECL	Ms. Shweta Srivastava	Sri Saurabh Soni	Sri Amit Khare	Sri T Raja Nagavardhana	Sri Sarath B Gogineni	Sri Sarath B Gogineni	Sri Manoj K Yadalpal
	Sri Amit Khare	Sri Abhishek Anand	Sri D V Rajesh	Sri Suryaprakash Halwai			
MCL	Sri S.M.Kumar	Sri Sushant Naik	Sri Manjesh	Sri Rohit Choudhury	Sri Raghav	Sri Dinakrushna Sahoo	
CMPDIL	Sri Kumud Ranjan	Smt. Nikita Jalan	Sri Arif Ali	Smt. Chandini Agarwal	Sri Pheneesh Goli	Sri Pradip Pandit	Sri Manish Jain



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## Chapter-1 Store Management

### 1. Receipt of Purchase Requisition/Indent.

- (i) Capital Items:  
Capital Items are to be procured against Project Report, Replacement of surveyed off items, Schemes, guidelines, welfare, safety, Research and Development, community development, office equipment, furniture and items covered in DOP etc.
  
- (ii) Revenue items:  
Requirement of the Revenue items may be assessed on realistic basis keeping in view:
  - (a) Past consumption pattern
  - (b) Stock balance as on the date
  - (c) Dues-in, i.e., the quantities awaiting supply against indents and supply orders.
  - (d) Safety stock
  - (e) future requirements
  
- (iii) Basis of estimated Rate:  
Estimate should be prepared by the Indentor considering the realistic market condition.

The following (as applicable) have to be certified by the Indentor / MM Department:

- a) Last Purchase Price (LPP) considering WPI, CPI and PPI (Producers Price Index).
- b) Rates available at GeM portal.
- c) Budgetary quotation collected by the Indentor as applicable.

The Indentor may prepare the estimated cost considering the basic cost, packing & forwarding / transportation charges, taxes, duties, training charges, inspection charges, foreign exchange variations, any other incidental costs, etc.

### 2. Payments.

- (i) Payments are generally made either as advance or on passed bills after receipt and acceptance of bills from:
  - a) Coal India Limited on order placed by them as per terms of the purchase order.
  - b) Subsidiary companies on order placed by them/CIL as per terms of the purchase order.



- c) Areas on the order placed by CIL/HQ/Area for the bills verified by Area/Sub-area/Colliery/Project as per the order.
  - d) Sub areas/collieries/Projects on purchase made by them in accordance with the power delegated to them.
- (ii) For making of any payment, the following essential preliminaries are to be observed:
- a) The list of authorized officers should be circulated by the GM/HoD of the MM/concerned division of the HQ in case orders are placed by HQ, MM division/concerned division and in case of Area, Area General Manager of the concerned area should circulate the list of authorized officers, to the concerned consignee & paying authority.
  - b) The purchase Order in SAP should be issued/approved by the officer who are authorized to issue the purchase order at company, area, sub-area etc. levels as per the purchase powers delegated to each of them.

### 3. Coverage.

Payment for stores normally covers the following:

- a) Advance payment to be made as per the terms and conditions laid down in the purchase order/contract.
- b) Payment of bill against items referred in other cases.
- c) Payment of procurement under rate contract.
- d) Payment against GeM Procurement.
- e) Local purchase payment.
- f) Import against foreign credits.
- g) Import against government allocation.
- h) Adjustment of advance/deposit for port commission, Port charges, Custom duty etc.
- i) Miscellaneous payment.
- j) Payment against Proforma invoice.
- k) Payment against duplicate bills.





4. For goods procured under foreign loan under appropriate agreement:

- a) Payment is to be made by CIL/Subsidiary companies as per terms and conditions laid down in the supply order/agreement.
- b) Payment against rate contract and depot agreement.
- c) Payment for procurement against administrative pricing.
- d) Payment against emergency spot purchase.
- e) Payment against E-procurement.
- f) Consequential payment for failure to fulfill contractual obligation.
- g) Payments against trial orders.

5. Purchase orders:

- (i) Copies of all the orders including orders for services placed by any of the offices must be sent to the consignee and the pay officer without fail. The purchase order shall contain among other things, Details of EFT, etc.

In case of any amendments to the original order this shall be recorded in respective registers/SAP record.

6. Proforma payment/Advance Payment

- (ii) A separate register/SAP record may be opened to record all proforma payments/Advance payment.
- (iii) At the time of payment, the appropriate advance head of account is to be debited and the debit is to be passed on with full details:
  - (a) To the respective subsidiary company's headquarters if paid by Coal India,
  - (b) To the area if paid by the subsidiary company itself. The advance account will be adjusted on getting confirmation from subsidiary company/area as the case may be.

A monthly statement is to be prepared by the office who paid advance giving full details in this respect and sent to the consignee pay office. The respective subsidiary company/area should send confirmation for payment of the balance to the office who paid advance.

On the basis of confirmation reconciliation should be made by the office which paid advance. Immediate action should be taken for unlinked debits. Specific responsibility should be given to the AOs/Concerned finance officer of all these offices for doing the reconciliation in time and bringing to the notice of the chiefs of accounts/finance concerned of all cases of advances not linked within one month of the expiry of the date of delivery.



## 7. Payment

- (i) In all cases consignee/store shall verify the bills as to the quality, quantity, amount, Penalty / demurrage if any. The authorised executive of CIL/Sub-Co. must certify the bill accepting the same after checking and deduction, if any, to be made for the late delivery, rejection etc.

They should also specially mention any amount of advance/ adhoc on account payment has been made against the same supply or not. Thereafter this certified bill should be sent to Accounts bill paying section along with the respective GRN, SAP dak no, challan including inspection report and along with other documents as per order.

The dealing employee in accounts department on receipt of the bills along with Goods Receipt Note (GRN) should enter these in the stores bill receiving register/SAP record *in* a serial sequence and allot a serial no. (physically) to each bill received. The accounts officer should periodically, go through this bill receiving register/SAP record to ensure that bills are serially cleared for payment.

The bill payment timeline should be in line with applicable provisions of respective agreement/work order/supply order etc. allowing reasonable time for examination process and payment read with the applicable SOPs if any at respective CIL/subsidiaries level.

- (ii) Clearance of bank documents shall be made as per the times stipulated in the purchase order. In the absence of any definite instructions in the Purchase Order the payment is to be made on receipt of the consignment as certified by the deptt, to avoid demurrage payment.
- (iii) The bill passing officer who is authorized to release payment of bills shall ensure that the following are complied with before release of payment.
  - a) The total quantity received and billed is not in excess of the quantity ordered and the same has been supplied within the delivery/extended delivery period.
  - b) In case of excess quantity, necessary approval of the competent authority is received and placed along with the bill and a corresponding record made in the bill passing register and purchase order file.
  - c) GST and other taxes have been billed correctly.
  - d) The rates charged in bill are as per the purchase order or as per the amendment order approved by competent authority.



- e) The respective GRN for the goods received along with duly signed inspection report/notes are attached.
  - f) Any advance payment made has been adjusted as per terms of the Order.
  - g) Penalty, LD, etc. if any, have to be deducted as per information provided by user department.
  - h) Price Fall clause certificate, Warranty and Guarantee certificate as included in the Purchase Order and other relevant documents attached with the bills.
  - i) Proper tax code must be booked in SAP.
  - j) Accounting of GRN and proper GL code may be ensured before posting.
  - k) Security deposit / performance guarantee is deposited as per PO duly certified by the User Department.
  - l) The necessary record/flagging related to MSME (Micro Small & Medium Enterprise), any other necessary MIS information should be maintained by user department in SAP.
  - m) Monthly reconciliation of GeM pool bank account may be prepared.
- (iv) Rejected Goods:  
In cases where the materials are ultimately rejected in full/part after payments made in advance or on proforma invoice, the consignee/project authority should send immediately detailed information to the pay officer concerned as well as to the purchasing authority and take up the matter with the party. The rejected materials are not to be handed over to the supplier until refund of money has been made/accounts adjusted for the defective materials or replacement of materials have been made with good materials to the satisfaction of the competent authority. The concerned executing authority should ensure that BG is invariably be negotiated for encashment before one week of the expiry period in case the party neither revalidates the BG nor replaces the defect materials.

#### 8. Responsibilities:

- (a) It will be the responsibility of the dealing employee to check the bills properly with reference to purchase order, Goods Receipt Note (GRN), etc, to ensure that bank mandate given by the supplier for payment through EFT as per the SAP vendor master. He will put his initials and date on the bills checked and found correct by him.
- (b) The purchase order register/SAP record and bill passing register/SAP record will be maintained and if register maintained, it should be duly initialed.



## 9. Payment for local purchases:

In case of local purchases, the formalities for payment mentioned at point 7 above as applicable should be followed. The points mentioned below are to be specially seen:

- (a) Local purchase should be sanctioned by competent authority within the limit of the delegated power.
- (b) Time limit should be prescribed by clearance of advance subject to the maximum of 30 days and action for adjustment of the advance to be taken in a time bound manner.
- (c) A monthly statement of outstanding advance with age wise analysis should be submitted by all the units to the respective departments.
- (d) In case of advance drawn out of imprest remaining unadjusted for a period of more than 3 months the imprest limit shall be reduced to the extent of unadjusted advance amount.
- (e) For local purchase advances paid by Area/colliery/projects etc, Accounts Offices, checks as envisaged in item no.6 should be exercised. In the monthly statement of outstanding advance, the unit should mention separately the position of advance paid directly by the area/sub-area/colliery/projects accounts offices (not through imprest). For all such direct payments account offices will follow up adjustment.
- (f) The monthly balance should be reconciled with the statement sent by units, accounts office register and balance in account ledger.
- (g) Accounts department of area/sub-area/colliery/projects will maintain register of advances on the basis of imprest vouchers. This will be reconciled with the monthly statement to be signed by the unit and action taken for unadjusted advances (no recoupment of items remaining unadjusted over more than 3 months). The monthly unadjusted balance if any should be reconciled with the statement to be submitted.

## 10. Payment against Proforma Invoice:

- (a) Very often payments are made on proforma invoice. Such payments are to be entered into register/SAP record. As soon as the materials against such payment supported by bills duly verified by the consignee are received in the accounts department, necessary adjustment entries are to be made. Delay in making adjustment must be brought to the notice of the appropriate authority by bill passing officer.
- (b) A monthly statement of unadjusted account for which advances against proforma invoices have been paid but materials and final bills not received, should be sent to the GM/ Unit head and to the store / purchase in-charge.



## 11. Payment against duplicate bills:

When the original bills are lost or misplaced in such case after appropriate scrutiny, an undertaking should be called from the party in the form of Indemnity Bond on non-judicial Stamp paper of an appropriate value duly notarized by the Notary Public before taking action for payment of duplicate bills in the following lines:

"This is to certify that we have not received any payment against our original bill No. Date ..... In case it is revealed that payment against the said original bill has been received by us, we undertake to refund the amount involved immediately on demand together with interest charges applicable on prevailing RBI Bank rate plus 300 bps. We also undertake that in case of double payment against the original as well as duplicate bill, Coal India Ltd/its subsidiary company would, without prejudice to other legal remedies, have full right to recover the entire amount and interest thereon as aforesaid, from any of our pending bills. "

Duplicate bills are to be routed through the user department for appropriate certification, scrutiny and reconciliation of all details pertaining to the bill.



## Chapter-2 Overburden Removal/Coal Extraction

The tender procedure for overburden removal is similar to that of other transport, only some of the points peculiar to overburden removal are discussed below.

### 1. Estimate:

#### 1.01. Duties and Responsibilities of the Dealing Assistant/Finance Executive:

It is the duty and responsibility of the finance personnel attached to the Contract Management Cell (in case no finance personnel is posted in CMC, then it is the duty and responsibility of the finance executive examining the proposal) to ensure that the proposal for overburden removal contains, inter alia, the following information:

- (a) Name of the work
- (b) Lead certified by Survey Officer/ Technical Committee Lift and Gradient certified (Enclosure to be ensured)
- (c) Nature of strata of the overburden to be removed: Nature of Strata and respective quantity shall be provided with the estimate by the technical department.  
Inclusion of balance / leftover quantity from any complete/ terminated / foreclosed work etc. if included to be separately indicated by the user department along with reasons and competent approval for inclusion if any to be enclosed with the proposal. Quantity / expected coal exposure is as per stripping ratio indicated in the PR. In case of variation, appropriate justification is to be given.
- (d) Estimate value of work: The basis of the estimated value of work should be very clear. Whether it is scheduled rate, an analysed rate, any rate derived with the method formulated by the subsidiary company or on the basis of previous awarded rate (if so, whether open/limited tender, when awarded with the reference of work order), its updation, etc. to be certified by the user department that LAR is latest for Non – SOR Estimates.
- (e) Whether Project Report provides for contracted variant of Overburden If not covered in PR, approval from competent authority is required
- (f) Machineries to be hired (and the same is to be checked by Technical / IED Department). The description and type of the machinery if any, shall be provided.
- (g) Daily rate of excavation / transportation. Daily rate of excavation / transportation to be ensured.
- (h) Facilities to be provided by the Department, as required.
- (i) Certificate of concerned department regarding non-availability of the departmental machineries and ascertainment of gap in capacity to be provided.
- (j) Location plan: Enclosure to be ensured which is to be vetted by Survey and / or Technical Department.



- (k) Whether re-handling of OB is a possibility and if so, whether proper justification has been given or not.
- (l) Usage of the excavated earth, e.g., for filling up low lying areas, forming embankments, formation of ramp, etc.
- (m) Production of coal to be achieved by engaging a contractor for overburden removal.

1.02. Following points are to be examined by the Finance Concurring authority:

- (a) Justification for engagement of outside agency with reference to project report target of production, capacity of departmental equipment's etc.
- (b) Deliberation of the Tender Committee in regard to the reasonability and acceptance of rate.
- (c) To indicate the authority who is competent to approve the tender as per the delegation of powers.
- (d) Budget certification as per the Standard practice of SAP.

1.03. Security Deposit:

The Security Deposit (consisting of performance security deposit and retention money) shall be governed by Contract Management Manual of CIL and office memorandum issued by CIL from time to time.

1.04. Performance Security/Security deposit:

Provisions of Contract Management Manual of CIL as amended from time to time, with respect to deposit of performance security deposit, recovery retention money, refund of performance security deposit, refund of balance security deposit etc. should be followed.

1.05. Bank Guarantee:

The Contract Management Cell is responsible to ensure that the Bank Guarantee submitted by the contractor (whether for Mobilization Advance, EMD or Performance Security Deposit or for Retention money) is the same as per NIT.

1.06. Payment

The contractor should submit fortnightly/monthly bill (as per terms of the contract) for the quantity of overburden removed with the approved rate and amount. The bill should be certified, supported by summary sheets and service entry sheet shall be made in SAP by the Colliery Manager/executing authority.



1.07. Responsibility for Checking of Measurement Book and Payment Bills:

1.07(1). Responsibility of the dealing assistant along with the finance officer for Checking of Measurement Books (MB):

- (a) Ensure that measurement book (MB) is signed by unit surveyor, contractor's representative, manager/Agent (PO)/GM of the unit/Area/ approving authority.
- (b) Verify the billed quantity and period recorded in measurement book (MB) from relevant pre-receipted documents with service entry sheet in SAP.
- (c) Checking the amount payable along with respective deductions, if any for processing payment.

1.07(2). Responsibility of the dealing assistant along with the finance officer for Payment of Bills:

- (a) Ensure that necessary documents related with contracts and copy of bills have been submitted.
- (b) Maintain Manual records/SAP records regarding measured quantity, paid quantity, Bonus amount if any, withheld quantity, amount paid and amount withheld.
- (c) Ensure compliances of submission of documents as per contract.
- (d) Ensure submission of requisite documents for payment of escalation, if any. Check the calculation of penalties, escalation, if any and the amount payable for processing payment.

1.08. Concurrence of proposal:

All the proposals, Estimates, Tender Committee Recommendations, deviation & revised estimates must be concurred by the Finance to the approving authority.





## Chapter-3 Coal Transport

### 1.0 Estimate

#### 1.01(A) Duties and Responsibilities:

It is the duty and responsibility of the finance personnel attached to the Contract Management Cell (CMC)/User department (in case no finance personnel is posted in CMC/User department, then it is the duty and responsibility of the executive of the finance examining the proposal to ensure that the proposal for coal transport contains, inter alia, the following information:

1. Name of the Project.
2. Full description of work.
3. Estimated value of the work.
4. Route Plan.
5. Recent Lead certificate.
6. Lift, where applicable.
7. Gradient, where applicable.
8. Period of work.
9. Quantity to be transported.
10. Daily rate of transport (target).
11. Matching equipment/tipper/pay loader etc as per NIT either owned or hired (As per CMM).
12. System of weighment.
13. Justification for Re-handling.
14. Surface Transportation Charges

1.01 (B). In case of Ex-Servicemen companies (ESM), the MoU, if any between CIL & Director General of Rehabilitation (DGR) should be taken into consideration.



1.01(C). The followings are to be seen while passing the bills for coal transportation:

(a) Pit-head to siding/depot or Face to Surface:

The reconciliation statement should be examined before passing the bill. Payment to be made after due checks and as per pay order signed by competent authority.

(b) In this case, a justification note for the work done should also be attached to the bill and the bill should be paid after approval by the AGM/competent authority.

1.01(D). Recording internal transport of coal and coke:

There must be proper records of internal transportation of coal and coke etc. so that accounts department can call for necessary initial records while checking the transport bills. The following procedure may be followed for this purpose:

Where ever weighbridge arrangement exists, necessary weighment certificate in the form of trip card or System generated Weighment slip must be certified by the designated officer of the mines.

The accounts section will pass the bill for payment after scrutinizing the relevant required documents as per CMM/work order/Agreement.

Further, Monthly/Periodically reconciliation will be carried out of the coal stock and a copy of reconciliation statement should be forwarded by user department to the accounts department along with bill.

The shortfall quantity, if any, arrived after weighment at both the ends (i.e loading end as well as unloading end) shall be deducted as per relevant provisions of Contract Management Manual.

1.02. Duties and Responsibilities of the Finance executive:

It is the duty and responsibility of the Finance executive examining the proposal to take special care of the following points:

a) Estimated value of work.

The basis of the estimated value of work should be very clear. Whether it is scheduled rate, in case of non-availability of SOR, an analyzed rate/any rate derived with the method formulated by the company or on the basis of previous awarded rate (if so, whether open/limited tender, when awarded with the reference of work order), its updation, etc.

b) Route Plan.

The route plan must be enclosed with the proposal for tendering the work for coal transportation.



c) Lead, lift and gradient.

These information's are necessary for work to work comparison of the quoted rate.

d) Quantity to be transported.

The figure must be arrived after considering the following:

- (a) estimated opening stock at the beginning of the contract period,
- (b) Add estimated production during the contract period
- (c) Less estimated road sales
- (d) Less estimated closing stock at the end of the contract period.

e) Daily rate of transport (target).

The Contract Management Manual provides guidelines in fixing the asking rate.

f) Matching equipment/tipper/pay loader etc as per NIT either owned or hired (As per CMM).

g) Weighment.

The weighment is to be done as per terms of the contract.

h) Re-handling.

There must be proper justification recorded in the proposal for re-handling and duly approved by the competent authority.

i) Departmental capacity is insufficient to carry out the proposed work (necessary certificate / comments to be obtained from the concerned/user Dept.).

### 1.03. Responsibilities of the Concurring authority.

All the proposals, Estimates, Tender Committee Recommendations, deviation & revised estimates must be concurred by the Finance to the approving authority. The concurring authority must ensure that Proposal contains all the information required for tendering.

### 1.04. Concurrence of Tender Committee Recommendations:

Tender Committee Recommendation is concurred by a Finance executive before it is to be put up to the competent authority for approval. The responsibility of the Finance Executive concurring the TCR are:

- a. There should be sanctioned/approved and concurred estimate,
- b. To examine whether the rate / price reasonability has been deliberated and confirmed by the Tender Committee



- c. To indicate the authority who is competent to approve the tender as per the delegation of powers.
- d. TC members are responsible for ensuring correct procedure for tendering has been followed and to record the same while finalizing the tender.
- e. Bid validity

#### 1.05. Security Deposit

The Security Deposit (consisting of performance security deposit and retention money) shall be governed by Clause 4 of GTC of Chapter-3 of the Contract Management Manual of CIL updated from time to time and by the provisions of NIT as the case may be.

#### 1.06. Responsibility of the dealing clerk/Assistant/Finance executive checking the bill.

On receipt of the bill, it is the responsibility of the dealing assistant who works under the administrative control of the bill passing officer to:

- (a) To check whether certificate by the dispatch / sales officer / person designated for the job has been enclosed indicating basic records such as Gate Passes, Registers, etc. have been maintained at the loading and unloading points.
- (b) Check whether the day wise summary duly vetted by nodal officer / person designated.
- (c) Check whether the bill prepared is only for transporting as per agreement
- (d) Check whether there are any cases where weighment at unloading point is less than that at loading point or whether truck dispatched did not reach the destination. In such cases, it should be checked whether necessary recoveries have been made as per provisions.
- (e) Check whether the daily target rate of transportation / loading has been achieved by the contractor, if not, whether necessary penal recoveries / demurrages have been made from the bill.
- (f) Check whether escalation/descalation on account of Price Variation has been calculated correctly as per the contract
- (g) Check whether the period for which bill has been raised is covered by the work order, if not, whether approval has been obtained for time extension.
- (h) Check whether the Bank Guarantee for Security Deposit is valid
- (i) Check whether all recoveries such as Retention money, Income tax, TDS, GST TDS, any other recoveries as per applicable laws etc., have been properly made from the bill



#### 1.07. Responsibility of the Bill passing Officer.

The responsibilities of the bill passing officer are to ensure:

- a) That various points required to be checked have been checked by his dealing assistant,
- b) That the basic records are maintained properly,

That the system protecting the interests of the Company is in operation, such as weighment, reconciliation between quantity dispatched and quantity received, monthly reconciliation with opening and closing stock to arrive at the transportation / loading quantity, monitoring the performance of the contractor as to whether or not he achieves the daily target, etc.



## **Chapter-4 Sand Transport**

### **SAND/OTHER STOWING MATERIAL TRANSPORT CONTRACT FOR UG MINES**

The tender procedure for sand transport/other stowing material transport is similar to that of coal transport; only some of the points peculiar to sand transport/other stowing material transport are discussed below. For other points, Coal Transport may be referred to.

#### **1.0 ESTIMATE**

##### **1.01 (a) Duties and Responsibilities of the Finance executive**

It is the duty and responsibility of the finance personnel attached to the Contract Management Cell (CMC) finalizing the tender (in case no finance personnel is posted in CMC, then it is the duty and responsibility of the executive of the finance examining the proposal to ensure that the proposal for sand transport contains, inter alia, the following information:

- (a) Full description of the work: Care must be taken to see that the description of the work is clear and complete. No ambiguous or brief terminologies should be used in the description of the work.
- (b) Estimated value of work : The basis of the estimated value of work should be very clear. Whether it is scheduled rate, in case of non-availability of SOR, an analyzed rate/ any rate derived with the method formulated by the company or on the basis of previous awarded rate (if so, whether open tender, limited tender etc, when awarded with the reference of work order), its updation, etc.
- (c) Justification for the quantity of sand/other stowing material proposed in terms of production by stowing after considering the opening and closing stock of sand other stowing material, production plan through depillaring method/stowing ratio of sand /other stowing material as per DGMS guidelines, back-log void if any (i.e., how the proposed quantity has been arrived at)
- (d) Sand transportation quantity needs to be bifurcated between monsoon and dry season as per climate conditions of the subsidiary
- (e) Daily rate of transport (target) :The Contract Management Manual provides guidelines in fixing the asking rate. It is yearly quantity to be transported divided by the number of working days in the year +/- 30% (vide clause 27.00 of the special conditions of the contract of CMM chapter-3)
- (f) Matching equipment/tipper/pay loader etc as per NIT either owned or hired(As per CMC Manual).
- (g) Re-handling. It must be examined whether the requirement of sand for re-handling has been properly estimated in the proposal and duly approved by the competent authority.
- (h) Lead of various sources of sand (ghats)/other stowing material to Stockyard as well as Bunker, and lead of Stockyard to Bunker.



- (i) Location Plan – Bunker wise optimum lead distance for allocation of sand/other stowing material from different ghats/other sources shall be vetted from IED of respective subsidiary.
- (j) Details of various sources from where sand/other stowing is proposed to be lifted, their lead and source wise quantity
- (k) Whether maximum sand/other stowing material has been proposed to be lifted from the lowest lead source; if not, justification for lifting sand/other stowing material from higher lead source which involves higher transportation cost.
- (l) Similarly, whether maximum sand has been proposed to be lifted from the permanent lease source; if not, justification for lifting sand from sources having temporary lease (which has a higher rate of royalty)
- (m) In case considerable quantity of sand was lifted from the temporary lease area and in future also, it is likely to be lifted from those sources for many years, details of action taken for getting permanent lease for those sources.
- (n) Whether there is considerable variation in the current proposed quantity for award compared to last year's award; if so justification for the same.
- (o) Justification for the quantity of sand/other stowing material proposed in terms of production by stowing after considering the opening and closing stock of sand other stowing material, production plan through depillaring method/stowing ratio of sand /other stowing material as per DGMS guidelines, back-log void if any (i.e., how the proposed quantity has been arrived at).
- (p) Departmental capacity is insufficient to carry out the proposed work(necessary certificate / comments to be obtained from the concerned Dept.).

## 1.02. Payment

- a. Where it is stipulated in the agreement that contractors will be paid as per the joint measurement then a certificate that the quantity billed for is in agreement with the joint measurement will be endorsed on the face of the bill by surveyor and the colliery manager.
- b. The joint measurement should be done in accordance with the procedures to be specified in the contract.
- c. Re-handling if any, should be certified by colliery manager/surveyor duly supported by challans.

Where the agreement does not provide payment on the basis of joint measurement, the bills should be passed and paid only after obtaining the manager's certificate that the quantity billed for is in agreement with the surveyor's assessment of stowing done during the relevant period and that the surveyor's measurement has been verified to be correct with reference to the opening and closing stock of sand/other stowing material and sand/ other stowing material used for purposes other than stowing.

## 1.03. Re-allocation/re-appropriation of quantity.

- 1) Justification for re-appropriation of quantity along with supporting documents
- 2) Optimum re-appropriation of quantity certification.



## **Chapter-5**

### **Office, expenditure, POL and Repair charges for vehicles**

#### 1.0. Office expenses:

Bills of office expenses should, if authorized, be paid from the imprest. Before passing such bills sanction of competent authority for incurring that expenditure should be ensured. Budget provision should also be ensured for each item.

#### 2.0. POL

1. If POL is provided by department to Contractor, certificate should be issued by user department that consumption is as per agreement.
2. POL purchased on the road side in an out-station need not be routed through stores. At the time of passing such bills, sanction of competent authority for incurring the expenditure should be checked.
3. Proper Budgetary Control should be ensured.

#### 3.0. Repair charges for Light Motor Vehicle:

##### 1. Petty Repairs:

Petty repairs on the road side should be paid from the imprest on sanction of the competent authority after checking the entries in the log book and wherever imprest is not sanctioned, approval for expense is to be obtained from competent authority.

2. For major repair and overhauling, proper estimate should be obtained from reputed firms and sanctions obtained from the competent authority before incurring the expenditure, if the facilities of repair are not available in workshop.

##### 3.0.1. Bill Passing:

1. Payment for such major repair and overhaul should be made on thorough checking of the bill with reference to procedures, sanctions and correctness of amount
2. Such bills must be certified by the concerned engineer/competent authority that the repairs have been made satisfactorily and completely in accordance with the specifications of the job.
3. Warranty certificate required, wherever applicable.





#### 4.0. Repair of Heavy Earth Moving Machine (HEMM)/E&M/ Miscellaneous:

##### 4.0.1. Estimate:

Finance executive should ensure following procedure while scrutinizing proposal of repair of HEMM/E&M/ Miscellaneous

- i. To confirm the proposal, contain History Sheet (History sheet should include following information such as Make a Model of the machine/P&M/Equipment, serial no., Year of Put to use, Balance life of Machine, previous repairing details).
- ii. A Certificate may be obtained from executing department which specify:
  - a) Proposed repairing expenditure is within 25% with escalation per annum of the original cost of Machine (% may be revised from time to time as per DOP). If proposed repairing expenditure is more than 25% after escalation effect of 5% per annum, user department has to give proper justification and one step higher approval from original approving authority would be required limited to Board of respective company.
  - b) Machine is not covered under any warranty/guarantee/ AMC.
- iii. To confirm whether departmental estimate is vetted by technical HOD or not.
- iv. To confirm Repair of HEMM is tagged to respective Asset in SAP.
- v. To compare the description of the various items of work in the Estimate with those in the Schedule of rates and ensure its correctness.
- vi. To verify the rates adopted in the Estimate with those in Schedule of rates and ensure its correctness.
- vii. In case of non-schedule item not covered by SOR, to check the rate analysis based on market rates supported by quotations and latest minimum wages for the corresponding category (unskilled, semi-skilled, skilled, highly skilled) vetted by HOD of executing department.
- viii. To ensure proposal contain the certificate as approved by respective subsidiary if required.

##### 4.0.2. Bill passing.

Bill should be passed as per terms and conditions of Work Order.



## **Chapter-6 POWER BILL**

### **Power Bills:**

Electricity is purchased from State Electricity Board/DVC/Power Utilities etc. according to the agreement executed by the Company with these bodies. While passing/accepting the Power Bill, Finance Department should ensure:

- a. That the meter reading is certified by the authorised executive of the concerned Technical department.
- b. That demand charges, energy charges, power factor penalty, incentive electricity duty, fuel cost variation charges etc. are correctly billed for industrial power and domestic power. Benefit of prompt payment/ discount and certified by the authorised executive of the concerned Technical department.
- c. Accepting e-billing of power consumption should be ensured for avoiding delaying payment.
- d. E-Payment mode to be used for availing additional rebate, where ever applicable.



## Chapter-7 MISCELLANEOUS WORK AND BILLS

### 1. Mining works:

In mining, many small work such as white washing, machine repairing, transporting machinery, cutting & cleaning of drains, jamming of poles, making foundation of pumps, stopping, removal of spoils, line packing, carrying of materials like pipes, rails etc. are required to be carried out. Those types of jobs are very frequently done and in many cases done on emergency footing for the safety of mines and for maintaining uninterrupted production. Awarding of work after observing all formalities such as calling of tenders etc. is time consuming, but the above type of jobs are required to be done on urgent basis. To avoid delay, **the related provisions of Manuals/ DOP/ Policy/ Guidelines issued by CIL or its Subsidiaries from time to time may be followed by the respective areas to award the work as and when necessary.**

### 2. The miscellaneous work can be classified into the following categories:

- a. Non- recurring / Non-repetitive small value works of less than 25000/- in each case.
- b. Repetitive / recurring nature of work
- c. For all the miscellaneous work existence of budget provision and delegation of power is to be looked into. (It should also be ensured that all formalities towards award of work have been followed.)

### 3. Internal checks:

All initial records should be checked by the accounts office before passing/bills. They should specially see the followings:

- a) Issuance of work order/contract in line with approval in the sole responsibility of the concerned department.
- b) The work order and other terms and conditions should be signed by the Work awarding authority.
- c) Signed order is to be sent to the concerned paying authority.



- d) All the works done are to be recorded in a machine numbered measurement book and are to be duly signed by the Work-in-charge and the contractor and counter signed by the Sub-area Manager/ Project Officer.
- e) The bills are to be prepared in the prescribed format and original/duplicate bills are to be properly identified.
- f) The bills are to be prepared on the basis of actual measurement recorded in the measurement book and are duly signed by the contractor and Sub-area Manager/ Project Officer/Competent Authority.
- g) The quantity billed for is not more than that stipulated in the agreement/work order and that the rates are in accordance with the work order and to be accepted by the concerned department.
- h) The nature of bills i.e. on account / final etc. are to be clearly written on the bills.
- i) Whether provisions have been made for recovery of all the statutory dues, wherever applicable as well as all realization and deductions.
- j) It should be ensured that total is given both in word and figures and all alternation and corrections in the bill are duly initiated,
- k) It should be checked that work is completed within the date of completion as per agreement/work order or within the extended date, if any, duly sanctioned by the competent authority.
- l) It should be checked that the bills have been pre-receipted on the revenue stamp.
- m) That the running account and final bills are checked with the posting in the contractor's ledger / **SAP Records**.
- n) It is to be ensured that all the adjustment/recoveries on materials etc. have duly been taken in to account before making final payment.
- o) In some cases materials are issued by the unit and contractor engaged for doing petty work. In such case it is essential that all such bills including on account bills should be supported by the material issued statement in details. It is to be ensured by the paying authority that bills are duly verified and accepted by the competent authority of the concerned department. This will also help to see the total cost of work is within the sanctioned estimate including the cost of materials issued.
- p) Format of Invoices should be as per GST provision or as per any other applicable laws.



## **Chapter-8**

### **Cash & Bank Management**

1. All Receipts & payments should be made through Digital mode as per the compliance of DPE guidelines. However, cash receipt in exigencies may be accepted if permissible by laws.
2. Payments through cheques/DD should be avoided in all cases .However if there is any requirement in law/order issued by government authorities or situation exists to make the payment through cheque/DD in those situations only this mode of payment may be considered on case to case basis after Competent Authority approval.
3. All the payments has to made through digital mode only as per DPE guidelines. However if still unclaimed wages exists. procedure as mentioned earlier should be followed. No change in the procedure.

#### **A. Advance Register**

Advance Register should be normally maintained by the concerned dealing clerk unless someone else is authorized by the competent authority for this purpose. Advance register should be reconciled quarterly with general ledger by concerned Finance Executive.

#### **B. BANK ACCOUNTS / BANK BOOK MAINTENANCE:**

1. Separate bank book/SAP records should be maintained to cover all bank transactions. The establishment operating more than one bank may have a separate bank book for each bank account for the sake of convenience. All receipts and payments should be recorded in SAP daily and balanced daily.
2. BRS should be made on daily basis as per SAP modalities. Further all due care may be taken for time periodicity.
3. Payment are to be made through ECS. However if so necessary, can make the payments through cheque/DD after obtaining approvals from competent authority.
4. Whenever the authorized signatory/Net banking user of an establishment is transferred to another establishment o(superannuated/dismissed )r leaves the organization the bank must be intimated immediately for cancellation of the authorization in his/her favour.



5. It is advised that only one cheque book of each bank account is made use of at any time and new book requisitioned on exhaustion of the leaves up to the requisition slip in the cheque book. Sometimes banks offer printing of the name of the company on cheque leaves and in such cases they supply cheque books in bulk. In any case a cheque book / EFT / RTGS register has to be maintained for recording the details of cheque book / EFT / RTGS received from banks and issued to the concerned clerk.
6. Cheque books received from the banks are to be kept under the custody of the cash officer and the cheque books in use are to be safety kept by the clerk concerned.
7. When fresh cheque books are issued to the clerks / cashier for use, the clerks / cashier should check the number of leaves contained in cheque book and the serial numbers thereof before initialing the cheque books register.
8. Special care should be taken to see that there is no alteration on the cheque/draft.
9. As a counter check the cheque drawn from cash office should be marked at the top in red ink or printing "not over Rs."
10. All cheques must have the stamp for "account payee"
11. All cheques other than employees should be handed over to concerned/respective department.
12. Bank drafts / Pay order / Bankers' cheque / Fund transfer through electronic mode are generally received for EMD/SD/other Miscellaneous receipt and it will be generally be addressed to the Company as per instruction along with the details of Nature of receipt & Vendor code. It should be accepted by the employee authorized to do so, affixing the stamp of the office / company and be sent to cash section at the earliest after proper verification of name and other particulars. Immediately on receipt of it, a cash receipt should be prepared with full particulars and original sent to the remitter. While accepting the remittance, previous reference etc., would be carefully noted down and posted in the Register. A Register/SAP records should be maintained showing the particulars of money so received. For establishments having too many transactions by DD/PO/BC/EFT, the total for the day from the Register may be entered in the receipt side of the cash book giving page reference of the Register. After conformation of receipt from bank, a money receipt should be sent



automatically from SAP to vendor/Customer and user departments through e mail.

13. A separate register as per prescribed form should also be maintained in respect of postal orders received. Each day, all postal orders received on previous day should be sent for encashment with suitable remarks in the postal order register. The amount encashed must be entered in the receipt side of the bank book daily. This register should be signed by the cashier and Accounts officer.

### **C. ISSUE OF DUPLICATE CHEQUES.**

1. Issuing of cheque is discouraged under normal circumstances as per CVC guidelines. However in case of cheques issued by the company but not realized within the validity period as revealed in the bank reconciliation statement (s), will be treated as stale cheque. These stale cheques are required to be cancelled by crediting appropriate account and debiting the bank account, On receipt of representation regarding non-encashment of cheques duly explaining non-encashment of cheques along with the cheque from the payee a fresh cheque should be prepared by the cash section on the basis of voucher given by payment section.
2. When the payee reports that the cheque issued has been lost or untraceable within the validity period, then issue of duplicate cheque is necessitated. Under such situation the following procedure should be followed for issue of a fresh cheque.
3. The drawee bank should be intimated in writing to withhold the payment of the cheque after giving telephonic intimation wherever possible.
4. After the receipt of bank's confirmation of stoppage of payment of the particular cheque, the payee should be asked to give Notarized indemnity bond.
5. On examining the said indemnity bond and confirming the non-encashment of cheque from bank reconciliation statement, GM (F) in the case of CIL / Subsidiary HQs, the Finance Executive in charge of the area (AFM) should approve the issue of a fresh cheque.
6. A fresh cheque should be issued thereafter.
7. Staff handling Cash should not be at one place for more than 5 years.



#### **D. RECEIPT OF CHEQUE/DRAFT ETC.**

1. It should be ensured that the drafts are deposited in the bank latest by 48 hours of receipt excluding Sunday/holidays.
2. While accepting a cheque the cashier should particularly see that the date of issue has been indicated correctly which does not make it unacceptable owing to being time barred (beyond validity period) or being post-dated. He should also see that the cheque has been drawn in favour of the company in the appropriate style of account. The cashier should particularly see that the cheque has been signed by the drawee, the amount in figure and in words are tallying, corrections/alterations, if any, are authenticated by the drawees signature and that there is no erasing or overwriting.
3. The following caption by putting rubber stamp on the reverse of the demand draft should be given immediately on receipt and before depositing the same with the bank to prevent fraudulent recirculation of the demand draft received against sales bills :-

Payment against our Sale bill no

Daily realization No dated

For Rs.

#### **E. DISHONOUR OF CHEQUES OR DRAFTS RECEIVED**

1. The concerned bank should be instructed to provide immediate intimation about the dishonor of cheques or drafts to the Area / Colliery / Unit, which has deposited the instrument.
2. Action against instrument received should be taken only after the proceeds from the same are realised and the same is credited to relevant account.
3. The party concerned should be immediately intimated about the dishonor of their cheques or draft with a request to send a fresh draft along with the cancellation and other bank charges as incurred /to be incurred for the amount in first time. This letter should be sent by registered post with acknowledgement due under copy to the sales





department/ other department of HQ and the colliery which has to supply coal or any other product against such payment.

4. The dishonored cheques or draft should be accounted for by debiting the party and crediting bank account by a voucher.
5. The dishonored cheques or drafts should not be sent to the party unless a fresh remittance is received from the party. In the case of Government party, the dishonored cheque or draft may be returned if expressly instructed by competent authority.
6. In case no fresh remittance is received from the party within a fortnight, the case should be referred to the legal department through the sales / concerned department.
7. When a fresh cheque or draft is received in lieu of the dishonored one, a cash receipt should be issued bearing cross reference to original receipt and taken into account only after receipt of the bank advice of realization of the proceeds.
8. In case of this transaction if the cheque is dishonored the above procedure wherever applicable are to be followed.
9. Bank charges for dishonoured cheques are to be recovered from the party.

#### **F. DUTIES AND RESPONSIBILITIES OF CASHIER:**

1. The cashier should observe all the rules, regulations and procedures etc. as stated in manual and circulars being issued from time to time in connection with the maintenance of cash book, payments, maintenance of subsidiary and other records etc.
2. Specimen signature of all officials authorized to sign pay order, vouchers etc. should be kept at Cash Office for verification before payment is affected.
3. Payment will be made only on the basis of vouchers, pay-order, wages sheets etc. duly signed by authorized officials and sent along with the related allocation sheet /classification sheets.
4. Payment should be made serially in general.



5. A payment voucher against which payment is not made within a reasonable period, say a month, a detailed reasons will have to be noted and inform to HOD(F)/AFM.
6. In the case of any material correction or alternation, payment should not be made unless such correction or alteration is duly authenticated by the bill passing officer with his/her signature.
7. In the case of suppliers, contractors and others, payments are to be made only by RTGS/NEFT wherever this facility is available, otherwise account payee cheques. Except under special circumstances sometimes payment in cheques/DD's within limit as per provision of any law ,otherwise fixed by competent authorities may be made on specific reason in writing from the departmental head.Cheques/DD's should be handed over to concerned/respective department.
8. Maintenance of cash book/SAP records in the correct manner whether done manually or through computer is the responsibility of the cashier. He has to ensure that there is no difference between the actual cash balance/SAP record bal. and the book balance. The cash book/ SAP record is authenticated by him with his initial. Book balance should be tallied with physical cash daily and should be signed.
9. The Cashier is personally responsible to see that all cheques and drafts received are deposited in the bank within 48 hours of receipt excluding Sunday/holidays unless there is any valid reason which is to be recorded in the register of cheques and drafts.
10. In case of his transfer or going on leave, he must hand over charge of cash. Cash book and related documents to a person authorized by the unit in-charge or the cash officer.
11. The cashier must ensure that the cheques and drafts deposited in the bank are credited in the company's account within 5 Working days. In case there is any delay he should enquire at the bank and report the matter to the Officer-in-charge of cash for immediate action. He should get the bank statement and reconcile the bank accounts periodically.
12. He has to ensure that the cash / bank balance is kept at the minimum level. He will send a daily report of cash balance position and cash needed for the next recoupment well in advance to appropriate authority.



13. The cashier of the Area Accounts Office will submit the Fund indent in the prescribed form to the Head Office along with utilization statement signed by AFM as the case may be.
14. Cashier will be responsible to see that all cheques, drafts etc received upto 11 a. m. should preferably be deposited on the same day and cheques, drafts etc received after 11 a. m. should be deposited by the next working day. Reasons for not adhering to the time schedule must be recorded in the register of cheques/drafts etc and brought to the notice of the accounts officer. However, all Cheques / Drafts etc, received must be deposited latest by 48 hours of receipt excluding sunday/holidays.
15. In case of dishonored cheques/drafts, the cashier must send intimation to the user dept, cash officer/AFM and the concerned executing deptt within 24 hours which will simultaneously be confirmed by formal letter.
16. It will be the duty of the cashier to watch the cash bank balance position with a view to keep it down to minimum possible level. He will prepare & submit daily report of the balance position to the cash officer/such designated officer authorised for the purpose in accordance with the instructions of the company.

#### **G. CASH / FUND INDENTING:**

1. Fund requirements shall be indented by the units/areas in the prescribed form/SAP. Details of receipt and payment for the previous period under the broad headings must be given within the indents.
2. On receipt of the indent in the Area/HQ, this will be scrutinized followed by approval of AFM/ GM before the funds are remitted to the establishment

#### **H. RESPONSIBILITIES DUTIES & FUNCTIONS OF CASH OFFICER / SUCH DESIGNATED OFFICER AUTHORISED FOR THE PURPOSE:**

1. The arrangement for the safe custody of the money vests entirely with the Cash Officer / Imprest Holder as the case may be. The Cash Officer has also to ensure that the cashier at all time is in a position to produce the total amount of cash either in cash or in paid vouchers or both.



Accordingly, apart from the other normal functions in this respect, the cash officer in particular has the following important functions and responsibilities

2. Cash officer / such designated officer authorised for the purpose will see that each correction in cash book have been initialed by the cashier.
3. The cash/Bank book should be independently checked by cash officer other than the cashier.
4. Cash officer / Such designated officer authorised for the purpose will examine that all amounts received have been properly accounted for in the cash book.
5. Cash officer / Such designated officer authorised for the purpose should verify the cash balance monthly and the fact of such cash verification should be suitably recorded in the cash book under the dated signatures of the cash officer (the exact amount should be specific).
6. The Cash officer / Such designated officer authorised for the purpose will see that cashier has not accepted any wage bill/voucher for payment unless such wages bills/vouchers are signed/authenticated by the authorized officer.
7. The Cash officer / such designated officer authorised for the purpose should ensure that under no circumstances the employees who prepares the wages bills or the bonus are authorized to work as payment clerks or payment supervisors and particularly in respect of the bills prepared by them.

#### **I. IMPREST SYSTEM:**

1. An imprest is a standing advance of fixed sum of money placed at the disposal of the designated officer authorised for the purpose to meet petty and/or contingent expenses. The sum total of the expenditures met from the imprest is recouped periodically so that the fixed sum of the Imprest is maintained. The types of petty and/or contingent expenses that can be met from the imprest are specified in the sanction letter of the imprest.
2. It is essential that the number of items and amount paid without pre-audit are as few and small as possible. The following type of payment can be made from the imprest unless instructed otherwise by the competent authority.



3. Advance to other emergent expenses
4. Note: Wages should not be treated as part of the imprest cash. This should be kept separate from the imprest cash. Amount required for wage payment should be requisitioned from the concerned accounts office and accounts rendered within a week of the disbursement of wages. Other emergent expenses subject to the limit of budget and Delegated power.
5. Each imprest account should have a serial consecutive number beginning with no.1 for the first week ending of the financial year ending with 52 or 53 for the last week ending of the financial year. Each such of the imprest account will be accompanied by a statement of receipt indicating the opening balance at the beginning of the week and the receipts/recoupments during the week as well as the payment made from there during the week and the closing balance at the end of the week. For the total amount received during the week the supporting statement indicating the details of the receipt together with relevant numbered cash receipt should also be enclosed with the aforesaid weekly recoupment statement. For each item of payment as indicated in the statement supporting payment vouchers in original must also be submitted. Each payment voucher should be allocated a serial number denoting the month as well as the respective number of the voucher. A separate consecutive serial number should be maintained for each month.
6. Wherever imprest have been sanctioned, unless otherwise decided the recoupment should normally be on weekly basis. Each imprest account has to be accompanied with a summary of classification statement, in the prescribed form, indicating the total payment made during the week against the respective heads.
7. Each imprest account duly signed by such designated officer authorised for the purpose as and when received by the respective accounts office should be scrutinized with reference to the existing rules, procedures and delegation of power. The claim admissible has to be recouped to the respective such designated officer authorised for the purpose within five day of the receipt. If any amount is disallowed in the audit by the respective accounts office the recoupment of that amount would be withheld and intimations would be sent by the accounts office to such designated officer authorised for the purpose for clarification/compliance before the said amount can be recouped subsequently by the accounts office.



8. In case the disallowed items are not cleared within a period of six weeks from the date of the receipt of intimation from the accounts office, this amount will be transferred to the advance account of such designated officer authorised for the purpose and recovery procedure as applicable to advance will be adopted.
9. In case any imprest has been approved by the competent authority for a specific purpose or time and operation of such imprest account will be regulated in accordance with the specific order in this respect.
10. Imprest payments to be made preferably through prepaid cards or to be credited to respective bank account of designated employee. Recoupment can be made periodically as and when required.

**J. RESPONSIBILITIES DUTIES AND FUNCTIONS OF SUCH DESIGNATED OFFICER AUTHORISED FOR THE PURPOSE:**

1. Since an imprest of standing advance is given to an individual to enable him to make certain types of payment on behalf of the company, the arrangement for the safe custody of the money rests entirely with such designated officer authorised for the purpose. Such designated officer/Imprest holder has also to ensure that at all time is in a position to produce the total net imprest amount either available in bank or paid vouchers or both.

Accordingly apart from the other normal functions in this respect, the Such designated officer/Imprest holder authorised for the purpose in particular has the following important functions and responsibilities.

2. All vouchers for payments/receipts should be signed by the Such designated officer authorised for the purpose.
3. Such designated officer/Imprest holder for the purpose will see that no amount is paid without supporting documents.

**K. ACCEPTANCE, CUSTODY & DISPOSAL OF PAPER SECURITIES:**

1. Besides deposits in cash, security in the form of bank guarantee deposit-at-call receipts fixed deposit etc. are also being received in the company towards security deposits furnished by various contractors, suppliers and middlemen/selling agents. The securities relating to different areas should be kept in safe custody by the area accounts officer/AFM concerned. Those pertaining to the sales office of different companies



etc. should be kept by the respective sales accounts department for safe custody. The securities relating to the headquarters office of the subsidiaries should be sent to the HQ cash section of the subsidiary HQ by the concerned departmental executive. The securities relating to Coal India should remain in the custody of concerned/respective department, e.g. Materials Management, Civil etc. of Headquarters.

2. So far the securities already furnished and to be furnished by certain categories of company employee is concerned, the responsibility for obtaining acceptance, custody renewal and disposal of such documents rest ' entirely with the administrative officer/project officer concerned.

**L. Procedure regarding acceptance custody and the disposal of paper securities viz, bank guarantee etc.**

All paper securities obtained by the various executives towards security money submitted by the various contractors, suppliers, middlemen/selling agents and others should be kept in the custody of the Accounts department of sub-area, area headquarters concerned. In regard to the various types of paper securities action should be taken by the executing offices as well as by the Accounts office on the following lines.

**1. BANK GUARANTEE**

- a. Bank guarantee of a Scheduled Bank located in India and acceptable to the Company should only be accepted. Period of validity of the Bank guarantee, at the time of acceptance, should not be for a period less than the period specified in the relevant Manual/NIT. The period of validity should always be fixed after due allowance for submission of claims, if any.
- b. In order to avoid repeated reference to legal adviser for examination of the bank guarantee before acceptance thereof, standard forms for bank guarantee are given as per approved CIL manuals/format circulated by CIL from time to time will be useful for sales directly to consumer/purchaser. The executing authorities, with whom the responsibility lies for acceptance of security, would ensure that the bank guarantee as furnished to them is in accordance with the prescribed form duly vetted by legal adviser. In cases of substantial/material variations from the standard form reference should be made to the legal adviser of the company before acceptance. The executing authorities concerned shall after examination and acceptance, send the documents to the concerned accounts officer. The securities relating to the areas should



be sent to the area accounts officers/AFMs concerned, securities relating to the headquarters office of the subsidiaries should be sent to the HQ cash section of the subsidiary HQ by the concerned departmental executive.

- c. BG confirmation must only be obtained through SFMS platform.
- d. It may be insisted upon the contractor /supplier / bidder that BG, submitted by them should be sent to the organisation directly by the issuing bank under registered/speed post.
- e. The concerned executing authority shall obtain confirmation of the genuineness of the Bank Guarantee from the issuing bank.
- f. Before the bank guarantee is sent to the accounts office, full particulars of the documents should be recorded in a SAP BG Module. The executing department will review the documents in each month and take timely action for renewal, wherever necessary, of any document or otherwise. It would be the responsibility of the executing department to take timely action at least three months in advance for renewal of the date of validity of the documents, wherever necessary.
- g. The concerned executing authorities/Executing dept should, invariably, take up the matter with the party concerned for renewal of the validity period of the documents, indicating clearly that in case the company is not advised by the banker at least one month earlier than the expiry period for revalidation of the document for such period as may be considered necessary by the executing offices, such guarantee shall be negotiated for encashment. Wherever a bank guarantee etc. is required to be parted with for renewal/ revalidation, it must only be sent directly to the bankers with proper acknowledgement so that the revalidated documents lies with the bank.
- h. The concerned finance executive or custodian of BG shall go for encashment of the Bank Guarantee at least 7 days (excluding date of intimation and bank holiday) prior to expiry of BG with intimation to executing department and controlling officer.
- i. The concerned accounts officer of the Area/Sub Area/Sales Account, should, on receipt of the documents as security from the executives, arrange for their proper custody. For this purpose, these documents should be entered in a in a SAP BG module or register and then passed on to the cash section for safe custody. The said accounts





officer concerned will also arrange for regular review of the documents in each month with particular reference to the date of validity of the documents and in all such cases where the period of validity of the document is to expire within next two months, the concerned executing authorities should be intimated. The accounts officer concerned should ensure that all such documents which neither revalidated nor advised for release by the executive authority before one week of the expiry period, should invariably, be negotiated for encashment under intimation to the concerned executive authority/executing department.

- j. In case, the date of validity of the document itself is extended beyond the period of the original validity, the letter of extension needs also to be examined and confirmation over SFMS platform before final acceptance of the extension. The letter of extension, after examination/acceptance, should also be sent to the custody of the concerned accounts officer and similar procedure for final custody of the document with the cash section of the respective accounts office should be taken by the concerned accounts officer.
- k. The documents should be kept in the custody of the accounts department (Area/Subarea/Sales) till satisfactory completion of the work/contract and receipt of necessary orders for its release from the Executing Authority by the concerned accounts officer. Financial concurrence is to be obtained by the concerned executing authority in each and every case, before communicating to the accounts office for final release of the security.

## 2. FIXED DEPOSIT RECEIPTS:

- a. Only the fixed deposit receipts (F.D.R.) issued by one of the scheduled banks are to be accepted. F.D.R., is required to be made out in favour of the company. F.D.R. which is in the name of the contractor can also be accepted as a security provided a certificate that the deposit can be withdrawn only on demand or with the sanction of the pledge is recorded on the F. D. R and bank system, the same should be verified by executing dept.
- b. The fixed deposit receipts, after acceptance should be sent to the accounts office concerned for safe custody. For this purpose, similar action as in the case of bank guarantee should be taken.
- c. It should be made clear to the contractors who had tendered F.D.R. as security, that they should advise the departments in time regarding



refunds or renewal of their fixed deposit receipts and that the company will not be held responsible for any loss of interest, if timely intimation for refund or renewal of these receipts is not given. Executing officers concerned should also take prompt action for refund of the security deposit (if the contracts/works are fulfilled) or for renewal of the security in time.

#### **M. STATEMENTS TO BE SUBMITTED:**

The following statements are to be submitted by all the units to their respective controlling Accounts offices (sub area/area etc.):

1. Weekly Bank balance statement.
2. Monthly statement of advance outstanding
3. Monthly bank reconciliation statement +

#### **N. PROCEDURE FOR ENCASHMENT OF POSTAL ORDER**

- a. All postal order received by the administrative authority in connection with the RTI, or as per advertisement notice should be sent to the cash department and cash Department should arrange to encashment of the same.
- b. The nodal officer on receipt of postal orders, should arrange for the following scrutiny :
  - i. The postal order is in favour of the appropriate authority of the company or as per advertisement notice.
  - ii. That it is crossed.
  - iii. That it is en-cashable at the post office at company's headquarter or area office locality.
  - iv. The date & seal of the issuing post office is affixed and it is clear.
  - v. It has been signed by the issuing post master.
  - vi. The postal order is not time barred. When the postal orders are found defective, it should be returned to the applicants.



- vii. Action should be taken by the cash section to send the postal order to the bank or post office as the case may be to realize the amount. Postal orders should be forwarded to the bank. Bank advice for credit on account postal orders when received will be intimated to the offices/departments which have sent the postal orders. In respect of any defect in the postal orders pointed out by the post office, the Cash office of the company's headquarter or area office as the case may be will take necessary action without returning the postal orders to the forwarding office wherever this is possible.

## **O. LOSSES, FRAUDS AND EMBEZZLEMENTS:**

### **1. Action to be taken:**

- i. Any defalcation or loss of cash, stores or other property belonging to the company should be reported immediately after its discovery, to the head of the project area, division, or department as the case may be, and in serious cases to the managing director & so. Copies of the reports will be sent simultaneously to the chief of finance/ accounts. If any irregularity or loss detected by, or is brought to the notice of the accounts officer/audit officer in the first instance, it will be his duty to appraise immediately the administrative authority concerned of the facts of the case and ask for a proper investigation. The accounts audit/officer will send a copy of his communication on the subject to the chief of his department. If, however, the irregularity or loss is discovered by, or is brought to the notice of the administrative authority in the first instance, that authority should immediately report the matter to the area accounts officer/accounts executive in-charge who will forward a copy of the report to the chief of finance/ accounts. Every important case involving loss of cash, stores or property, whether caused as a result of frauds perpetrated or negligence shown by the employees or caused purely by accidents such as fire, etc., should be brought to the notice of the Coal India as soon as possible, When the loss involved does not exceed Rs.100,000/- the case need not be reported to the Coal India unless it presents unusual features or reveals serious defects in procedure.
- ii. A FIR will be lodged after consultation with the Administrative Authority of the establishment.

### **2. The reports submitted to the area general managers and managing directors should clearly bring out:**

- i. The amount involved and recorded.



- ii. The modus operandi of the fraud.
  - iii. The nature of checks which ought to have been exercised under any rule or order and which were omitted, thereby facilitating the fraud.
  - iv. Whether the procedure in force is ineffective in preventing such frauds and, if so, what modifications are suggested therein.
  - v. Disciplinary action taken against the party at fault and the adequacy or otherwise of such action. Whether the financial executive-in-charge agrees to the reports submitted. In the case of his disagreement with the administration on any aspect of the case such disagreement should be reported verbatim.
3. Investigation of losses :It is of the greatest importance to avoid delay in the investigation of any loss due to fraud, negligence, financial irregularity, etc. should the administrative authority require the assistance of the accounts officer in pursuing the investigation he may call on that officer for all vouchers and other documents that may be relevant to the investigation. If the investigation is complex and he needs the assistance of an expert account officer he should apply forthwith for that assistance to the chief of finance/account who will then arrange for the services of the investigating staff. Thereafter the administrative authority and the accounts authority will be personally responsible, within their respective spheres, for the expeditious conduct of the enquiry.
  4. Legal Advice :Cases where it appears that recourse to judicial proceeding is likely to be involved, legal advice should be taken as soon as the possibility emerges.
  5. Laxity of control :In cases where loss is due to delinquencies of subordinate officials and where it appears that this has been facilitated by laxity of supervision on the part of the superior officer, the latter should also be called and his personal liability in the matter be carefully examined.
  6. Claims to insurance company will immediately be lodged for such cases which are covered by fidelity insurance. Procedure as mentioned for insurance matters in the case of cash losses should be followed as applicable.



## **Chapter-9 Taxes & duties**

1. Input Tax Credit (ITC) for the month to be availed subject to reflection of the same in prescribed ITC inward forms by the Government.
  - a. Eligible ITC is booked in GST ITC receivable codes as per relevant tax codes of SAP.
  - b. Matching of the eligible ITC with prescribed ITC inward forms to be done.
  - c. Matched ITC availed in GST return and shall be transferred to 'ITC available 2B' codes by clearing from initial GL codes.

### 2. Taxes & Duties:

All taxes and duties shall be as per Rules and Act prevailing from time to time

### 3. Goods and Service Tax (GST):

GST has been implemented with effect from 01st July 2017 subsuming several taxes and levies which included Central Excise, Service Tax, Additional Custom Duty, Value added Tax, Octroi, Entry tax and Purchase Tax. The following are to be ensured at the time of bill processing/other payments:

- a. Applicable rate of GST as quoted in the bill and correct classification (CGST/SGST/IGST/UTGST), Invoicing provisions as per rule.
- b. HSN/SAC code to be entered in SAP at the time of bill passing.
- c. Compliance of Reverse Charge Mechanism: Self Invoicing and its timely payment.
- d. Eligibility of GST as Input Tax Credit and its timely accounting.
- e. Checking of data with GST portal records for proper reporting of the same in GST Returns
- f. Debit/Credit Notes as applicable should be timely obtained
- g. All the relevant fields of the tax invoice should be correctly entered in SAP at the time of passing of bills.



- h. Tax invoice copy shall be uploaded after posting of the invoice in SAP.

**In case of billing/outward invoices:**

- a. Proper classification of goods/services and applicable GST Rate including any applicable Cess under any law/Govt Authority.
- b. Generating IRN/QR code of the same in line GST provisions with in statutory time limit.
- c. Debit/Credit Notes as applicable should be timely issued

In addition to above, as state wise GST registration has been obtained for which a single GST return is filed, concerned officer should ensure timely collection/compilation of data of various areas/projects for proper filing of applicable GST returns.

If Subsidiaries opt to obtain ISD (Input Service Distributor) registration, it will allocate common expenses of input services as per extant practice and issue ISD invoice for availing the Input tax credit and file applicable return.

4. VAT/Service Tax/ Central Excise:

- a. For pending matters related to VAT/Service Tax/ Central Excise extant practice in line with applicable provisions will be followed.
- b. For purchase of petrol/diesel/ other items on which VAT/Central Excise is applicable, necessary provisions of applicable laws should be followed.

5. Tax Deducted at Source (TDS)/Tax Collection at Source (TCS):

A. Under Income Tax:

- a. Applicable TDS under Income Tax Act should be deducted using SAP withholding tax codes only. For nil/lower deduction, applicable certificate u/s 197 should be obtained and verified.
- b. List of specified persons for TDS deduction at higher rate should be maintained as per guidelines issued by Taxation authorities.
- c. For TCS on Coal /other sales necessary compliance as per applicable provisions should be ensured.
- d. Timely issuance of TDS/TCS Certificates



## B. Under GST

Applicable TDS under GST Act should be deducted using SAP withholding tax codes only.

### 6. Royalty/DMF/NMET:

Royalty, DMF and NMET will be deposited as per provision of relevant Act and all statutory returns will be filed within due dates after reconciliation with Form H/Production report.

Royalty is also payable on sand i.e., the quantity of sand stowed and sand consumed for other purposes. While submitting the bill project should give a certificate giving the details of sand consumed for different purpose.

Other local duties/local levies should be complied accordingly at CIL/subsidiary level

All the above statutory dues must be paid, as per relevant rules and Act and by their respective due dates.



## **Chapter-10** **Personnel Payment**

- I. The Pay and Accounts Office normally deals with the following types of claims/advances payment to executive, non-executive & retired employees:
- (1) Monthly salaries and allowances including leave salary and allowances.
  - (2) Travelling allowance including advance.
  - (3) L.T.C./L.L.T.C./Bharat Bhraman.
  - (4) Supplementary claims on the monthly salaries and allowances, leave salaries and allowances including arrears payment.
  - (5) Attendance Bonus, Honorarium and any other allowances.
  - (6) Loans and advances, i.e. car, house building, scooter and festival etc.
  - (7) Overtime allowance.
  - (8) Medical reimbursement/cash grant.
  - (9) Foreign service contribution.
  - (10) Miscellaneous claims.
  - (11) Pension/CIL EDCPS/Voluntary Contribution to Pension Scheme.
  - (12) Gratuity.
  - (13) Transport Subsidy.
  - (14) Injury Compensation etc.
  - (15) Life Cover Scheme.
  - (16) Ex-gratia.
  - (17) Leave encashment.
  - (18) Conveyance reimbursement.
  - (19) Difficulty allowance.
  - (20) Underground allowance.
  - (21) House Rent allowance.
  - (22) Parade Allowance.
  - (23) Perquisite to Executives.
  - (24) Rescue Allowance.
  - (25) Performance Related Pay.
  - (26) Monetary Compensation in Lieu of employment.





- (27) Payments under post-retirement medical scheme (PRMS).
- (28) Other payment/allowances:
- (29) Award, maternity benefit, washing allowance, night shift allowance, subsistence allowance and any other allowance or monetary benefit which may become payable from time to time.

## II. Pay Sheets:

In the preparation/auditing of pay sheets, the following documents/calculations shall be seen after passing of salary bill among others:

- (1) Appointment orders, promotion orders, Pay-fixation order, last pay certificate (LPC) (optional) for service continuity certificate is required for payment of Gratuity and other retirement benefit, transfer orders, Manpower reconciliation, relinquishment and assumption charge report or relieving and joining reports, absentee statement, PF A/C No, PAN, Bank A/c no. IFSC Code, Employee Code, Name of Co-operative, Benevolent Fund details of all deductions including LIC.
- (2) Sanction orders for payment of various specific claims.
- (3) General or specific orders in the case of increments, which shall be drawn in the normal course (including Normal, stagnation or stoppage of increment to be taken care of).
- (4) Recoveries of various advances, dues, interest etc, wherever applicable.
- (5) Checking correctness of calculations of P.F. FPS, CMPS, on the basis of salary abstract (ii) refund of advances, co-operative deductions, Income Tax deductions etc. and remittance in the prescribed form for P.F./I.Tax/ Professional Tax etc. on the basis of input sheet (iii) Deduction on a/c of bond in case of Management Trainee (iv) Forms **prescribed by Income Tax Act** which has been uploaded with Income Tax Deptt, to be verified with the I.T. deducted from employees.
- (6) Reasons for head-wise variance may be analysed for difference of salary with reference to previous month. A memo of difference should be prepared in ERP
- (7) Adjustment and deduction from salary for absence, without pay, half pay in applicable cases.
- (8) Present Basic pay and D.A. particulars at applicable rates.
- (9) For Deputation cases, Terms of deputation to be referred.

## III. Checks of sanctions:

Sanctions issued by the various authorities are audited to ensure:

- (1) That the sanction has been issued by the authority having delegation of power.
- (2) That the sanction is within and not contrary to the existing general or special order.



(3) That there is budget provision for the expenditure involved.

IV. Perks and Allowances claimed/Paid with salary:

- (1) All allowances for executives shall be as per Pay revision applicable time to time (current 3<sup>rd</sup> PRC is applicable OM No CIL/C5A(PC)/Pay Revision 2017/2972 dated 08.08.2018) and in case of Non-executive, it will be as per applicable NCWA provisions.
- (2) Payment of perks and allowances in the case of HPL, LWP and Other leaves as per the company rules, should be regulated accordingly.
- (3) House Rent allowance will be claimed/Paid as per prevailing CIL HRA Rule.
- (4) The Underground allowance shall be claimed/paid to those employees working in underground as defined under the Mines Act.1952 and regulations framed there under
  - a) For Executives: Part of the perquisites under Cafeteria approach.
  - b) For Non-Executive: Payment will be regulated as per prevailing NCWA provision

V. Responsibility schedule for pay bill:

- (1). The responsibility for preparation of wage sheet lies with the nodal deptt. (as decided by management) and creation of master record, fixed deduction record, variable data, monthly procedure, Coal Mines attendance Bonus/CMPF/CMPS etc lies with Personnel department. For any un-authorized changes in above records or violation of procedures causing faulty pay bill, concerned authority responsible for such changes/violation should be held responsible. Maintenance of master record lies with the nodal deptt. Where preparation of salary bill is system driven, the System officer, in-charge for development and/or maintenance of the payroll programme should be responsible for:

- (a) The arithmetical and logical accuracy of the programme.
- (b) Any unauthorized change in the programme resulting into faulty pay bill.

Whether the salary bill is prepared through computerized payroll system, it is the responsibility of the dealing clerk to check and ensure that the salary bill has been prepared in the correct way after making necessary adjustment for deduction on account of PF, Income Tax, Recovery of Advances, Compulsory deposit, House Rent, Insurance etc.

It is the responsibility of the dealing clerk (s) and Cashier/Pay Clerk (s) in the Cash Section to make payment in accordance with the authorized and approved pay bill and to remit, wherever required various deductions made from the individual pay sheet to the appropriate authority without any delay and within the time limit specified by the Company (to Income Tax Authority/PF Authority/ Insurance Company etc.). The in-charge of respective sections (Supdt./Sr.



Clerk/ Hd. Clerk) will be responsible to cross check the pay bills and ensure correctness in all respect.

- (2). It is the responsibility of the staff members dealing with the maintenance of Ledgers, Registers, Cash Books etc. to make correct postings and all records must be kept up-to-date. The Accounts Officer-in-charge will have to ensure that the above records are updated by next working day.
- (3) The source documents, like appointment letter, LPC, joining letter, transfer and release order etc. and record maintenance would be the responsibility of the concerned dealing assistants.
- (4) Salary abstract prepared by Systems department, is to be verified by the concerned Accounts Department. Salary bills are checked by concerned Accounts department.
- (5) Salary bills are checked by concerned Accounts department.

It is the responsibility of the Accounts Officer-in-charge of pay bill section to ensure that the salary bill has been prepared in time and in the correct way. He will see that all remittance on account of PF/Income Tax/ Life Insurance etc, are made within the specified time limit (all company HQ will issue specific orders in this respect). He will also ensure that no arrear claim is processed for payment after the expiry of time limit without the approval of the competent authority. Normally 6 months should be taken as the time limit for submission of claims unless indicated otherwise by specific order of the company. He will make test check of at least 10% (pre-audit, in case of urgency of the circumstances - post-audit with recording of reasons in writing) of the salary bill of the employees every month on a perpetual basis with reference to original documents and ensure correctness in all respect. This is in addition to the checking by the external Audit Firms.

The Accounts Officer-in-charge of pay bill section will be responsible for overall supervision and efficient performance of the section. The Accounts Officer-in-charge will allot work of cross checking, supervision, dealing of complicated cases etc. to the Superintendent/Accountant/Dealing clerk and make him responsible for the efficient discharge of duties allotted to him. The Superintendent/Accountant will put his initials in all the papers/statements/ documents checked by him.

#### VI. Different types of Bill:

The different types of bills like T.A. Bill, Medical expenses reimbursement bill, LTC claim etc. should be audited in accordance with the rules and orders in force. The concerned dealing assistants must maintain bill-passing register containing the details of the bill and the allocation and unit to which it belongs. Individual items are indicated separately hereafter.



VII. T.A Claims

T.A. advances and Final bill shall come in prescribed form countersigned by the controlling officer or duly approved by controlling officer in ERP as per Delegation of Power (DoP). The advance shall be recorded in the T.A. register/SAP records and adjustment of the advance shall also be recorded against the respective advances in the same register/records on the basis of the final bill. Normally no TA advance shall be paid until previous advance has been adjusted or submitted for clearance in Finance Deptt. and the amount asked for as advance is as per applicable TA rule. TA bills should be submitted within one month from the date of the completion of the journey.

VIII. Transfer T.A claims:

Bill/Claims in accordance with rules shall be submitted in prescribed form for adjustment of transfer T.A. advance/payment of transfer T.A. duly countersigned by the Controlling Officers or duly approved by controlling officer in ERP. The Transfer T.A. advance, if any, drawn by the employee shall be adjusted based on the declaration in the bill and verified from the debit advice/LPC received from the office from where advance was drawn. The advance shall be recorded in the register/SAP record and adjustment of the advance shall also be recorded against the advance in the same register/records on the basis of the final bill. It will be the responsibility of the dealing clerk to take steps for prompt adjustment of advance and to admit claims as per provisions of the T.A. Rules in force. Accounts Officer in-charge shall be responsible to see that the adjustments are not delayed. Accounts Officer-in-charge should ensure recovery of the amount by which Transfer T.A. advance exceeds the amount passed in the final bill.

IX. Responsibility Schedule for T.A. claims dealing:

TA bills should be submitted within one month from the date of the completion of the journey. The dealing assistant will ensure prompt dealing of each claim and quick adjustment as per Rules & Regulations of the company. Dealing Assistant/Finance executive should ensure that :

- (j) Time barred bill is not accepted for adjustment unless waiver of time limit is accorded by the competent authority.
- (ii) No TA advance shall be paid until previous advance has been adjusted or submitted for clearance in Finance Deptt.

The dealing assistant will cross check each bill and put his initials on the classification sheet & TA Register. He will also check the register and ensure correct posting and timely action.

Accounts Officer-in-charge of the T.A. dealing section will check up the registers of T.A. and ensure correct posting before putting signature. He will test check at least 10% of T.A. bills every month. No second advance should be given without clearance of the first one or specific approval by concerned approving authority.



**X. LLTC/LTC/Bharat Bhraman:**

These are payable in accordance with applicable NCWA for Non Executives only. Register/SAP records shall be maintained by the Personnel department to ensure correct payment and watch individual entitlement, availment etc.

**XI. Medical expenses reimbursement /allowance:**

Medical reimbursement claim will be dealt with in accordance with the Medical Attendance Rules in force and specific orders being issued from time to time. The claim shall be made in the prescribed form and necessary certificates, cash memos/ payment receipts duly authenticated by the claimants, prescriptions etc., are to be enclosed along with the claim. The form shall bear the countersignature of the controlling officer along with attending physician's certificate wherever required. In regard to Medical reimbursement the following rules shall specially be taken care of:

- (1). C.I.L. Medical Attendance Rules as applicable at the different places like colliery/towns and at cities like Kolkata, Ranchi, Asansol, Nagpur, Bilaspur, Dhanbad, Sambalpur, Margharita etc.
- (2). The payment on account of medical expenses as applicable in case of Wage Board employees of Ex-CMAL at Calcutta & other cities.
- (3) Medical Rules as applicable to Wage Board employees of Ex. NCDL at Kolkata.
- (4) Medical allowance to taken over employees covered by Wage Board of Calcutta offices of erstwhile Coal Mines owners.

The following special checks are to be exercised when Medical Allowances is to be paid to employees.

- (a) Employees for whom the amount is payable are in the Wage Board scale of pay and covered by the memorandum of settlement/subsequent changes.
- (b) The allowance is being paid in lieu of medical attendance and treatment facilities in places where company does not have its own Dispensary/Hospital.
- (c) The amount is not exceeding one month's salary (salary for this purpose includes basic pay, VDA, FDA, SDA, HRA & Attendance Bonus, OM No.CIL:C-5A:AW:07071:2126 dtd 02.01.1985).
- (d) The amount is payable in quarterly installments (Q.E./s March, June, September and December). For payment in each quarter, the salary of the last month of the related quarter is generally taken into account and final adjustment made at the time of payment for quarter ending 31st December as per rules.



- (5) For employees of taken over coal companies posted in Kolkata who have not opted for Wage Board, the following checks should be ensured:
- (a) Conditions as stipulated by erstwhile management of various coal companies for their employees for payment of medical expenses have duly been followed keeping in view CMAL/Coal India's instruction issued from time to time. At the time of accepting bills the medical department is required to indicate/deduct the inadmissible items.
  - (b) There is proper prescription and cash memo in support of claims.
  - (C) These are to be accepted by the Medical Department of the Area/Unit as per admissibility before these are processed for payment.
  - (d) Claims have been preferred in the prescribed form and bear Controlling Officer's signature. The Accounts & Pay Office shall maintain a register/SAP record to record payment on account of medical bills. Medical expenses reimbursement to retired employees :

Approval accorded by CIL Board in 240th meeting held on 8th March, 2008 towards "Contributory Post Retirement Medicare Scheme for Executives of CIL and its Subsidiary Companies" was circulated vide No. CIL/C-5B/ IR/ postretirement Medical/96 Dated 25.04.2008 and subsequent amendment orders issued from time to time. Reimbursement of medical claim of the retired executives will be guided as per provisions of the above mentioned scheme and subsequent implementation orders issued from time to time.

## **XII. Responsibility - Medical Bills:**

The dealing assistant/clerk will be responsible to exercise all the necessary checks from the audit point of view. He shall pass the bills as per the rules & regulations made by the company as amended from time to time. He will maintain the required register and ensure that the registers are posted simultaneously along with the disposal of each claim. He is required to put his initial in the classification sheet & Medical Register.

The Accounts Officer-in-charge is responsible to ensure quick payment of medical reimbursement bills, after exercising the necessary audit checks and in accordance with the existing rules and procedures. He will see that the necessary registers are being maintained by the dealing assistant. He will put his signature on bills when it is put up to him along with the duly posted registers. He will check at least 10% of the bills completely in a month and indicate in the register serial number of such bills which have been checked by him. Timely adjustment of medical advance is to be ensured also.

## **XIII. Charge Allowance: (For Executives).**

It is payable to the entitled executives as sanctioned by the company from time to time at sanctioned applicable rate.

- (1) The charge allowance is not admissible if the officers concerned are not holding the charge of Mines/Projects.



- (2) The Charge allowance will also be admissible for the period of leave with pay provided such leave does not exceed 15 days.
- (3) An officer temporarily holding charge of a higher post will be entitled to the Charge Allowance attached to the higher post for the period for which he officiates in the higher post provided such officiating arrangement have been made with the approval of the competent authority for a period not less than 15 days.
- (4) An employee on deputation from other organization will also be entitled to charge allowance subject to fulfillment of other conditions provided the former employer has no objection to such payment of charge allowance.
- (5) Charge allowance will not be admissible to an employee not in-charge of Mine/Project or group of mines. But if an officer, during a particular month holds charge of a mine or a group of mines of a project during a part of the month, he will be entitled to charge allowance for that part of the month during which he holds the charge of a mine/project or a group of mine on pro-rata basis.
- (6) Non-Executive Cadre employees are not entitled to charge allowance as per NCWA.

Rate of charge allowance: Rate as per office orders issued from time to time.

#### **XIV. Allowance to the rescue personnel.**

Members of the rescue team in the collieries are entitled to different allowances, viz. Refresher Practice Allowance, Rescue Bonus and Rescue Efficiency Allowance etc. in accordance with the rate prescribed by the Rescue Station Committee, as intimated by the Chief Inspector of Mines and accepted by the company.

In auditing the bills related to these claims, it should be ensured that the rates claimed are in accordance with the prescribed rates for various categories of staff and for the different nature of works and that the claims are supported by the certificate from the rescue station as required.

#### **XV. First-aid allowance:**

Colliery employees possessing a valid First-Aid Certificate are paid at the prescribe rate. If he continues to hold a valid certificate, then the payment of this lump-sum (as per circular No.Apx/Adm/First aid Allowance/80 dated 24.7.74, may again be made at the end of every 3 years.

#### **XVI. Vocational Training allowance:**

In terms of Mines Vocational Training Rules, 1966, all persons employed or to be employed in a mine, other than those specified therein, are required to be trained by



the Training Officers and Instructors engaged for such Vocational Training on part time basis. Such Training Officers and instructors are entitled to the payment of honorarium at the rates fixed from time to time.

**XVII. Miscellaneous bills:**

Messing allowance, Uniform allowance, Washing allowance, Rescue efficiency allowance, Children Education assistance, Tuition fee reimbursement etc. and other allowances as admissible to certain employees shall be paid in terms of relevant orders.

**XVIII. House Building Advance/Loans:**

The provisions of HBL shall be checked in line with the policy/amendments circulated by CIL on time to time basis.

**XIX. (a). Leave Encashment Scheme (For Executives):**

Following important aspects to be checked in connection with leave encashment as per scheme:

1. Encashment of earned leave will be allowed at the option of the employee, subject to the approval of the sanctioning authority.
2. Only earned leave on full pay at the credit is encashable and not any other kind of leave such as casual leave, commuted leave, study leave etc. Encashment will be allowed to an employee only once in a calendar year.
3. The earned leave can be encashed as per the prevailing sanctioned limit.
4. For computing the rate of encashment Basic pay and dearness allowance will be included. All other allowances and Perquisites etc. will be excluded.
5. Encashment benefit will not be reckoned as salary for the purpose of Gratuity, Bonus etc.
6. No encashment of leave during the period of suspension will be permissible.
7. Leave at credit shall be granted for encashment on VRS, Superannuating and death, subject to a maximum no. of days ceiling approved by the Company. However, no encashment of earned leave is granted if an employee resigns from the services or when his service is terminated on disciplinary ground.
8. The rate of encashment per day will be calculated on the basis of the emolument (Basic Pay+DA) of the month in which he applies for the LE divided by 30.

**(b). Encashment of Half pay leave (for executives):**

Encashment of Half pay leave at the credit of the executive is permissible on superannuation, death, permanent total disablement of executive, VRS, etc. as per relevant office order issued from time to time.





While making payment of encashment of HPL, half of basic pay with DA up to the maximum number of days as provided in the Coal India executive leave Rules as amended from time to time.

**XX. Encashment of Earned Leave (For Non-Executives).**

The workmen will be entitled to get encashment of earned leave for the days per year as provided in the NCWA. On discontinuation of service due to death, retirement, superannuation, VRS, etc., as per provision of prevailing NCWA, the balance leave, will be allowed for encashment as per rules.

**XXI. Subsistence allowance.**

Such claims shall be admitted in accordance with instruction being issued from time to time. The following shall generally be seen:

- (1) An employee under suspension shall be entitled to draw subsistence allowance equal to 50% of his/her basic pay for first 6 months provided the Disciplinary Authority is satisfied that the employee is not engaged in any other employment or business or profession or vocation. In addition, he/she shall be entitled to dearness allowance admissible on such subsistence allowance and any other compensatory allowance of which he/she was in receipt on the date of suspension provided the suspending authority is satisfied that the employee continues to meet the expenditure for which the allowance was granted.
- (2) Where the period of suspension exceed six months, the authority which made or is deemed to have made the order of suspension shall be competent to vary the amount of subsistence allowance for any period subsequent to the period of the first six months as follows:
  - (a) The amount of subsistence allowance may be increased to 75% of basic pay and allowance thereon if in the opinion of the said authority, the period of suspension has been prolonged for reasons to be recorded in writing not directly attributable to the employee under suspension.
  - (b) The amount of subsistence allowance may be reduced to 25% of basic pay and allowance thereon if in the opinion of the said authority the period of suspension has been prolonged due to the reason directly attributable to the employee under suspension.
  - (c) Before making any payment to suspended employee, he/she will be required to furnish a certificate every month to the competent authority that he/she is not engaged in any other employment/ business/ profession or vocation.
- (3) Dearness Allowance:

In addition to the subsistence allowance, as admissible under paragraphs (1) and (2) above, an employee under suspension shall draw dearness allowance equal to the amount admissible on the amount of subsistence allowance payable to him from time to time



- (4) **Compensatory allowance:**  
In addition to the subsistence and dearness allowance, as mentioned in the foregoing paragraphs, an employee under suspension is entitled to draw other compensatory allowances admissible from time to time, on the basis of pay which he was in receipt on the date of suspension subject to the fulfillment of other conditions laid down for drawing of such allowances.
- (5) **Non-employment certificate:**  
An employee under suspension cannot engage himself in any employment, business, profession or vocation without the prior permission of the competent authority. No payment, as mentioned in the foregoing paragraphs shall be made unless the employee furnishes a certificate every month that he is not engaged in any other employment, business, profession or vocation.
- (6) **Payment of subsistence allowance to an employee arrested by Police.**  
If an employee is arrested by Police on a criminal charge and bail is not granted, no subsistence allowance is payable. On grant of bail if the competent authority decides to continue the suspension, the employee shall be paid subsistence allowance from the date he is granted bail.
- (7) **Effecting recoveries from subsistence allowance:**
  - (a) Income tax (provided the employee's yearly income, calculated with reference to the subsistence allowance is taxable).
  - (b) House rent and allied charges, i.e. electricity, water, furniture etc.
  - (c) Repayment of loans and advances taken from the company at such rate as may be fixed by the competent authority.
  - (d) Subscription to P.F. (Contributory).
- (8) Above will apply to employees not covered by the certified standing orders. Workmen covered by the certified standing orders are eligible for subsistence allowance as per the provisions of the certified standing orders /NCWA.
- (9) Any change in CDA rules regarding subsistence allowance may also be referred.

## **XXII. Attendance Bonus:**

This is paid quarterly in accordance NCWA at applicable rate of the basic pay. Special checks are to be made to ensure correct payment and to avoid duplicate payment.

1. The Attendance Bonus will continue to be paid as per provisions of NCWA.
2. A supervisory staff shall verify the bonus bill generated by System/SAP with the data preserved by respective salary section and reconciliation with reference to total bonus will be made by Dealing Assistant of Personnel Department.



### **XXIII. Overtime Remuneration:**

O.T. claims in respect of employees not covered by the provisions of the Mines Act, 1952.

Requirement for overtime engagement shall be prepared. Before deployment of workers on overtime, approval from Area General Manager/Sub-Area Manager/Managers, according to the delegations of powers. As soon as the work is completed, a report shall be prepared and Manager's/Officers/HODs signature obtained thereon, quoting reference of the sanction from the authority concerned. On receipt of approval of OT and completion of OT work as aforesaid, wages section will enter the information in the register/SAP record. This register shall be signed by the Manager daily. At the end of each month, the Wages Section shall prepare the overtime wages bill from the register/SAP record.

At the time of preparation of O.T. bill, the following checks should be specially exercised by the dealing assistant of Personnel / Establishment Department:

- (1) Proper administrative sanction is available as per different office orders issued from time to time
- (2) There is no discrepancy in respect of hours (both in figure and words) shown.
- (3) Salary countable for O.T. is correctly taken into account.
- (4) The employee was not on leave during the time of O.T.
- (5) Overwriting and corrections are authenticated. In the Accounts Office, the following checks shall be ensured:
  - (a) The O.T. rates as applicable for different pay slabs have been taken correctly.
  - (b) Total hours sanctioned and shown in the bill are in conformity with the monthly statement.
  - (c) Budget is available for OT Payment wherever applicable, otherwise payment to be released after taking competent approval.
  - (d) Administrative orders on the subject have been taken into account by the billing unit. If any ceiling of OT hours/amount has been fixed for sanctioning the OT hours/amount at different levels, the same shall be taken care of before preparation of OT bill and its payment. Monthly statements of O.T. are being furnished. OT hours are to be submitted through ERP by concerned Deptt.

### **XXIV. Provident Fund : (As per CMPF Act/Rules).**

Employees of Coal India and Subsidiary Companies are governed by CMPF. The salient features of the CMPF are given below:

- (1) Provident Fund Management:



The Personnel / establishment department who prepare pay/wages bills of the different employees are responsible for making appropriate deductions from the salary/wages of the employees and remit the money to the respective Commissioner of C.M.P.F. at different places. While making deductions on account of P.F. and remitting the money in the respective P.F. the following checks should be exercised.

- (a) The deductions against individual employees shall be shown under the appropriate P.F. (i.e. CMPF). After making disbursement of pay, necessary documents shall be processed for deposit of P.F./CMPF as per instructions being issued by the different P.F. Offices from time to time.
- (b) Along with the remittances a schedule must be sent showing the particulars of employee wise deductions. The schedule shall normally show the name of Colliery/Office/Department, P.F. number, name of the employee and deductions as generated by Systems Department. The statement shall be signed by the Personnel / Establishment In-charge.
- (c) The remittances of P.F. are to be made by one draft/cheque/EFT as per statutory provision / directive issued by CMPFO from time to time.
- (d) Each Personnel / establishment department shall ensure appropriate reconciliation of the remittances to C.M.P.F. Offices
- (2) Special Checks wherever C.M.P.F. accounts are maintained by machine. Wherever C.M.P.F. accounts maintenance have been computerized special care shall be taken in regard to the following:
  - (a) Input data must be very thoroughly scrutinized before feeding the machine. Code numbers of the names of Division/Colliery Projects, individual employees C.M.P.F. etc. must be thoroughly checked as to eliminate chances of wrong punching/taping.
  - (b) The figures in regard to amount must be clearly indicated to avoid chances of error.
  - (c) Sequences (name etc.) shall be appropriately maintained.
  - (d) There shall be proper time scheduling in respect of flow of documents to the P.F. Section and sending them to the systems department.
  - (e) Systems department should ensure that annual CMPF deduction schedule/VV statement of each employee has been prepared and sent to CMPF Cell for reconciliation after checking by the Personnel Department

## **XXV. Payment of Gratuity:**

Payment of Gratuity for both executives and non-executives is covered by Payment of Gratuity Act, 1972 as amended from time to time. The following points shall specifically be seen, but provisions of Act get predominance: (1)  
Coverage: The following employees are excluded:



Casual and non-regular employees, Govt. Servants and those on deputation, employees on contract, apprentices, trainees and reemployed employees.

- (1) Scope and Conditions: On production of certificate of faithful continuous service of the qualifying period of not less than 5 years and payable in the event of superannuation, discharge on account of abolition of post, permanent incapacity, death while in service, voluntary retirement etc. In the case of death or permanent incapacity 5 years qualifying service limit is not applicable.
- (2) In the case of death the rate will be as per Payment of Gratuity Act. Master Policy with LIC for payment of Gratuity:

CIL and different Subsidiary companies have entered into a master policy with LIC which also includes the payment of Gratuity for notional period of service in case of death.

Payment of Gratuity to the entitled employees of these Companies will be guided by the laid down provisions of the master policy as amended from time to time.

- (3) Nomination: It shall be ensured that every employee has submitted nomination in the prescribed form.
- (4) Payment: Must be made within 30 days of receipt of application. Office should take advance action for this purpose. The Officer responsible for making the payment of Gratuity has to ensure the raising of corresponding claim on the insurance service provider within 30 working days by furnishing the following details:-
  - a) Name
  - b) PIS No.
  - c) Date of Birth
  - d) Date of Appointment
  - e) Date of retirement / Date of Death / Date of resignation / Date of Voluntary separation
  - f) Last pay drawn ( Basic & DA on the basis of which Gratuity is calculated )
  - g) Amount of Gratuity paid till the date of retirement , resignation , voluntary separation
  - h) amount of Gratuity paid in case of death
  - i) Certificate (signed by the authorized officer of Personnel department) certifying the date of death by enclosing the death certificate issued by Municipality / CIL Hospital / State Govt. etc Name of the deceased.

The officer in-charge shall reconcile the amount received from the Trust/LIC every month against the claims lodged with them and should tally with the



amount appearing in the books of accounts of the company as receivable from Trust/LIC.

Salient features of the payment of Gratuity Act, 1972 is given below:

- (1) Present limit of gratuity is **20 lakhs**/maximum amount payable as per CIL extent rules and policies.

In the case of Piece Rated employees an average based on total wages received by him for the period of 3 months immediately preceding the termination of his/her employment is to be worked out..

For the purpose of calculation of gratuity, the relevant act and rules may be referred.

- (2) Payment Procedure:

Payment shall be made within the stipulated date as per CIL extent rules and policies.

Payment shall be made through Electronic fund Transfer (EFT) Mode where core banking facility is available and EFT facility is in vogue. Alternatively, payment may be released by demand draft or by ordered cheque as desired by payee after obtaining Competent Authority approval.

#### **XXVI. Monetary Compensation of Female Dependent in Lieu of Employment:**

In case of death due to mine accident, normal death or permanent disablement of employee (both executive cadre and non-executive cadre), female dependent will get benefit of cash compensation in Lieu of Employment as per terms and rate of prevailing office order. **Subject to submission of Life certificate by Female Dependent duly verified by Personnel Deptt.**

#### **XXVII. Laptop/Tablet or devices of similar category:**

**Purchase of Laptop/Tablet or devices of similar category will be dealt as per approved scheme of CIL.**

#### **XXVIII. CIL EDPS New Pension scheme**

**CIL EDPS New Pension scheme will be deposited to CIL NPS trust at the prescribe rate. Current rate is 6.99% of (Basic + DA) after deducting Rs 27 on monthly basis for executives.**

#### **XXIX. Voluntary Contribution to Pension Scheme :**

**Voluntary Contribution to Pension Scheme will be checked with offtake duly certified by concerned deptt. and will be deposited to CPMF at the specified rate as per prevailing rule.**



## **Chapter-11** **Sales Accounting**

### Activities to be performed by Finance Executive

#### Bank Operations

##### 1.1 Recording transactions in the Bank Account

Finance executive shall record the transactions in the Bank account of the Subsidiary company, ensuring the accuracy, completeness of the transactions,

1. Ensuring the consumer balance is credited to the correct consumer code
2. Ensuring the consolidated amount received with respect to the EMD and Bid Security is being recorded in the appropriate auction service provider's account code and account code for EMD.
3. Ensuring the amount received with respect to the Performance Security Deposit (PSD) and Financial Coverage Deposits is being recorded in the correct customer code.
4. Ensuring unique reference numbers are maintained to avoid duplicate entries.
5. Ensuring, the statutory deductions and collections are duly recorded.
6. Ensuring the statutory deductions are duly supported by the evidence of remittance to the statutory authority and submission of necessary returns thereby crediting the deduction to the PAN of the coal company

##### 1.2 Reconciliation of the transactions recorded through Bank Interface

Finance executives shall reconcile the transactions recorded through the Bank interface with the bank statement on regular intervals (Daily reconciliation on the next day is expected, to ensure early detection of errors or omissions).

#### Earnest Money Deposits (EMD) / Bid Security

##### 2.1 Bifurcation of EMD and Bid Security received from Auction service provider

Finance Executive shall record the bifurcated entries of EMD / Bid Security received from the auction service provider in their respective account, with accurate values;



### **Prerequisites**

1. The recommendation note sheet from the M&S department with details of list of Sales contract created as per the BID sheet received from the Auction service provider,
2. EMD / Bid Security money has been received in the Bank account and posting has been done in the books of accounts vide 1.1.2
3. Statutory deduction such as TDS has been duly accounted
4. The Sales contracts are correctly created in reference to the BID sheet received from the Auction service provider.
5. The EMD Pool account gets cleared after posting of EMD amount to EMD Account (Special GL L).

### Performance Security

#### 2.2 Vetting of adequacy of Performance Security Deposits (PSD)

Finance Executive shall vet the calculation of Performance Security Deposits before signing of the FSA,

### **Prerequisites**

1. The M&S department has forwarded the note sheet for scrutiny of the adequacy of the PSD calculated based on the governing scheme document.

#### 2.3 Certification of the PSD received in Bank

Finance Executive shall certify the receipt of Security Deposit received in the Bank account,

### **Prerequisites**

1. The M&S Department has forwarded the note sheet informing the receipt of the Security deposit as communicated by the customer.





2. Ensuring, amount requested to be certified is actually received in our Bank account and necessary financial entries have been posted with correct customer code (as provided by the M&S Department) and special GL indicator.
3. Ensuring, uniform & standard narrations are recorded while making accounting entries, without missing the LOI No , FSA No, Sales Contract No etc

## Financial Coverage

### 2.4 Vetting of adequacy of Financial Coverage (FC)

Finance Executive shall vett the calculation of Financial coverage to be requested from the customers after signing of the FSA,

#### **Prerequisites**

1. Provided, the M&S Department has forwarded the note sheet for scrutiny of the adequacy of the Financial Coverage calculated based on the governing scheme document
2. Ensuring, the Financial Coverage so calculated is in adherence to the signed FSA.

### 2.5 Certification of the Financial Coverage Deposit received in Bank

Finance Executive shall certify the receipt of Financial Coverage Deposit received in the Bank account,

#### **Prerequisites**

1. The M&S Department has forwarded the note sheet informing the receipt of Financial coverage as communicated by the customer
2. Ensuring, amount requested to be certified is actually received in our Bank account and necessary financial entries have been posted with correct customer code (as provided by the M&S Department) and special GL indicator.
3. Ensuring, uniform & standard narrations are recorded while making accounting entries, without missing the LOI No , FSA No, Sales Contract No etc

### 2.6 Verification of the Financial Coverage received as Bank Guarantee

Finance Executive shall forward the Bank guarantee submitted by the customer to cash section for safe custody



### **Prerequisites**

1. The M&S Department has accepted the Bank guarantee after due verification.
2. The M&S Department has forwarded the said BG to Finance for custody

### Letter of Credit

#### 2.7 Vetting of the Letter of Credit

Finance Executive shall vet the letter of credit submitted by the customer as a payment option

### **Prerequisites**

1. The M&S Department has received the application from the customer and after due verification, recommended for the acceptance of Letter of Credit as payment option against coal sales
2. Ensuring, the option of Letter of credit as payment option is in line with the governing policies

### Financial Verification of Sales Orders (SO)

#### 3.1 Verification of the sales order at 2nd level approval

Finance Executive shall verify the accuracy and completeness the sales order before Financial tagging,

### **Prerequisites**

1. M&S Department approved the Sales order at 1st level, ensuring correctness of the quantity, Grade, Basic price of coal (along with premium if any), Sizing, Surface Transportation distance lead (along with rate), Evacuation charges etc. with completeness of the all the pricing components applied on the Sales order.
2. Recommendation for forfeiture of EMD due to inadequate deposit of money, should be initiated by M&S Department. M&S Department shall also verify that the date of remittance mentioned in the Application submitted by the customer is within the due date. Further this is also to be ensured by M&S Departement that Ship to party, Bill to Party & Payer are correctly chosen (all the three should be same until otherwise required)



3. Ensuring form 27C has been submitted where applicable.

3.2 Financial Tagging of Sales Consideration received (non Bank Interface Mode)

Finance executive shall tag the advance received against the Sales Order with accuracy,

1. Provided the verification as mentioned in clause 3.1 has been completed
2. Ensuring the financial tagging is being correctly done in the correct customer code.
3. Ensuring Sales order has been correctly entered in the field thereof.

3.3 Financial Tagging of Sales Consideration received (Bank Interface Mode)

Finance Executive shall verify the financial tagging and ensure the accounting entry posted by the Bank interface is correct.

3.4 Financial Tagging of Sales Consideration received under LC (Prepayment)

Finance executive shall tag the advance received in the bank account to the sales order issued under LC prepayment

1. Provided, relevant clauses of 3.1 have been compiled.
2. Ensuring, a proforma invoice has been submitted to the Bank along with a forwarding letter, and ensure that the full amount as per proforma invoice has been remitted by the bank.
3. Ensuring the financial tagging is being correctly done in the correct customer code.
4. Ensuring Sales order has been correctly entered in the field thereof.

3.5 Financial Tagging of Sales orders issued under LC (Post-payment)

Although the advance amount is not received in such cases, Finance Executive shall ensure the LC reference number is recorded in the field provided for it in the ERP,

1. Provided relevant clauses of 3.1 has been verified.
2. Ensuring the credit limit of the LC has not been crossed



## Financial Approval of Sales Orders (SO)

### 4.1 Financial Approval of the Sales orders

Finance executive shall approve the sales order

1. Provided the Coal value (excluding EMD) correctly tagged to the Sales order number
2. Ensuring the TCS amount is correctly posted in the TCS liability code.
3. Ensuring the EMD amount parked in the EMD Account is correctly transferred to the Advance ledger with Sales order number correctly filled and EMD ledger is cleared after the transfer entry of EMD to Advance ledger.

## Accounting of Invoices of Coal Sales

### 5.1 Accounting of invoices for Lifted quantities

Finance executives shall release & post the accounting entries of the Sales Invoices generated by M&S Department, ensuring the completeness and accuracy of all components of the invoice in reference to the supporting document.

## Sales Order Closure

### 6.1 Sales Order (Advance Receipt Cases) closure and Accounting (Lapse Quantity)

Finance Executive shall process the sales order closure,

#### **Prerequisites**

1. The Area Sales Manager recommended the closure of the sales order, indicating the Quantity lapsed or unlifted and certification for Non lifting is due to fault of Customer or Company.
2. Refundable Balance is being derived from the Advance amount after deducting
  - a. TCS
  - b. Billed Amount
  - c. Supplementary Billing Amount
  - d. EMD Forfeiture
  - e. Taxes paid in advance
  - f. Recoveries



3. The Invoice is being prepared and accounting entries are being posted in the books of account for all the deductions and clearance process is done.
4. Processing of refund shall be made after approval of the Area General Manager.

6.2 Adjustment of Debit Balances after sales order closure

There may be instances where, after the sales order closure the net balance is a debit balance. Finance Executive shall adjust those debit balances with the refundable balances if any of the same customer in other SOs, otherwise those balances shall be forwarded to the HQ for recoveries (PAN based) from refunds of other areas.

6.3 Forwarding the closed Sales Orders for refunding

There may be an arrangement where the refund function is centralized. Finance Executive shall forward the refundable balance against Sales orders closed to the refunding authority after obtaining competent approval and adjustment of debit balances.

### Supplementary Invoicing

7.1 Credit, Debit Notes due to Price Changes

Finance executives shall release to accounts/post entries of the supplementary invoices generated by M&S Department, ensuring the completeness and accuracy of all components of the invoice in reference to the supporting document.

7.2 Credit, Debit Notes due to Grade changes/ Surface moisture/ Stone Component

Finance executives shall release to accounts/post entries of the debit/credit note initiated by Quality/M&S department and generated by M&S Department, ensuring the completeness and accuracy of all components of the invoice in reference to the inputs given by quality and M&S department.

### Centralized Refunds to the Customers

8.1 Refunds/ utilisations of refundable Balance

Finance Executive shall process the refunds/ reutilisation,



## **Prerequisites**

1. The compliances as provided in the para 6.3 are complied with.
2. The recoverable balances lying as open items are being adjusted from the refundable balance before refunding.
3. The refund is being made to the correct Bank Account number of the consumer.
4. Provided that in no circumstances the Finance Executives shall have the access to the modification of the customers Bank account details.

### **8.2 Processing refund of the cases which were returned by the Bank**

Finance Executive shall process the refunds returned by the bank

1. Provided, the reason for the return has been duly corrected.
2. Ensuring the correct refund voucher has been forwarded along with the returned voucher from the cash section
3. Provided, the compliances as stipulated in 8.3 are duly complied with in case of return due to wrong Bank Account Number.

### **8.3 Modifications in the Bank Account details of the Customers**

In the event of changes in the Bank Account of the Customer, the Finance Executive shall review the Changes made by the M&S Department, in the Customer Account in ERP

1. Provided, the change in the Bank Account has been made in ERP by the M&S Department supported by the Bank mandate duly signed by Bank officials and forwarded by the Customer.
2. Provided the changes made by the M&S Department are duly recorded in the Register of Changes Made in Bank Account of Customers in ERP
3. Provided changes have been verified by actually verifying the changed field in ERP ensuring Accuracy.
4. Provided the Original Bank mandate has been duly kept on record by the Finance Executive.
5. Provided the Financial executive does not have the modification rights of the Bank Account of the Customers.



## Debtors Management

### 9.1 Forwarding of Invoices to Banks in the Letter of credit (Post payment mode)

Finance Executive shall forward the invoices / proforma invoices generated against Sales order issued under Letter of Credit (Post payment mode)

1. Ensuring the proper forwarding document in line of the Bank's Requirement as per LC has been prepared and submitted to the Bank.
2. Ensuring the amount received in the bank account is not less than the amount requested as per 9.1.1 and received within the stipulated time .
3. In case of delay in the remittance by the Bank, the interest is being levied as per the modalities of the LC and charged to the customer.

### 9.2 Clearing of Invoices after receiving the Sales consideration in pursuant to 9.1

Finance Executive shall clear the invoices generated against Sales order issued under Letter of Credit (Post payment mode), after receiving the money in pursuant to 9.1

1. Ensuring all the invoices are considered while clearing.

## Refunds of the Security

### 10.1 Refund of Earnest Money Deposits

Finance Executive shall process the refund of the EMD,

1. Provided, the note sheet recommending the refund of EMD has been initiated by the Area Sales manager, providing reason of the non lifting and justifying it was the fault of the Coal company and not of the Customer
2. Ensuring, the proposal for refund of EMD has been duly approved by the Competent authority.

### 11.1 Refund of the Amount received as BID Security

Finance Executive shall process the refunds/ reutilisation, of the BID Security

1. Provided the recommendation form the M&S Department has been received along with
  - a. Customer's Application for the refund / reutilisation of the said Bid Security
2. Ensuring the FSA has been signed



3. Ensuring the provisions of the FSA are complied with.

12.1 Refund of the Amount received as Performance Security Deposits (PSD)

Finance Executive shall process the refunds/ reutilisation, of the Performance Security Deposit (PSD) received in the Bank

Prerequisites

1. The recommendation from the M&S Department that the PSD is not liable for forfeiture & is in compliance with terms of FSA/scheme documents, along with Customer's Application for the refund / reutilisation of the PSD has been received.

13.1 Release of the BG received as Security Deposit and Financial Coverage

The release of BG shall be done on the basis of the approved note sheet, initiated by the user Department.

FSA Reconciliation with Customers

14.1 Reconciliation with power houses

For power houses periodic Reconciliation statements shall be signed by M&S department, Quality department & finance department jointly for quantity, quality & financial figures.

Period End Processes

15.1 Bank Reconciliation

The Finance Executive shall perform the Bank reconciliation on a regular basis.

15.2 TCS Payment and Return Filing

The Finance Executive shall pay the liability of TCS to the tax authority within the due date and file the return of TCS collected along with rectification of errors identified by the regulatory authority.

15.3 Payment of Statutory Dues after Invoicing.

The Finance executive shall provide the payable amount of taxes being payable after sales, to the centralized payment authority,

1. Ensuring, the payable amount is complete and accurate
2. Ensuring, the payment request is supported by the correct challan





3. Ensuring, the payment challan is acquired after the payment.

## Performance Incentive & Compensations

### 16.1 Vetting of the Performance Incentive and Compensations

Finance executives shall release to accounts/post entries of the Performance Incentive / Compensation invoices generated by M&S Department, ensuring the completeness and accuracy of all components of the invoice in reference to the inputs given by M&S department.



## **CHAPTER-12**

### **Other Contractual works**

#### **CONTRACT WORKS:**

A job is entrusted to an outside agency when it is not possible for the Company to undertake and complete it by itself. There may be many reasons for the same, e.g. non-availability of manpower, machines or time, or on account of technical knowledge, experience or optimum utilisation of resources or exigencies or the other similar reasons. Whatever may be the nature of contract works (civil works, transportation, hiring of machinery, repairs etc.), there are some common points, which needs to be considered are enumerated below:

- a) First, the concerned technical Department / Section initiating the proposal / Purchase Requisition (PR) to award the job / work to an outside agency shall clearly state that it is not possible for the Department / Section to undertake it and the reasons for the same should be explicitly recorded in the proposal. The Proper estimation (i.e. departmental estimation) of the job / work shall be ensured by the executing department / section. The approving authority and other associated authority, before the approval of the said proposal, should be satisfied about the reasons / justification for outsourcing the job / works and the finance executive examining the proposal shall see that they have been properly included in the proposal and approved by the competent authority before the initiating the tender process.
- b) Officer responsible for financial concurrence (if concurred through SAP) should ensure correctness of Proposal/ PR with respect to:
  - a. Nature of Expenditure (Revenue/Capital)
  - b. GL code/Asset Code
  - c. Profit Centre
  - d. Cost Centre
  - e. Tax code of GST credit
- c) In case of capital work, the capital budget contains job-wise provision and he shall ensure that it contains provision for this job. If not, the concerned Technical Department shall arrange for re-appropriation of budget provision with the approval of competent Authority.
- d) It should also be ensured that the capital work has been approved under the Project Report / Advance Action Plan / Approved Scheme, as the case may be. If not, there should be proper justification for undertaking the said works and the same needs to be approved by the Competent Authority including the revision of Project Report / Approved Scheme if any.
- e) In case any hindrance in the completion of the work is expected beforehand, such as non- Availability of land, that can cause delay in the completion of work and blockage of funds, he shall ensure that such issues have been properly addressed in the proposal.
- f) In the Corporate Office of the Subsidiaries, a Finance executive / assistant should be attached with the Civil Engineering Department and Contract Management Cell (that floats tenders and awards works for coal transport, sand transport, etc.) or Other Sections for proper guiding, assistance and other such reasons. In the Areas, depending on the size of the Areas, the volume of work and the necessity,



the Corporate Office of the Subsidiaries may decide about the posting of Finance executives / assistant in these Departments.

Subsidiaries may decide about the posting of Accountants/Finance executives in these Departments:

### **CIVIL ENGINEERING WORKS:**

All works and supplies relating to the civil engineering department executed through the agency of contractors may be broadly classed as follows:

- a. Group maintenance work such as work of ordinary repairs and maintenance and repairs of petty nature in a particular group or area.
- b. Special works such as the construction of buildings, bridges, roads, culverts, external and internal sewerage, electrifications, water supply arrangements and construction of bunkers etc.
- c. Supplies of building and road materials such as bricks, ballast, stone-chips, gravels, morrums etc. usually required for building and other works, for civil construction works carried out departmentally.
- d. The main job of the Finance Department is to examine whether proper procedure has been followed and checking various documents like Bills, Measurement Book, etc. Work order estimate, revised estimate, BG, bills

### **1.0. ESTIMATE/DEVIATION**

#### **1.01.(a) Duties & Responsibilities of the dealing assistant:**

Proper estimation of the job / work may be ensured by the indenting / executing department. It is the duty and responsibility of the finance personnel attached to the concerned section or in case there is no finance personnel attached to the said section, then the following will be the duty and responsibility of the finance dealing assistant / executive evaluating examining any proposal.

- I. To ensure that the Estimate has been signed by the Overseer/Engineering Assistant/Engineer-in-charge/Head of the Civil Department/concerned department (Project / HQ as applicable).
- II. To compare the description of the various items of work given along with approved Schedule of Rate Code in the Estimate with those in the Schedule of Rates and ensure their correctness. Analysed and / or derived rate included in the estimate if any is vetted by GM(Civil)/HoD HQ along with a stipulation that the same rate is taken across. Whether the analysed rate and / or derived rate is supported by necessary documents.
- III. To verify the rates adopted in the Estimate with the Schedule of Rates (at present CPWD/PWD SOR/Circulated rates by CIL HQ/ Subsidiary HQ/ Analysed rate/ any SOR approved by Government agencies is being followed and ensure their correctness.



- IV. In case of non-schedule items not covered by CPWD/PWD SOR/Circulated rates by CIL HQ/ Subsidiary HQ/ Analysed rate/ any SOR approved by Government agencies, to check the rate analysis based on market rates supported by quotations and latest minimum wages for the corresponding category (unskilled, semi-skilled, skilled and highly skilled) vetted by HOD of the Civil Deptt./Concerend Section.
- V. To verify whether the quantities mentioned in the Estimate for various items have been correctly taken from the Detailed Estimates of the quantities enclosed with the Estimate.
- VI. To check the amount arrived at for various items as well as the total value of the Estimate.
- VII. The proposal contains in details the need / justification for the proposed expenditure. In civil and other such works.
- VIII. To ensure that the proposal contains other important details like time required for carrying out the work, method of tendering (limited, open, short notice etc.) with justifications where necessary.
- IX. In case finance executive finds any irregularity or has any observations to make, it is his/her responsibility to bring it to the knowledge of the Head of the Civil Department to which finance executive is attached / the Finance executive examining the proposal, as the case may be.

**1.01(b) Duties & responsibilities of the Finance executive:**

It is the duty and responsibility of the Finance executive examining/evaluating the proposal:

- a) To check and ensure that the above point (ii) to (viii) above have been verified by the finance personnel attached to the Civil/Concerned Department or his/her dealing assistant, as the case may be.
- b) In case of capital work creating a permanent structure, to ensure whether the proposal clearly states that the site is a non-coal bearing area (for opencast mines) or any site as approved by competent authority. Any exception shall be pointed out to the approving authority.
- c) Executing department should ensure that the proposal clearly states that the required land is in legal and physical possession of the Company and is free from all encumbrance may be added.
- d) In case of expenditure on an asset not belonging to the Company, it may be ensured that the necessity / adequate justification of incurring the expenditure has been amply clarified in the proposal including the administrative approval, if any. Also, he should ensure that necessary clearance / acceptance has been obtained from the concerned authorities to carry out the work in their property.
- e) In case he finds any irregularity or any observations to make, the same may be suitably included in the said proposal before putting the said proposal to higher authorities.



### **1.02.01. Concurrence of Revised Estimates/Deviation Estimate:**

Deviation Estimate, Revised Estimate or any other note involving expenditure should be sent to the Finance and concurred by the Finance for putting to the approving authority. The Finance executive / assistant should verify that relevant provisions of applicable manuals/conditions of contract are compiled by the executing department before moving the proposal for Revised Estimates / Deviation Estimate

### **1.02.02. Responsibility of the Finance executive concurring the proposals and Estimates.**

In case of proposals and Estimates initiated by the Civil Department/Concerned department to carry out a work, the responsibility of the concurring authority shall be to inquire (a certificate is to be obtained )from the Civil Department whether there are any alternatives to the work

### **1.02.03. Responsibility of the Finance executive concurring the TCR.**

Tender Committee Recommendation is concurred by a Finance executive before it is to be put up to the competent authority for approval. The responsibility of the Finance Executive concurring the TCR are:

- i) TC are responsible for ensuring that correct procedure for tendering has been followed by the concerned Section. Finance Executive concurring TCR has to examine that the tender procedures are prima facie complied with.
- ii) To examine whether the rate / price reasonability has been deliberated and confirmed by the Tender Committee.
- iii) Finance Executive concurring TCR should ensure that estimate for floating the tender was sanctioned/approved and concurred by appropriate authority.
- iv) TC should ensure that there was proper sanction and concurrence of the said proposal / indent.
- v) That the quantities stipulated in the TCR are in accordance with the sanctioned estimates. If there are any deviations the same should be properly justified.

## **2.0 Agreement and Work orders:**

2.0.1 Immediately after the acceptance of a tender, the successful tenderer should be called upon to furnish the required security (in the form of bank guarantee, Bank draft etc) and to sign a formal agreement/work order. ALL work other than those done departmentally be executed in accordance with the terms and conditions as stipulated in the concerned agreement or work order. These agreement and work order should be thoroughly scrutinized by the executive deptt and also by the finance department.

2.0.2 It has to be seen in the accounts office whether before issue of the agreement/work order a formal letter communicating the acceptance of the tender has been issued to the contractor by the competent authority.



### 3.0. **EARNEST MONEY / SECURITY DEPOSIT.**

Earnest money is deposited by the tenderers in the form as stipulated in the terms and conditions of the tender notice. The earnest money of all unsuccessful tenderers is auto refunded through the e Tendering portal by the executing department. In other cases earnest money of all unsuccessful tenderers is refunded on receipt of necessary instruction for the refund from the executive authority concerned after verification of the credit supported by realization of the instrument from encashing department and duly supported by original cash receipt. It may be ensured that the clause for earnest money/security deposit is as per existing contract / Civil Engineering Manual.

#### **3.0.1 Records to be maintained for EMD/ Security deposit/Retention Money:**

It is the duty of the assistant checking the contractors' bills to maintain the subsidiary ledger for EMD/Security deposit/Retention Money. Earnest money deposited by the tenderers and refunded to them must be entered in their respective account immediately. Every entry for deposit must be supported by details like Money Receipt No., date, Tender Notice Ref Similarly every refund must be supported by details like Voucher No., date, Tender Notice Ref. The Ledger must be so maintained that at any given point of time, one should be able to know the balance EMD/Security deposit/Retention Money outstanding against any tenderer and the break-up of the amount outstanding (i.e., against which tenders those amounts were deposited, but yet to be refunded).

It is the responsibility of the dealing assistant to prepare the Schedule for EMD a/c duly reconciled with the Control a/c, at the end of every quarter.

It is the responsibility of the dealing assistant to prepare the Schedule for EMD a/c duly reconciled with the Control a/c, at the end of every quarter.

It is also the responsibility of the Finance executive passing the contractors bills to ensure that his dealing assistant maintains the EMD ledger properly and submits reconciled schedules every quarter.

The following point shall be noted while dealing EMD/Security Deposit/Retention Money:

- a. To ensure, conversion of the earnest money after the award of the work and recovery of balance Performance Security Deposit by deposit of cash/bank draft or banker's cheque/electronic transfer (only after the money is credited to the company's account) equal to the amount mentioned in the respective governing manual.
- b. To ensure, a percentage deduction as per provision in the agreement/work order from the periodic payment on account of work done or supply made until the recovery of the agreed amount.
- c. The bank guarantee/FDs as security deposit shall be acceptable only for values as prescribed by NIT/work order and the same should be valid for the entire period of the contract followed by the period of guaranteed liability. Bank



guarantee is to be submitted in the format prescribed by the company. Bank guarantee shall be irrevocable and from schedule banks. In case of any deviation from the format it should be vetted by the Legal department of the subsidiaries. This legal vetting should be obtained by the executing department. The Bank guarantee should be kept under the custody of the Finance department. SFMS confirmation of the BG must be obtained. The guidelines of Cash & Bank chapter may be complied.

d. All foreign bank guarantees will be confirmed by the bank located in India acceptable to the company.

\* It should be stipulated that Bank guarantee must be unconditional and should be negotiable on presentation to the issuing bank. A provision will be incorporated in the Bank guarantee for exclusive jurisdiction of Court at a location convenient to the company for contesting legal cases arising out of encashment of the guarantee.

e. Security deposit obtained from the contractors or by percentage deduction from periodical bills (Retention Money) of contractors appears as a liability in the company's balance-sheet. On due fulfillment of a contract the security to be refunded after verification of the credit against pay order/bill submitted by the executive authority concerned duly supported by original cash receipt for EMD. The other forms of security as mentioned above are released on the due fulfillment of a contract on receipt of necessary instruction from the Office-in-Charge of the works / HOD of concerned department

#### **4.0. BILL PASSING:**

##### **4.0.1 Roles and function of finance executive attached to civil/dealing assistant (wherever posted).**

- A. The functions of the Divisional accountant/Accountant attached to executive engineer (civil) are three-fold: As accountant, As internal checker, and As Financial assistant.
- B. In discharging duties, is expected to keep fully conversant with sanction and orders passing through the office and with other proceedings of the divisional office and all subordinates which may affect the estimates and/or accounts of the civil works undertaken by the work division.
- C. The executive engineer (civil) in-charge of the work division should see that the accountant is given the full opportunity of becoming conversant with these sanction orders and proceedings to enable him to discharge his duty efficiently.
- D. When there is a difference of opinion between the accountant and executive engineer (civil), a note containing observation of both should be attached with the bill.



- E. The accountant/finance personnel should bring into the notice of the executive engineer (civil) of the division all instances where the expenditure exceeds the financial limitation. If, any other serious financial irregularity is noticed by the accountant, it should be reported to the area finance / accounts officer for its redressal / rectification and also the Office in charge of the finance (GM) of the company in case any support in the said matter is required.
- F. The accountant has right to seek the advice of the area accounts officer/ chief of accounts in all matters connected with the accounts of his division or on the application of financial rules and orders concerning which there may be any doubt.
- G. The accountant is responsible for detailed checking of the individual tenders and for seeing that computation wherever necessary of the individual tenders has been done correctly. He should satisfy himself that the comparative statement correctly incorporates details as checked on the individual tenders.

#### **4.0.2 Checking of Bill:**

If the Civil Engineering Department has any Accountant / Finance executive attached to it, the Contractor bills should be checked by him. If not, they should be checked by the dealing assistant of the bill-passing officer of the Finance Department. The following points shall be noted while checking the bill.

- A. Civil Engineering Manual relating to the preparation and signing of the MBs have been complied by the executing department.
- B. Bill shall be checked with the authenticated copy of the Work Order and Agreement for their various items, quantity, rate, amount and compliance of the terms and conditions. It should be seen that the agreement has been signed by Civil Engineering personnel as per delegated power. The arithmetical accuracy of the bill shall be checked.
- C. The Abstract of cost and MB shall be compared with the bill for the various items of work, quantity, rates and total, there should be no difference between the two
- D. In case the Civil Engineering Department has not made any recovery from bill and MB, specially statutory recoveries like GST TDS, royalty, income tax, surcharge etc. the Finance Department shall make necessary corrections in the MB also.
- E. Also, the gross amount of the bill, deductions made under various heads and the net amount payable shall be indicated at the end.
- F. Validity of the budget provision also shall be ensured.





G.

- i. The accountant will scrutinize and check the bill for civil engineering works prepared by the engineering assistant/overseers based upon the detail measurement as recorded in the measurement books and see that the bill is complete in all respects and is in accordance with the work order and sanctioned estimate.
- ii. Details of checks to be exercised by the divisional accountant/accountant in respect of bills relating to civil engineering works are given below:
  - a. The order/agreement should contain signature of both parties.
  - b. Where the work has started before issue of the LOA / LOI, it should be supported by an 'Urgency Certificate' from the competent authority.
  - c. The date of measurement should be recorded in the measurement book.
  - d. The period of claim should be recorded in the measurement book.
  - e. The accuracy of all arithmetical calculations of the contents recorded in the measurement book should be checked up.
  - f. The rates adopted for various items of work should be in accordance with the work order/agreement.
  - g. While checking the first on account bills, it should be ensured that the initial security deposit has been made by the contractor. If part of the initial security deposit has been made by the contractor by way of deduction from a running bill of the contractor for some other works, the particulars thereof should be suitably recorded in the bill.
  - h. The quantities of various works/items should be within the provision of agreement or covered by Deviation Estimate/Revised Estimate duly approved by competent authority.
  - i. The sanctioned estimate number and date, agreement no. and date/work order no. and date, date of commencement of work and date of completion of work as per agreement, extension of time granted by the competent authority, if any, should have been correctly indicated in the bill.



- j. It should be ensured that the bill has been signed by the contractor or the authorized representative of the contractor.
- k. It should be ensured that the persons signing the bill has been authorized by the contractor either by the power of attorney of by virtue of partnership deed and that such information has been notified to the area accounts office and division office in advance.
- l. It should be ensured that a statement of materials issued and to be recovered is attached to the bill and that all materials issued to the contractors upto the date for which the bill has been prepared have been incorporated therein. However, where the recovery for supply of materials has been spread over more than one running 'on account' bill by order of competent authority the compliance of standing instructions/SOP issued by Competent Authority should be ensured.
- m. The rates of recovery for such materials are to be scrutinized with reference to the agreement, weighted average cost of material issued and administrative charges as communicated for particular proposal. Recovery should be made accordingly.
- n. It should be ensured that other recoveries such as for supply of coal/water, rent, electricity and hire charges of plant and equipment etc. have been made properly.

#### **4.0.3 Examination and payment of bills:**

- A. The administrative officer-in-charge for awarding contract will examine the contractor's bill with reference to the entries made by his office in the measurement book. The rates allowed for the job/work should be certified and entered by the officer-in-charge in the bill itself when he is satisfied that the quality of work done or supplies made is up to the stipulated specification.
- B. The accounts office will specifically see that the bill contains the necessary certificate to this effect by the competent authority (item (A) above).
  - \* In respect of all the bills for civil construction work, the area accounts office will, exercise necessary pre-audit in addition to the checks/scrutiny exercised by the accountant.
- C. The accounts office will check the entries in the measurement book as compared to the entries in the bill and the certificate of the competent authority.



- D. When the administrative officer-in-charge is competent to issue pay order he will ensure thorough checking of the bill including its arithmetical accuracy before issuing the pay order which will also be checked by accounts.
- E. When the bill is on a running account it should be compared with the previous bill. The administrative officer-in-charge will specifically ensure that all the recoveries to be made have duly been taken into account before passing the pay order.
- F. If the administrative officer-in-charge is not empowered to make the payments, the bill will be submitted by him to the competent authority for authorisation of payments
- G. Accounts officer will ensure that the bill has been signed by the competent authority and the measurement books and all other relevant records have been sent for Checking purpose.  
\* The finance executive passing the bill will ensure check that the bill is accompanied with labour payment certificate issued and it is further mentioned for compliances of various labour laws including CMPF / EPF, ESI, Bonus, CLIP etc as applicable. Labour payment certificate also include that the payment is made to the worker through bank.
- H. Where there is provision in the agreement/ work order for issue of material to the contractor, administrative officer in charge shall ensure to obtain a statement should be obtained from stores accounts about the stores issued on sale account with usual particulars of name of party, items, quantity, value, date of issue etc. While checking the deductions for materials issued to the contractors the above statement should be verified. Thus it can be ensured at the time of final payment that all materials issued to a particular party on sale account have been recovered.

#### **4.0.1 Final Bills:**

In case of final bills the following additional aspects are to be seen and checked.

- a. Certificates of "No Claim" from contractors may be obtained by executing department from party/vendor.
- b. Certificate of satisfactory completion of work.
- c. Certificate of clearance of royalty.
- d. Indemnity bond from the contractor in regard to payment of GST on the stores issued by the project. It should be ensured that the revised estimate regularizing the variation in quantities and/or extra items executed and the extension of time of



completion etc. have been sanctioned by the competent authority.

- e. It should be ensured that a complete list of materials issued to the contractors against the particular work with details/particulars of recoveries already made from the on account bills is enclosed with the final bill.
- f. In case the contractor signs the final bill 'under protest' the reasons for such protest are to be recorded by the contractor on the bill.
- g. It should be ensured that all recovery on account of hire charges, electricity, water supply etc are fully made, as certified by EIC.

### **5.0.1 Part payment / Adhoc payment against submission of bills:**

**5.0.1.1** In some cases when an on-account-bill has been received but the examination of the bill will take sufficient time then, subject to the provisions of rules and regulations and approval of the competent authority a lump sum advance payment are made on account of urgency of the case. But normally there should not be any on account advance payment. When such adhoc payment pay orders are received by the accounts department they will ensure the following checks :

- A. The bill in respect of which the advance/ adhoc payment is proposed has been received and should actually be under check in the administrative department/accounts Department and that the nature of the bill is such that it cannot be checked within the normal time.
- B. The amount of advance/ adhoc payment (including previous advance/ adhoc payment and adjustment), if any should be complied in line of relevant CIL Manual and DOP.
- C. The payment has been suitably endorsed both on the running bill against which the part payment is made and in connected measurement book. The bill should also bear a certificate of the competent authority to the following effect:

"Certified that the pay/order made against the contractor's bill is to the best of my belief, as per agreement/WO of the amount billed for, after allowing for deductions on account of security deposit and value of materials issued if any and previous advance payment and that the payment made will be adjusted against the bill which is being checked" ..

An undertaking should be obtained from the contractor before the payment is actually made that if the amount of advance paid



to him be subsequently found to be more than the amount of the running account bill in respect of which the advance was paid, he will refund forthwith the amount overpaid. It is the personal responsibility of the officer concerned in work execution to see that advance is adjusted when payment is made on the running account bill in respect of which it was made and for any overpayment which may occur.

- D. When a bill is prepared for the work or supplies measured, every page containing the detailed measurement must be invariably scored out by a diagonal red ink line and endorsed as such like "Bill prepared." When the payment is made, endorsement must be made in red ink on the abstract of measurement giving a reference number and date on the voucher and endorsed "Bill paid". The accounts department will ensure that this has been followed and the accounts officer will be responsible to check these things in detail for each case. Each bill must be stamped as "passed for payment" or "cheque drawn" in the respective stages of work.
- E. If any final payment is made on running account the accounts department will see that the payee writes on the bill that the payment is in full settlement of all demands.
- F. Each bill must contain the respective accounts head code/SAP GL Code number to be given by the competent authority giving pay order. The accounts department should see that it has been correctly done.
- G. The accounts officer will ensure that tax deductions as applicable have been made in appropriate cases from the contractor's bill.

### **5.0.2 Mobilization Advance:**

- 1. Power to provide such advance should rest at Board level.
- 2. The amount of MA, interest to be charged, its recovery schedule should be explicitly stipulated in the tender document.
- 3. Interest free mobilization advance should be discouraged. If however the concerned Board feels it a necessity for interest free MA, it should be clearly stipulated in the tender document & its recovery should be time based & not linked to progress of the work.
- 4. In case of interest free MA a clause should be inserted in the TD that if the contract is terminated due to default of the contractor,



the MA should be deemed as interest bearing and the rate of interest should be prevailing rate at the time of issue of NIT.

5. BG should be 110% of the MA and its genuineness should be confirmed independently from the issuing bank.
6. Relevant format of the BG should be provided in the TD.
7. In case MA against machinery & equipment, insurance and hypothecation to the employer should be ensured.
8. The MA should not be paid in less than two instalments except in special circumstances for reasons to be recorded. Utilization certificate from the contractor for the MA should be obtained. Subsequent instalments should be released after getting satisfactory utilization certificate for the earlier instalment.
9. The latest circular of CVC

The above points are illustrative but not exhaustive and are subject to subsequent changes in the guidelines issued by the CVC and Civil Manual, from time to time.

### **5.0.3 Secured Advance:**

Where awarded value of the individual materials is known, advance payment to contractors against supply of materials can be made subject to following checks to be exercised before making payments.

- A. Terms of contract agreement should specifically permit such payment, and the agreement should have been executed only by a competent authority. The payment of advance should be proposed by the executing department as per terms of agreement and at the request of Contractor.
- B. The materials brought in should be duly inspected the inspection report should clearly specify that the quality & quantity of the said materials are as per specifications of the contract. Amount of advance should not exceed 75% of the value of the materials brought in.
- C. The claim for advance payment should have been accepted only by a competent authority and recommended in writing for making such payment.
- D. The deductions on account of security, adverse quality and short supply of material, adjustments of previous overpayment, if any, etc. must be deducted before making the payments.



### **5.0.1 Advance payments against MOU/other advance payment**

- A. Terms of MOU should specifically permit such payment, and the MOU should have been executed only by a competent authority.
- B. The proposal for payment of advance should be initiated by the executing department and be approved by Competent Authority as per DOP.
- C. Advance payment to be made after necessary deductions of statutory dues applicable time to time.
- D. The Utilisation certificate & adjustment of advance should be ensured as per terms of MOU.

### **6.0.1 Contractors Ledger/Account. Record will be maintained in SAP:**

1. The Ledger/Account/ Register mentioned under this para in the format prescribed are to be maintained in SAP. The same has to be ensured after discussion with SAP Team.
2. Pay order/Payment details will be maintained in SAP.
3. Work Order Register – It should be entered at the input of executing department, the access of which should be available in FICO.
4. Bill register will be maintained by the accounts office on the basis of bills received. Additional Columns, of Progressive Work Value and Document No. should be added. The register may have the following columns
5. Records of Earnest Money/ Security Deposit and the refund details/Conversion of EMD to security deposit will be maintained in register/SAP records.

### **6.0.2 Measurement book:**

Salient Features of Measurement Book:

- A. Quantities of work done as entered in the measurement book must be clearly traceable into the contractor's bill and a reference of the bill in which the work done has been entered, as well as the date of entry, shall be given in the measurement book.
- B. Underground and surface work to be paid on measurement should be measured weekly or fortnightly as per existing system.
- C. The measurement should be done by the surveyor overseer in the presence of Asstt. Manager/Engineer as the case may be,



- D. The measurement taken should be entered then and there in the book giving proper description Plan, reference etc.
- E. Entries should be in the ink. No overwriting should be made and all corrections should be initialed.
- F. Surveyor / Engineer / Engineer Asst. and others present should authenticate the measurement taken giving the date and time of measurement. The contractors or his /her representative(s) should be associated specially, at the time of final measurement book.
- G. Where measurement of a job is recorded in a number of measurement books, the first measurement taken after the commencement of the job and the final measurement taken after the completion of the job should be clearly written in the measurement book, in which such measurements are recorded, as 'First' or 'Final' as the case may be.
- H. In case of running jobs the page reference of the previous measurement should be indicated in the measurement books.
- I. In case of big jobs or jobs of capital nature, separate measurement book should be utilized so that the measurements of such jobs are recorded on a continuous basis.
- J. Measurement books printed by the company should be numbered and first page/cover should indicate the date of issue, number of total pages, the name of person to whom issued and signature of the officer-in-charge/manager. The pages should be serially numbered and no pages should be allowed to be left blank or removed. A register containing details of issues, completed books should be kept.
- K. Completed measurement books should be kept in the safe custody of the colliery manager and available readily for inspection, whenever charge is handed over to another manager. These documents should also be listed in the handing over report.
- L. The final measurement should be taken soon after the work has been completed. The colliery manager should ensure that in case, for any reason the final measurement of work done would not be taken soon after the completion of work, the reason for the same should be indicated in the measurement book which will be countersigned by the colliery manager.

The dealing assistant of Finance section will ensure that the quantities billed are in consonance of measurement recorded in the MB.