

KERALA STATE ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

No.1/1/KERC-2005/VI

Dated, Thiruvananthapuram 2nd April, 2005

In accordance with the provisions of Subsection (1) of Section 181 of the Electricity Act, 2003 (Central Act No.36 of 2003), the Kerala State Electricity Regulatory Commission here by makes the following Regulations, namely:-

CHAPTER I

GENERAL

1. Short Title and Commencement.- (1) These Regulations may be called the Kerala State Electricity Regulatory Commission (Accounting) Regulations, 2005.

(2) They shall come into force at once.

2. Definitions.-(1) In these regulations, unless the context otherwise requires,

(a) 'Accountant General' means Principal Accountant General (Audit) of Kerala who is the head of office of Audit and Accounts in the State subordinate to the Comptroller and Auditor General of India and who keeps accounts of the State and exercises audit functions in relation to those accounts on behalf of the Comptroller and Auditor General of India;

(b) 'Act' means the Electricity Act, 2003 (Central Act No.36 of 2003);

(c) 'Administrative Department' means the Power Department of Government of Kerala;

(d) 'Bank' means the State Bank of India, Pattom Branch, Thiruvananthapuram or any other bank authorized by the Commission;

(e) 'Chairperson' means the Chairperson of the Kerala State Electricity Regulatory Commission;

(f) 'Commission' means the Kerala State Electricity Regulatory Commission;

(g) 'Consolidated Fund' means the consolidated fund of the State of Kerala;

- (h) 'Delegation of Powers' means the authority to sanction expenditure delegated from time to time to the Secretary and other Officers of the Commission by the Chairperson;
- (i) 'Drawing and Disbursing Officer' (DDO) means the Accounts Officer or other Officer designated by the Commission to draw and make payment on behalf of the Commission;
- (j) 'Finance Department' means Finance Department of Government of Kerala;
- (k) 'Financial Year' means the year beginning on the 1st day of April and ending on the 31st day of March following;
- (l) 'Fund' means the State Regulatory Commission Fund;
- (m) 'Member' means a Member of the Kerala State Electricity Regulatory Commission;
- (n) 'Reappropriation' means the transfer of funds from one unit of appropriation to another unit;
- (o) 'State' means the State of Kerala;
- (p) 'Secretary' means Secretary of the Commission;
- (q) 'Treasury' means any Treasury of the State.

(2) Words or expressions occurring in these regulations and not defined herein shall bear the same meaning as in the Act.

CHAPTER- II

GENERAL GUIDELINES

3. General Principles.-(1) Funds placed at the disposal of the Commission shall be spent only for achieving the objectives and the administration of the Commission.

(2) No money shall be drawn unless it is absolutely necessary and immediately required for disbursement.

(3) The Cash and Accounts Section shall be kept distinct from each other and in no case shall the same person compile the accounts and handle the cash.

(4) All accounts, registers and records shall be maintained on the Computer and hard copy of the same shall be taken and maintained.

(5) Under no circumstances, shall any Officer/ Staff keep any private money or other bills in the Commission's cash chest.

(6) All corrections and alterations in accounts shall be neatly made in red ink and attested by the Accounts Officer. Similarly, the payee shall duly authenticate all corrections and alterations in a voucher. Erasures shall on no account be permitted in the registers, statements, vouchers or accounts of any description.

4. *Canons of Financial Propriety.*- (1) Every Officer of the Commission is expected to exercise the same vigilance in respect of expenditure incurred out of the funds generally as a person of ordinary prudence would exercise in respect of expenditure of his own money.

(2) The expenditure shall not be prima facie more than the occasion demands.

(3) No authority shall exercise its power of sanctioning expenditure or pass an order, which will be directly or indirectly to its own advantage.

(4) The amount of allowance, remuneration and concession granted for meeting expenses of a particular type shall be so regulated that they are not a source of profit to the recipient.

5. *Guidelines on Receipts and Payments.*- (1) All sums of money received by or on behalf of the Commission shall be initially remitted to a Bank Account maintained by the Commission and remitted to the State Regulatory Commission Fund maintained with the District Treasury, Thiruvananthapuram.

(2) All claims which are preferred and accepted shall be paid at the earliest possible date.

(3) Every expenditure/ payment of money should be conclusive only after going through the following stages:-

- (i) Submission of claims
- (ii) Disbursement of money after the claim is passed.
- (iii) Incorporation of transaction in the Commission's accounts.

6. *Custody of Accounting Records.*- (1) The Books of Accounts and other relevant records shall be kept at the Commission's Office.

(2) It is the responsibility of the Accounts Officer, to ensure that books of accounts and other relevant records are properly maintained and securely preserved in safe custody.

(3) No record of the Commission shall be removed out of the Commission's office without the written permission of the Secretary.

(4) When a member of the supporting staff in charge of custody of books of accounts and records is transferred, he shall prepare a list of books of accounts and records in quadruplicate and deliver the complete charge report along with copies signed by him and by his reliever to the Accounts Officer. One

copy shall be kept in the personal file of the supporting staff concerned and one in the account section.

7. Custody of Cash.- (1) Cash balance held in the Commission should not normally exceed Rs.10,000(Rupees Ten Thousand only) or such higher sum as may be decided by the Chairperson from time to time. The Cash held over and above the approved limit shall be remitted in to the Bank either on the day on which it was noticed or latest by the next working day.

(2) The cheques/pay orders/demand drafts/ warrant/credit notes or advises, etc; shall be remitted to Commission's account in the Bank on the same day on which they were received or latest by the next working day.

(3) Cash balance shall be checked physically by D.D.O once in a week.

(4) The DDO shall be responsible for ensuring that the Cash is kept securely under lock and key.

8. Guidelines for Regulating Expenditure.- (1) There should exist a specific budget provision.

(2) There should exist a general/specific sanction by competent authority authorising the expenditure.

(3) The expenditure should conform to specific aims and objects of the Commission and should be in conformity with the prescribed financial rules, regulations and procedures.

(4) The expenditure should be incurred with due regard to the canons of financial propriety mentioned above.

CHAPTER-III

MANAGEMENT OF FUNDS

9. Budgetary Control.- (1) It shall be the duty of the Secretary to ensure that the Budget Proposals are ready to reach concerned Government Departments on the due dates.

(2) The Budget heads shall be broadly classified according to Revenue and Expenditure under Major/ Minor/ Sub/ Detailed Heads as per the list in Schedule 1 to these Regulations.

(3) The Secretary after thoroughly scrutinizing different proposals should submit the Budget after approval of the Commission in respect of the ensuing year along with the required schedules and explanatory notes so as to reach the State Government before the stipulated date. The copies of the

Budget Estimates should be submitted to Government in proforma prescribed by the Government of Kerala.

(4) Not later than the 15th of March every year, the Commission shall provide the Government with quarterly break- up of grants required for the ensuing Financial Year, based on the estimated funds requirements under each Head for each quarter. Any change in the quarterly funds requirements estimates will be intimated to Government as and when the occasion to alter the forecast arises.

(5) While the Revised Estimate of a year is the estimate of probable expenditure based on the actual transactions recorded for earlier months that year ie from April to November, prima facie it is the best indication as to what the Budget Estimate of the coming year should be. Hence the Revised estimate should be prepared with great care.

(6) The Revised Estimate shall be accompanied by an Explanatory Note explaining the figures proposed against each head, comparing the actual expenditure recorded to date with those of previous years and justifying the proposed expenditure, particularly in those where the figures depart to a considerable extent from the sanctioned estimate for the year. The explanatory note should contain a justification in detail of the proposed expenditure for the ensuing year.

(7) Expenditure not covered in a Budget Estimate (unforeseen) depending on the merits, shall be incurred with the specified sanction of the Chairperson. Care should be taken to see that the entire Budget Estimate is not unduly affected.

(8) E.M.D/Security Deposit Collected in the form of D.D/Cash from Contractors/suppliers of Works/supplies should be deposited in term deposits for the Contract/Guarantee period. On successful completion of the Contract/Guarantee period, the proceeds of the deposits shall be refunded to the party and the interest earned shall be taken to Miscellaneous receipts account.

10. Reappropriation.- (1) Where considered necessary, reappropriation of funds from one detailed head to another may be made with the approval of the Chairperson subject to the following condition:

(2) No reappropriation from salary savings to other types of expenditure will be permitted.

(3) No reappropriation from amounts released for Capital expenditure to Revenue Expenditure will be permitted.

11. Responsibility of Drawing and Disbursing Officer.- (1) Grants from the Government shall be credited to the State Regulatory Commission Fund to be maintained with the District Treasury, Thiruvananthapuram. Power Department, Government of Kerala will release funds in two equal installments in the months of April and September respectively.

(2) The unutilised funds drawn during the Financial Year will be reduced in the subsequent year's Budget.

(3) No expenditure shall be paid unless supported by a sanction from a competent authority as per the Delegation of Financial Powers.

(4) D.D.O. on receipts of the allotment of funds from the Government of Kerala shall incur expenditure as per the prescribed rules and procedures. Withdrawal shall be made from the State Regulatory Commissions Fund as per requirement.

(5) Accounts Officer is designated as D.D.O. of the Commission. The accounts and related matters of the Commission will be attended to by the D.D.O.

(6) A statement of monthly expenditure shall be submitted to the Secretary every month before 10th of succeeding month.

(7) The ultimate responsibility for effective checks and control of the transactions rests with the Secretary.

(8) Before closing the account of a month, the D.D.O. should satisfy himself that the accounts for the month have been properly incorporated.

(9) Control over expenditure must be exercised with reference to the Budget as it stands from time to time.

12. It shall be the responsibility of the D.D.O. to work out the schedule of monthly expenditure prudently so that the whole expenditure is evenly spread through-out the year with out affecting the activities of the Commission. It shall be the responsibility of the D.D.O. to prepare the monthly accounts thereof and submit to Secretary on or before 10th of each month.

13. In order to keep a watch over expenditure, the DDO shall maintain proper registers for each primary units of accounts in which details should be entered such as allotment, expenditure incurred against each bill and progressive total after each disbursement and the balance.

14. Classification of Accounts.-(1) It is essential that the accounts of the Commission should be so maintained and the details recorded in full so that the initial records of payment, measurement and transaction in general are clear, explicit and selfcontained as to be producible, where necessary, as satisfactory and convincing evidence of facts.

(2) Accounts shall be kept in the same detailed Head of Account used for preparation of Annual Statement of Accounts/ Budget proposal.

CHAPTER- IV
MAINTENANCE OF ACCOUNTS AND RECORDS

15. Registers and Records.- (1) The Registers and Records to be maintained in the Cash and Account Section and the forms thereof shall be as may be specified by the Chairperson by order in writing, from time to time.

16. Bills.- (1) Every expenditure made should be presented for payment in the form of a bill. Bills should be classified into different categories like Pay Bills, T.A. Bills, Contingent Bills, *etc.*

(2) Before a bill is passed for payment, the Account Officer shall ensure that the following details are shown on the bills:

- (i) The minor/ detailed head of Account to which the expenditure relates,
- (ii) The amount available under concerned minor/ detailed Head of Account on date.
- (iii) The balance that would be left after payment of the bill is made.

(3) This information should be incorporated on the bills by means of a suitable rubber stamp. When payments are made to the parties, their acquittances/Money receipts should be obtained. In case where the payee is not present in person suitable authorisation should be obtained before payment.

17. Pay Bills.- (1) Pay Bills of the establishment shall be signed and passed by the DDO. Cheque for payment shall be issued by the Secretary. In the cash book, the gross amount should be entered on the credit side and the amount of recoveries made from the pay bill on account of G.P.F. Income Tax, recovery of advance, *etc;* are to be entered on the debit side.

(2) The schedules on account of recovery of G.P.F., Income Tax and such other recoveries payable to Government/other departments should be attached to the pay bills so as to ensure payments to the concerned department.

18. T.A. Bills.- (1) The T.A. Bills of the staff and the Officers shall be prepared in such forms as may be specified.

(2) TA Bills of the Chairperson and Members shall be admitted for payment by the DDO on self certification. TA Bills of the Secretary shall be admitted on the countersignature of the Chairperson while TA Bills of the other officers, consultants and staff shall be admitted with the countersignature of the Secretary.

(3) While countersigning the TA Bills it must be ensured that the charges are admissible and justified by the circumstances of the case and that the individual monetary limit is not exceeded and the journey for which the bills has been preferred is justified having regard to the purpose of journey, date of travel and mode of transport.

(4) Charges on account of traveling allowances should be billed immediately during the following month.

(5) If an advance had been taken for meeting the expenses of the travel, it should be adjusted within one month of the completion of the date of the return journey.

CHAPTER-V MAINTENANCE OF ACCOUNTS

19. Submission of Accounts.- (1) At the end of each financial year, the D.D.O. shall submit the Annual Statement of Accounts to the Commission, through the Secretary for submission to the Principal Accountant General (Audit) before 30th June of the following year. The Statement of accounts shall be in such form as prescribed by the State Government in consultation with the Accountant General.

(2) All vouchers for payment should bear the dates of payment and amount in both words and figures. The disbursement certificates are to be given on all vouchers.

(3) The classification of account should be recorded on each payment voucher.

(4) In the matter of accounting and for control of expenditure, the nomenclature of the account heads as prescribed in the budget from time to time should be strictly followed.

CHAPTER-VI ACCOUNTING OF STORES

20. Stores.- (1) The term 'stores' refer to all articles and materials purchased or acquired for use in Commission's office including office equipments, furniture and fixtures, computers, etc.

21. Purchase of stores.- The purchase of stores may be as per the Store Purchase Regulations issued by the Commission.

22. Receipts of Stores.- All stores received should be examined and verified with reference to the specification at the time of taking delivery and should be taken in charge by the designated officer for the purpose here in after

called the Officer. The Officer should see that the stores are of requisite quality and quantities thereof and are correct and record a certificate to that effect on the back of the respective invoice in duplicate. He should also give a certificate that he has actually received the materials and recorded in the concerned stock register.

23. Issue of Stores.- When materials are issued from stock for office use, the Officer should examine the requisitions duly authorized/ authenticated, and issue the materials after obtaining written acknowledgement from the person to whom they are ordered to be issued.

24. Custody of Stores.- The Officer should take special care for arranging safe custody of stores for keeping them in good and efficient condition and for protection against loss, damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores.

25. Accounting of stores.- The Officer should maintain suitable account, inventory and prepare correct returns in respect of stores in his charge with a view to preventing loss through theft, accident, fraud or otherwise and making it possible at any time to check the actual physical balance with the book balance and the payment to suppliers, etc.

26. Physical verification of stores.- (1) A physical verification of stores items should be made at the closure of each accounting year by the officer authorized by the Secretary.

(2) A certificate of verification of stores with its results should be recorded on the verification sheets, which should be submitted to the Secretary by 30th June each year. On the basis of the annual store verification return, the Chairperson shall take appropriate action to deal with the cases of shortages, damages, unserviceable/obsolete stores, etc., after fixing up responsibilities or otherwise as the case may be.

27. Scrutiny of bills for purchase of stores.- The bills of purchase of stores should be scrutinized before the payment in order to ensure that:

- (a) The relevant supply of stores is as per the supply order issued,
- (b) The bills are supported by inspection and contain quality and quantity,
- (c) The rates conform to the purchase order,
- (d) The payment to be made should strictly conform to the terms and conditions of purchase order and the stores have been delivered as stipulated in the purchase order,

- (e) For each payment, suitable entries have been made in the concerned purchase order to avoid double payment of the bill,
- (f) For stores obtained by postal parcel, the postal receipt or the outer cover of the parcel are to be retained in support of the bill towards payment of postal charges,
- (g) The bills are supported with a stock entry certificate.

CHAPTER-VII

USE OF VEHICLES

28. Use of Vehicles.- (1) The Chairperson and every Member of the Commission shall be provided with official vehicles for official use.

(2) The Private Secretaries to the Chairperson/Member shall be provided with an imprest of a suitable amount for the purchase of petrol/ diesel and shall be responsible for ensuring that the amount claimed for purchase of petrol/diesel has been actually used for that purpose and used in the vehicle.

(3) A Vehicle History Book shall be maintained by the CAs/Private Secretaries to the Chairperson/Member in respect of each vehicle. The CA/Private Secretary shall enter therein the details of the repairing work undertaken and the spare parts used and shall be passed by the DDO with a certificate being recorded thereon by the CA/Private Secretary that the necessary entries in relation thereto have been made in the Vehicle History Book. All repairs exceeding Rs.10,000/- may be got approved by the Commission in advance. The Chairperson may, as circumstances warrant order that repairs exceeding a certain value have to be certified by a Motor Vehicle Inspector before being accepted for payment.

(4) Vehicles may be hired for other official use in the Commission's Office. The vehicle taken on hire shall be hired on the basis of an all inclusive charge, including the cost of petrol/ diesel, maintenance, *etc.*, and the provision of a driver.

(5) The Private Secretaries/CAs shall also ensure the proper upkeep of records relating to the vehicle like Road Permit, Tax Token, Insurance Policy, Registration Certificates, *etc.*, and ensure that their renewals on the due dates are arranged.

(6) Old and unserviceable vehicles may be disposed of to the best advantage of the Commission in accordance with the procedure laid down in the relevant Rules of the Government.

(7) For any procedure not covered in this chapter, the Chairperson is competent to issue instruction.

CHAPTER – VIII AUDIT AND INSPECTION

29. Inspection.- The Secretary shall inspect at least once in a year the Cash/ Accounts Branch of his/her office and record his/her findings with regard to maintenance of books of accounts and records in order to assess the smooth/efficient working of the office. The Secretary may also require any other officer of the Commission to conduct such an inspection at such intervals as he/she may deem fit.

30. Physical Verification.- (1) In keeping an account of the stores assets of the Commission and their safe custody, all care shall be taken by the Officer to ensure that loss or damage does not occur due to negligence of any staff. The Officer shall verify the stores periodically but not less frequently than once a month and shall record a certificate of the result of the inspection.

(2) All discrepancies/shortage arising out of normal cases like natural deterioration or depreciation shall be quantified and placed before the Commission for writing off.

(3) If the shortage noticed in monthly verification is due to the negligence of the employee, the loss on that account is to be recovered from the employee concerned.

31. Internal Audit.- (1) Internal audit as an aid to the efficiency of financial control may be entrusted to a firm of Chartered Accountants.

(2) The purpose of internal audit, as an independent function outside the function of accounts keeping, is to ensure that:

- (i) the accounts of the Commission truly represent the facts;
- (ii) all transactions having a financial effect are in accordance with the rules and the procedures laid down from time to time;
- (iii) the initial records like cash book, store registers, other records, etc.; are as far as possible, maintained correctly and up-to-date; and

- (iv) the expenditure conforms to the general principles of financial propriety.

(3) It shall be the duty of the Internal Auditor to suggest steps so that the Commission may take appropriate action not only to rectify an irregularity or an impropriety but also tighten up the procedures so as to prevent its recurrence.

32. Annual Accounts.- The Annual Statement of Accounts of the Commission is to be submitted to Accountant General in the proforma prescribed by the Government of Kerala in consultation with the Accountant General, latest by 30th September of each year.

CHAPTER- IX

33. Power to amend.- The Commission reserves the right to amend/change these Regulations as and when necessary for efficient performance of its functions under the Act keeping in view the accounting standards and practices in vogue.

34. Power to remove difficulties.- If any difficulty arises in giving effect to any of the provisions of these Regulations, the Chairperson may, by general or special order, do anything not being inconsistent with the provisions of the Act, which appears to be necessary or expedient for the purpose of removing the difficulties.

35. Power to dispense with the requirements of the Regulations.-The Chairperson shall have the power, for reason to be recorded in writing and with notice to the affected parties, dispense with the requirements of any of the Regulations in specific cases subject to such terms and conditions as may be specified.

36. Extension or abridgment of time prescribed.- Subject to the provisions of the Act, the time prescribed by these Regulations or by order of the Chairperson for doing any act may be extended (whether it has already expired or not) or abridged for sufficient reason by order of the Chairperson.

37. Effect of non-compliance.- Failure to comply with any requirement of the Regulations shall not invalidate any proceeding merely by reason of such failure unless the Chairperson is of the view that such failure has resulted in miscarriage of justice.

SHEDULE – 1

(ANNEXE TO KERALA STATE ELECTRICITY REGULATORY COMMISSION (ACCOUNTING) REGULATIONS 2005.)

LIST OF REVENUE EXPENDITURE HEADS:

I. REVENUE HEADS

1. Grant from State Government
2. Grant from any outside agency/ organisation.
3. Receipts from other sources.
 - a) Cost of Bids.
 - b) Bids processing fee.
 - c) Interest on Deposits
 - d) Sale of Tender Forms.
 - e) Miscellaneous Receipts.
 - f) Fees on applications or petitions.
 - g) Fines & Penalties
 - h) Deposit Received
 - i) Sale of Newspapers

II. EXPENDITURE HEADS

Establishment Expenses

- 1) Salary
 - a) Chairperson & Members
 - b) Secretary
 - c) Staff
- 2) Wages
- 3) Contribution to Provident Fund
- 4) Travelling Expenses
- 5) Medical Expenses
- 6) LTC
- 7) Perquisites
- 8) Pension/ Leave Salary contribution
- 9) Allowances & Bonus
- 10) Staff welfare expenses
- 11) Advance
 - a. T.A. Advance
 - b. Festival Advance

- c. Salary Advance
- d. House Building Advance
- e. Car/Scooter Advance
- f. Advance to Suppliers/Contractors

Office Expenses

- 12) Rent for Building
- 13) Telephone Charges
- 14) Postage
- 15) Stationary
- 16) House Keeping Charges
- 17) R & M of Office Equipments
- 18) Advertisement/Publicity.
- 19) Conveyance
- 20) Electricity & Water Charges
- 21) Books & Periodicals
- 22) Professional & Legal Charges
- 23) Vehicle maintenance
- 24) Consultation fees
- 25) Miscellaneous Office Expenses
- 26) Hire Charges – Furniture
- 27) Training Expenses-Seminar/Workshops
- 28) Membership & Subscription
- 29) Bank Charges
- 30) Sales Tax
- 31) Security Expenses
- 32) Deposit paid

Office Setup Expenses

- 33) Advance Rent
- 34) Telephone Deposit
- 35) Computer & LAN
- 36) Office Machines/Equipment
 - a) Xerox machine
 - b) Fax machine
 - c) Calculators
 - d) Steel Almirah
 - e) Telephone/EPABX
 - f) Water Purifier
 - g) A.C's & Fans

- 37) Furniture & Fixtures
- 38) Office Cars & Vans
- 39) Interior Decoration/Furniture.

Receipts Remitted to Govt.

- 35).....
- 36).....
- 37).....

SCHEDULE – II

**(ANNEXE TO KERALA STATE ELECTRICITY REGULATORY
(ACCOUNTING) REGULATIONS 2005)**

LIST OF REGISTERS TO BE MAINTAINED IN CASH AND ACCOUNT SECTION

- 1) Cash Book
- 2) Ledgers
- 3) Pay Acquittance Roll
- 4) Register of Salary Deduction
- 5) Register of Festival/Medical/T.A/Salary/Other Advances.
- 6) Register of Deposits
- 7) Register of Telephones
- 8) Register of Assets
(Appliances/Vehicles/Furniture & Fixtures/Other office equipments)
- 9) Register of Bills
- 10) Register of Fees
- 11) Vehicle History Book (to be maintained by the PA's to concerned officers)
- 12) Any other Register as required
 - a)
 - b)
 - c)

