



Government of Odisha  
Finance Department  
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No. 21228 (5) /F.,  
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Date 22.06.13

From

Shri J. K. Mohapatra, I.A.S.  
Additional Chief Secretary to Govt.

To The Principal Secretary to Government,  
Housing & Urban Development Department/  
Water Resources Department/  
Rural Development Department/ ✓  
The Commissioner-Cum-Secretary to Government,  
Energy Department  
The EIC-Cum-Secretary to Government,  
Works Department.

Sub: Discontinuance of the revised procedure for keeping security deposit  
of Contractors in a separate Bank Account with effect from 1<sup>st</sup> July, 2013.

Sir,

I am to say that the Principal Accountant General ( A & E ) Odisha in the Report on annual review of the working of Public Works Divisions in Odisha for the year 2011-12 has observed that the revised procedure for keeping security deposit of contractors in Bank Account put in place by Works Department Circular No.17164/W dated 26.09.2006 (copy enclosed) suffers from the following deficiencies :-

- 1) It violates Para 22.4.17(b) of CPWA Code which requires that all vouchers in support of payment to contractors should be submitted along-with the monthly accounts.
- 2) The debit in the Cash Book and corresponding credit to the Bank Account is only a technical debit because receipt of the payee is wanting. In terms of public works accounting procedure, the security deposits should have been kept in the Major Head - 8443 - Civil Deposit - 108 - Works Deposit - Cash Deposit of contractors (Para 15.2.5 of CPWA Code) till final liquidation of liability to the contractor by way of refund of the Security Deposit.
- 3) There are also other infirmities like absence of clear procedure regarding lapsed deposit, procedure to be followed for imposition of defect liability and the treatment of interest on such deposits.
- 4) An amount of ₹ 177.79 crore was kept outside Government account by the Divisions as at the end of 2011-12.

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- 5) The report emphasized on the need for adoption of correct procedure in terms of the CPWA Code.
2. In keeping with the codal provisions and observations of the Principal Accountant General ( A & E ) Odisha, it has been decided to discontinue the revised procedure for keeping the Security Deposit in a separate Bank Account and revert back to the procedure prevailing prior to issue of the revised procedure by Works Department on 29<sup>th</sup> September, 2006.
3. Therefore, the Public Works Division and Irrigation Projects are to follow the following procedure with regard to Security Deposit with effect from 1<sup>st</sup> July, 2013.
- i) The balance available in the Bank Account till 30.06.2013 pertaining to Security Deposit except the interest accrued will be brought back to the Government Account and credited to the Head of Account "8443-Civil Deposit-108-Public Works Deposit- 1661-Deposit of Engineering Organisation-91093-Security Deposits".
  - ii) The interest accruals in the Bank Account till 30.06.2013 should be brought to the Government Account under the Head of Account "0075-Miscellaneous General Services-800-Other Receipts- 0097-Miscellaneous Receipts-02082-Miscellaneous Other Receipts".
  - iii) From 01.07.2013 onwards all Security Deposit deducted from Works Bill should be credited to Head of Account "8443-Civil Deposit-108-Public Works Deposit- 1661-Deposit of Engineering Organisation-91093- Security Deposit" in the accounts of the concerned Public Works Division/Irrigation Project.
  - iv) Refund of Security Deposit will be made from the Head of Account "8443-Civil Deposit-108-Public Works Deposit- 1661-Deposit of Engineering Organisation-91093- Security Deposit" as per the codal provisions.
4. The Heads of Departments, Divisional Officers and Financial Advisers & Chief Accounts Officers of the Irrigation Projects may be instructed to follow the procedure outlined in the Paragraph – 3 above.

Yours faithfully,



Additional Chief Secretary to Govt.