

# KARNATAKA ELECTRICITY REGULATORY COMMISSION

## NOTIFICATION

THE 20<sup>TH</sup> NOVEMBER 2000

In exercise of the Power conferred on it by Section 56 of the Karnataka Electricity Reform Act 1999(Act 25 Of 1999) and all powers enabling it in that behalf, Karnataka Electricity Regulatory Commission hereby makes the following Regulations namely :-

### **KARNATAKA ELECTRICITY REGULATORY COMMISSION (ACCOUNTING) REGULATIONS 2000.**

#### CHAPTER – I

#### GENERAL

##### 1. Short Title and Commencement:

- a. These Regulations may be called the **KARNATAKA ELECTRICITY REGULATORY COMMISSION (ACCOUNTING) REGULATIONS , 2000.**
- b. These shall come into force from the date of their publication in the Official Gazette.
- c. 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.

##### 2. Definitions:

- a. In these regulations, unless the context otherwise requires:
  - i. 'Accountant General' means Principal Accountant General (Audit) of Karnataka 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.
  - ii. 'Act' means the Karnataka Electricity Reform Act, 1999 (Act 25 of 1999)
  - iii. 'Administrative Department' means the (Energy Department) of Government of Karnataka.
  - iv. 'Bank' means the STATE BANK OF MYSORE, Dr.Ambedkar Veedhi Branch, Bangalore. or any other bank authorized by the Chairman.
  - v. 'Chairman' means the Chairman of the Karnataka Electricity Regulatory Commission.
  - vi. 'Member' means a Member of the Karnataka Electricity Regulatory Commission.
  - vii. 'Commission' means the Karnataka Electricity Regulatory Commission.
  - viii. 'Consolidated Fund' means the Consolidated Fund of the State of Karnataka.

(ix) '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 Chairman.

(x) '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.

xi. 'Finance Department' means Finance Department of Government of Karnataka.

(xii) 'Financial Year' means the year beginning on the 1<sup>st</sup> day of April and ending on the 31<sup>st</sup> day of March following.

(xiii) 'Fund' means the funds of the Commission.

(xiv) 'Reappropriation' means the transfer of funds from one unit of appropriation to another unit.

(xv) 'State' means the State of Karnataka.

(xvi) 'Treasury' means any Treasury of the State.

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

## CHAPTER – II

### GENERAL GUIDELINES

#### ( 3 ) General Principles:

- a. Funds placed at the disposal of the Commission shall be spent only for achieving the objectives and the administration of Commission.
- b. No money shall be drawn from the Bank unless it is absolutely necessary and immediately required for disbursement..
- c. The Cash and Accounts sections shall be kept distinct from each other and in no case shall the same person compile the accounts and handle the cash.
- d. All accounts, registers and records shall be maintained on the Computer and hard copy of the same shall be taken and maintained..
- e. Under no circumstances, shall any Officer/Staff keep any private money or other vouchers in the Commission's cash chest.
- f. All corrections and alterations in accounts shall be neatly made in red ink and attested by the Accounts Officer. Similarly, all corrections and alterations in a voucher shall be duly authenticated by the payee. Erasures shall on no account be permitted in the registers, statements, vouchers or account of any description.

#### ( 4 ) Canons of Financial Propriety:

- a. 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.
- b. The expenditure shall not be prima facie more than the occasion demands.

- c. No authority shall exercise its power of sanctioning expenditure or pass an order which will be directly or indirectly to its own advantage.
- d. 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 Payment:**

- a. All sums or moneys received by or on behalf of the Commission shall be remitted to Government every quarter to detailed Head 0801 – 01 – 800 -.0 – 01. However receipts for particular items of expenditure (for example grant from PFC for computerisation etc.) will be utilized by the Commission for such expenditure.
- b. All claims which are preferred and accepted shall be paid at the earliest possible date.
- c. 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:**

(a) The Books of Accounts and other relevant records shall be kept at the Commission's Office.

(b) 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.

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

(d) 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 Accounts Section..

#### **7. Custody of Cash:**

- a. Cash balances held in the Commission should not normally exceed Rs.10,000/- or such higher sum as may be decided by the Chairman from time to time.
- b. The DDO shall be responsible for ensuring that the Cash is kept securely under

lock and key.

#### **6. Guidelines for Regulating Expenditure:**

- a. There should exist a specific budget provision.
- b. There should exist a general/specific sanction by competent authority authorizing the expenditure.
- c. 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.
- d. The expenditure should be incurred with due regard to the canons of financial propriety mentioned above.

### **CHAPTER – III**

#### **MANAGEMENT OF FUNDS**

##### **6. Budgetary Control:**

- a. It shall be the duty of the Secretary to ensure that the Budget Proposals are ready to reach the concerned Government departments on the due dates.
- b. 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.
- c. 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 end of December. The copies of the budget Estimates should be submitted to Government in proforma, prescribed by the Government of Karnataka.
- d. Not later than the 15<sup>th</sup> of March every year the Commission will provide Government with a quarterly break-up of grants required for the ensuing Financial Year, based on the estimated funds requirement under each Head for each quarter. Any change in the quarterly funds requirement estimates will be intimated to Government as and when the occasion to alter the forecast arises.
- e. While the Revised Estimate of a year is the estimate of probable expenditure based on the actual transactions recorded for earlier months of that year, prima facie it is the best indication as to what the Budget Estimate of the coming year should be. Hence the Revised Budget should be prepared with great care
- f. The Revised Estimate will 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 cases 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.
- g. No new charge may be included in the Budget until sanctioned by the Commission.

##### **10. Reappropriation.**

Where considered necessary, reappropriation of funds from one detailed head to another may be made with the approval of the Chairman subject to the following conditions:

- a. No reappropriation from salary savings to other types of expenditure will be

permitted ;

- b. No reappropriation from amounts released for Capital expenditure to Revenue

Expenditure will be permitted;

### **11. Responsibility of Drawing and Disbursing Officer.**

- a. Grants received from Government are to be first drawn on Grant-in-Aid Payees' receipts signed by the Secretary of the Commission and countersigned by the Chairman of the Commission. The amount released from Government will be initially credited to the Deposit Account of the Commission maintained with the District Treasury Bangalore (Urban). Government will release funds once at beginning of every Quarter based on the quarterly funds requirement estimate provided by the Commission. The Commission will transfer funds to its Account with a Bank.
- b. The unutilized funds drawn during the Financial Year will be reduced in the subsequent years Budget.
- c. No expenditure shall be paid unless supported by a sanction from a competent authority as per the Delegation of Financial Powers.
- d. D.D.O. on receipt of the allotment of funds from the Government of Karnataka shall incur expenditure as per the prevailing rules and procedures. The mode of withdrawal shall be by way of issuing cheques on State Bank of Mysore or any other Bank as specified by the Commission.
- e. 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.
- f. A statement of monthly expenditure shall be submitted to the Secretary every month before 10<sup>th</sup> of the succeeding month.
- a. The ultimate responsibility for effective check and control of the transactions rests with the Secretary.
- b. Before closing the account of a month, the DDO should satisfy himself that the accounts for the month have been properly incorporated.
- c. 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 .DDO to work out the schedule of monthly expenditure prudently so that the whole expenditure is evenly spread through-out the year without affecting the activities of the Commission. It shall be the responsibility of the .DDO to prepare the monthly accounts thereof and submitted to secretary on or before 10<sup>th</sup> of each month.

**13.** In order to keep watch over expenditure, the D.D.O. shall maintain proper registers for each primary unit 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:**

- a. 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 self contained as to be produceable, where necessary, as satisfactory and convincing evidence of facts.
- b. Accounts will be kept in the same detailed Head of Account used for preparation of Annual Statement of Expenditure/Budget proposal.

## **CHAPTER – IV**

### **MAINTENANCE OF ACCOUNTS AND RECORDS**

#### **15. Registers and Records**

The Registers and Records to be maintained in the Cash and Accounts Section and the forms therefor shall be as may be specified by the Chairman by order in writing, from time to time

#### **16. Bills:**

- a. Every expenditure made should be presented for payment in the form of a bill, Bills should be classified into different types like Pay Bills, T.A. Bills, Contingent Bills, etc.,
- b. Before a bill is passed for payment, the Accounts 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.

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

#### **17. Pay Bills:**

- a. Pay Bills of the establishment shall be signed and passed by the D.D.O. who will issue a cheque for payment. 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 in the debit side.
- b. 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 enclose payments to be concerned department.

#### **18. T.A.Bills:**

- a. The T.A.Bills of the staff and officers shall be prepared in such forms as may be specified.
- b. TA Bills of the Chairman 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 Chairman while TA Bills of the other officers, consultants and staff shall be admitted with the countersignature of the Secretary.
- c. While countersigning the T.A.Bills it must be ensured that the 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, days of travel and mode of transport.
- d. Charges on account of traveling allowances should be billed immediately during the following month.
  - e. 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**

### **MAINTAINANCE OF ACCOUNTS**

#### **19. Submission of Accounts:**

- a. At the end of each financial year, the D.D.O. shall submit the Annual Statement of Expenditure to the Commission for submission to the Principal Accountant General (Audit). within three months from the close of the said financial year.
- b. 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.
- c. The classification of account should be recorded on each payment voucher
- d. 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:**

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:**

- a. Purchase of stores must be made in the most economical manner in accordance with the definite requirement of the office. Ordinarily stores should not be purchased in retail but shall be purchased in wholesale by preferring periodical indents. Care should be taken not to purchase stores much in advance of actual requirements.,
- b. Indents should not be split up to avoid the need for obtaining sanction of higher authority having regard to the total amount of the orders.

#### **22. Receipt of stores:**

All stores received should be examined and verified with reference to the specifications at the time of taking delivery and should be taken in charge by the Manager. The Manager 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 Manager of the stores 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 Manager should take special care for arranging their safe custody, 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 Manager 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:**

- a. A physical verification of stores items should be made at the closure of each accounting year by the officer authorized by the Secretary.
- b. A certificate of verification of stores with its results should be recorded on the verification sheets which should be submitted to the Secretary by 30<sup>th</sup> June each year. On the basis of the annual store verification return, the Chairman 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 for purchase of stores should be scrutinized before the payment in order to ensure that:

- a. the relevant purchase order has been checked with reference to the quotations of the firms.
- b. the bills are supported by inspection and receipt certificate.
- c. the rates are as per the purchase order.
- d. the payments 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 – VIII**

### **USE OF VEHICLES**

## **28. Use of Vehicles:**

- a. The Chairman and every Member of the Commission shall be provided with official vehicles purchased and owned by the Commission. They will be entitled to provision of petrol for the use of such vehicles on the rules and orders applicable for the time being to High Court Judge.

- b. The Private Secretaries to the Chairman/Member shall be provided with an imprest of a suitable amount for the purchase of petrol and shall be responsible for ensuring that the amount claimed for purchase of petrol has been actually used for that purpose and used in the vehicle.
- c. A Vehicle History Book shall be maintained by the Private Secretaries to the Chairman/Member in respect of each vehicle. The Private Secretary shall enter therein the details of the repairing work undertaken and the spare parts shall be passed by the DDO with a certificate being recorded thereon by the Private Secretary that the necessary entries in relation thereto have been made in the Vehicle History Book. The Chairman may, as the circumstances warrant order that repairs exceeding a certain value have to be certified by a Motor Vehicles Inspector before being accepted for payment.
- d. The Secretary, and such other officers of the Commission as are at the discretion of the Chairman, provided with vehicles, shall ordinarily be provided only with vehicles taken on hire. This condition may be relaxed, in suitable circumstances, by the orders of the Chairman. The vehicles taken on hire shall be hired on the basis of on all inclusive charge, including the cost of petrol, maintenance etc and the provision of a driver.
- e. The Private Secretaries 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.
- f. Old and unserviceable vehicles may be disposed of to the best advantages of the Commission in accordance with the procedure laid down in the relevant Rules of Government.
- g. For any procedure not covered in this chapter, the Chairman is competent to issue instruction.

## **CHAPTER – IX**

### **AUDIT AND INSPECTION**

#### **29. Inspection:**

The Secretary shall inspect atleast once in a year the Cash/Accounts Branch of his office and record his 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 may deem fit.

#### **30. Physical Verification**

- a. In keeping an account of the stores/` assets of the Commission and their safe custody, all care shall be taken by the Manager to ensure that loss or damage does not occur due to the negligence of any staff. The Manager shall verify the stores periodically but not less frequently than once a month and shall record a certificate of the result of the check.
- b. All discrepancies/shortages arising out of normal causes like natural deterioration or depreciation shall be quantified and placed before the appropriate authority for writing off.
- c. If the shortages noticed in monthly verification is due to the negligence of the employee, a proposal shall be prepared and placed before the appropriate authority for recovery from the concerned.

### **31. Internal Audit**

- a. Internal audit as an aid to the efficiency of financial control can be entrusted to a person to work under the direct control of the Secretary. Where found advisable, internal audit may be entrusted on the orders of the Chairman, to a firm of Chartered Accountants.
- b. 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) that all transactions having a financial effect are in accordance with the rules and procedures laid down from time to time.
    - (iii) that the initial records like cash book, store registers, other records, etc. are as far as possible, maintained correctly and up-to-date.
  - i. That the expenditure conforms to the general principles of financial propriety.
- a. It shall be the duty of the Internal Auditor and suggest steps so that the Commission may take appropriate action not only to rectify an irregularity or an impropriety but also to 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 Karnataka in consultation with the Accountant General , Karnataka, latest by 30<sup>th</sup> April of each year.

## **CHAPTER - X**

### **33. Power to remove difficulties:**

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Chairman 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.

### **34. Power to dispense with the requirement of the Regulations:**

The Chairman 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.

### **35. Extension or abridgment of time prescribed:**

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

### **36. 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 Chairman is of the view that such failure has resulted in miscarriage of justice.

## SCHEDULE – 1

( ANNEXE TO KARNATAKA ELECTRICITY REGULATORY COMMISSION ( ACCOUNTING) REGULATIONS 2000.)

### LIST OF REVENUE AND EXPENDITURE HEADS:

#### **I . REVENUE HEADS :**

1. Grant from State Government.
2. Grant from P.F.C.
3. Receipts from other sources.
  - a. Cost of Bids.
  - b. Bids processing fee.
  - c. Interest on Deposits.
  - d. Grant from PFC.
  - e. Sale of Tender Forms.
  - f. Miscellaneous Receipts.
  - g. Processing Fee.
  - h. Licensing fee.
  - i. Fines & Penalties.

#### **II . EXPENDITURE HEADS:**

##### Establishment Expenses:

##### 1) SALARY a)Chairman & Members.

- b) Secretary.
- c) Staff..

2) Traveling Expenses.

3) Medical Expenses.

4)Perquisites.

4) Reimbursement of Electricity Charges.

- a. K.P.C. Ltd.,
- b. K.P.T.C.Ltd.,

5) Pension Leave Salary contribution

- c. K.P.C.Ltd.,
- d. K.P.T.C.Ltd.,
- e. State Government.
- f. Other Departments.
- g. Salary Deductions.
- h. Advance T.A.
- i. Advance Festival.

- j. Advance Salary.
- k. Other Est. Advances.

**Office Expenses:**

- 6) Rent for Building.
- 7) Hire Charges for Computers.
- 8) Telephone Charges
- 9) Postage.
- 10) Stationery.
- 11) Hire Charges for Computers.
- 12) House Keeping Charges.
- 13) R & M of Office Equipments.
- 14) Advertisement/Publicity.
- 15) Conveyance.
- 16) Electricity & Water Charges.
- 15) Books & Periodicals.
- 16) Professional & Legal Charges.
- 17) Vehicle maintenance.
- 18) Consultation fees.
- 19) Office Expenses.
- 20) Hire charges – Furniture.
- 21) Training Expenses.
- 22) Membership & Subscription.
- 23) Bank Charges.
- 24) Sales Tax.
- 25) Security Expenses.
- 26) Office Expenses.

**Office Setup Expenses.**

- 27) Advance Rent.
- 28) Telephone Deposit.
- 29) Computer & Lan.
- 30) Office Machines Equipment.

- a. Xerox machine
- b. Fax Machine.
- c. Calculators.
- d. Steel Almirah.
- e. Telephone/EPABX.
- f. Aquaguard.
- g. A.C's & Fans.

31) Furniture's & Fixtures.

32) Office Cars & Vans.

33) Interior Decoration/Furniture.

33) Receipts remitted to Government.

## **SCHEDULE - II**

(ANNEXE TO KARNATAKA ELECTRICITY REGULATORY COMMISSION ( ACCOUNTING )  
REGULATIONS 2000)

### **LIST OF REGISTERS TO BE MAINTAINED IN CASH AND ACCOUNT SECTION:**

1. Cash Book.
2. Ledgers.
3. Pay Acquittance Roll.
4. Register of Salary Deductions.
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 License fee and other fees.
11. Vehicle History Book (to be maintained by the PA's to concerned officers)
12. Any other Register is required

**R. SRIDHARAN, I.A.S**  
**Secretary to Commission**  
**K.E.R.C.**