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Important Circular No. 73**

No. A/III/13637/018/2009-2010

Dated 16 .06.2011

To,

All Regional PCsDA/CsDA/Addl. CsDA/JCsDA (By Name)

**Subject :- Implementation of Monthly Pay System of PBORs- Defence Salary
Package.**

Under the existing procedure of audit and accounting of the IRLAs, debit/credit items adjustable in the IRLAs are first quarterly adjusted through the DO-II and thereafter summary of the adjustments made in the IRLAs is prepared through system, which is known as Abstract of the Receipts and Charges. This is compiled quarterly. In this procedure, Service Heads are compiled quarterly. Even in the case of PBORs discharged/invalided out etc from the service, final settlements of the accounts are also adjustable in the quarterly summary against the debits of the 018/65.

2. For existing procedure the Ledger groups of PAO concerned are responsible for the preparation of the quarterly summary of IRLAs and the total figures for each group will be furnished to the Central Control Section by the 20th of the month following the accounting quarter. The figures for the PAO as a whole will be consolidated in the Central Account Section and the abstract of the receipts and charges will be prepared as indicated below :-

- I. Opening Balances :- The opening credit balance will be adjusted by debit to the field deposits. The opening debit balance will be adjusted by credit to field deposits.
- II. Credit Side :-
 - (a) Pay and allowances will be debited to the service (pay) heads concerned.

(b) Miscellaneous credit will be debited to the service heads concerned or to the remittance head, if any.

(c) Amounts credited in the IRLAs on the IRLAs on account of unpaid FAMOs will be compiled by debiting the relevant service head.

III. Debit Side :-

Field advances, advances of pay recovered with reference to pay books, R.O. Advances, family allotments and final settlement money orders will be credited to the Suspense Head 0/018/65.

3. Now the PAO (ORs) which have switched over 100% IRLA to MPS or are under the process of MPS are presently making net payment of Pay and Allowances. The following Accounting procedure may please be followed for.

4. The MPS is purported to afford direct credit to the Bank accounts of the PBORs and real-time booking of the Service Heads. Thus, in the case of MPS, based on the entitlements of the Pay and Allowances, provisional payments, as worked out through system, are credited in the Bank accounts of the PBORs by issue of Defence Cheques. Since payments are made to PBORs in the IRLAs by operating Defence Cheques, the Cheques and Bills should be the strictly controlled figures in order to reconcile all payments debited in the IRLAs and to avoid any attempt of fraudulent payments. Presently, in the monthly Pay Slip of the PBORs, MPS payments are being reflected as 'Credit to Bank'. These payments are adjustable in the IRLAs quarterly against the actual entitlements of the PBORs.

5. As per Para 165 of OM-X Vol-I, while preparing Abstract of Receipts and Charges, the closing credit/debit balances of the last quarter are brought forward, and taken as opening balances. This procedure ensures reconciliation of adjustments made in the IRLAs and the number of Master on the system of PAOs (ORs). ***Thus in the PAOs(ORs) the entire audit and accounting procedure is summary based.*** Similar procedure needs to be meticulously followed in the case of MPS adjustments also.

6. All the elements of the Pay and Allowances of PBORs are being taken into account by the DDP/EDP Centre for working out monthly entitlements. For maintaining uniformity in working out MPS payments, elements of the pay of regular nature, mandatory deductions, and credit/debit items adjustable in the IRLAs like Dearness

Allowance, Adhoc bonus etc through system may be taken into account. The Audit-I Section may identify such adjustments. The monthly entitlements through system are required to be worked out in such a way that element of each item credited to the accounts of the PBORs is distinctly know for the purpose of correct classification.. Taking into account the closing balances for the last quarter, the monthly summary of the payments may be broadly classified as follows :

Opening Balance		Credit Items	Debit Items	Pay in Bank Account of PBOR through Cheque	Closing Balance	
Credit	Debit				Credit	Debit
1	2	3	4	5	6	7

7. Payments to the PBORs under column 5 of the above format will be the resultant effect of the opening/closing debit/credit balances taking into account the items adjusted under column 3 and 4. The balances under this column must agree with the entitlements worked out by the EDP Centre. In the case of PAOs (ORs) in which 100% MPS has been implemented, it will be ensured that the opening credit/debit balances of the monthly summary of adjustments agree with the closing balances of IRLAs of the last quarter. The difference between the two will indicate Masters Missing on the system. The same will be reconciled before making payment. The opening/closing balances will be strictly watched for the consecutive months of the quarter. In this way, payments of the three months of a quarter will be made successively. The Pay in the Bank Accounts in the PBORs will be made by operating Class-I Voucher as per extant procedure, as under:

(i)Cheques and Bills (CB)	(+) Receipts
(ii)Relevant Service Heads	(+) Charges
(iii)Field Deposits	(+) Charges

8. Confirmation of the credit to the accounts of the PBORs will be watched from the Bank(s). An account of un-credited items of Pay and Allowances under e-payments will

be properly maintained and credited to code head 00/020/96 as Minus Charges by debiting Cheques and Bills. The payment of the uncredited items, if made by the banks through credit scrolls, will be taken into account while reconciling the MPS payments as explained in Para 12. For reconciling uncredited items, the uncredited items of Pay and Allowances erroneously credited by the Banks in favour of the CsDA through MROs will also be taken into account. The Accounts Section of the Controllers' Offices also needs to be issued suitable instructions in this regard.

9. At the time of closing of quarterly IRLAs, the Pay and Allowances credited to the Bank Accounts of the PBORs under MPS will be adjusted in the quarterly summary, as mentioned above, as advance payments. While generating Quarterly Statement of Accounts, the payments made in the three successive months of the quarter are to be reflected as advance payments so long as the procedure of the monthly closing of the IRLAs is adopted. In order to identify the payments in the system under MPS and to reflect such payments in the summary distinctly, the EDP Centre understandably would have made suitable systemic changes. While compiling the quarterly summary, the Service Heads already adjusted in the MPS will be deducted from the quarterly summary and balance amounts of the relevant heads will accordingly be compiled. The detail procedure can be explained from the example enclosed as Annexure 'A' to this letter.

10. While compiling quarterly summary, MPS payments under column 5 will be compiled as deduction to relevant Service Heads and accordingly net Service Heads will be compiled. Since all PAO(ORs) are aware of adjustment of the Abstract of Receipts and Charges, an example to explain compilation need not necessary.

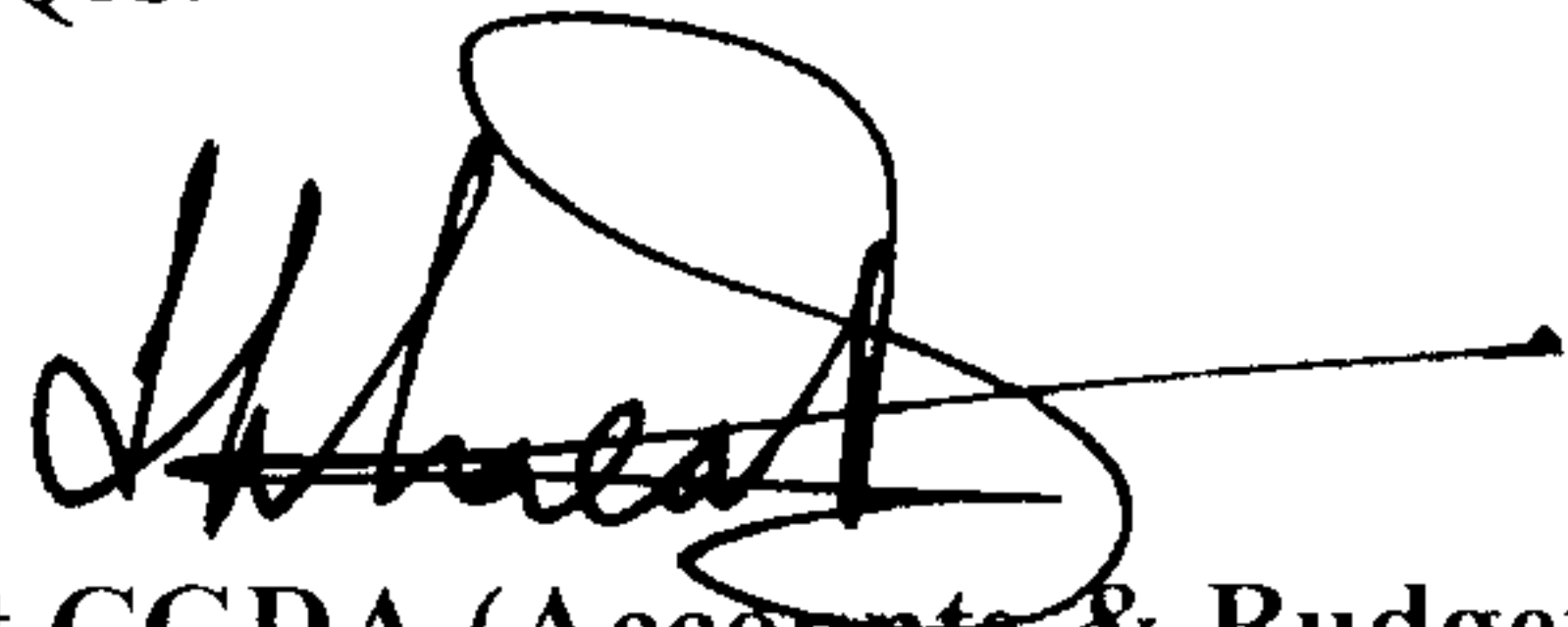
11. In the case of PAO (ORs), **which are in the process of implementing MPS** will prepare and compile monthly summary in similar manner. In this case, it shall have to be ensured by the PAOs(ORs) that the opening balances of the IRLAs under MPS + IRLAs under Acquittance Rolls agree with consolidated total of the closing balances for the last quarter. The adjustment of MPS payments in the quarterly Abstract of Receipts and Charges will be made in similar manner and accordingly compiled.

12. Reconciliation of MPS Payments adjusted in the IRLAs

In the MPS, in the absence of monthly closing of IRLAs, the payments credited to the accounts of the PBOR, are akin to advance payments, being made on Acquittance

PAOs(ORs) in respect of code head 018/65. With a view to ensure that all payments credited to the Bank accounts of the PBORs under MPS have been debited in the IRLAs, a proper reconciliation would be necessary with the quarterly figures of Abstract of Receipts and Charges. Quarterly reconciliation is required to be carried out with reference to the MPS figures adjusted in the IRLAs, as reflected in the quarterly summary and amounts of the Cheques and Bills authorizing monthly payments, and uncredited items treated during the quarter.

The Audit instruction in respect of Implementation of Monthly Pay System of PBORs will be issued by the Audit-I Section of this HQrs.


Jt.CGDA (Accounts & Budget)

Copy to:-

1. All Other Controller

For information

2. Audit-I Section (Local)

w.r.t their UO No. AT/I/3510/MPS dated
18/08/2010 & in continuation of this section
UO No. A/III/13637/018/09 dated
12/11/2010.

Please arrange to issue the necessary Audit instructions if any for implementation of Monthly Pay System of PBORs for the purpose of maintaining uniformity by the PAO (ORs) for working out payments under MPS.


Jt.CGDA (Accounts & Budget)

Annexure 'A'

- (i) Suppose, the quarterly summary compiled for the month of 11/2010 is as under:

Amount in lakhs

Opening Balance		Credit Items	Debit Items/deductions	Closing Balance	
Credit	Debit			Credit	Debit
1	2	3	4	6	7
100	-	450	450	100	

- (ii) While preparing summary for 12/2010, 01/2011 and 02/2011 under MPS, the credit/debit balances of the last quarter and balances of the consecutive months will be watched and reconciled. Suppose, payment for three months under MPS is made as under:

Amount in lakhs

Month	Opening Balance		Credit Items	Debit Items/deductions	Pay in Bank Account of PBOR through Cheque	Closing Balance
12/2010	100*		150	50	150	50
01/2011	50**		150	50	100	50
02/2011	50**		150	50	130	20
Total					380	

* Balance of the previous quarter

** Closing balance for the last month

- (ii) After adjustment of DOs-II and adjustments of the MPS payments, quarterly summary for the quarter 02/2011, if generated through system, would be as under:-

Opening Balance		Credit Items	Debit Items/deductions	Pay in Bank Account of PBOR through Cheque	Closing Balance	
Credit	Debit				Credit	Debit
1	2	3	4	5	6	7
100*	-	600***	200***	380	120**	

* Balance of the previous quarter, as shown in (i) above

** Will be treated as opening balances for the next quarter.

*** The credit/debit items would naturally be more due to adjustments of DOs-II through system