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## PART IV

### CUSTODY OF MONEYS RELATING TO OR STANDING IN THE GOVERNMENT ACCOUNT.

#### Cash Balance in Treasuries.

*Note :*     *The money held in Treasury is usually divided into two parts viz:*

- (i)           The treasury balance which forms part of the Government Account; and
- (ii)          The currency chest balance which consists partly of currency and Bank notes which are treated as not in circulation and partly of coin and One rupee notes which form a portion of the reserve held against the issue of notes in accordance with the provision of the Reserve Bank of India Act., 1934.

Money held in small coin depot, where such depot is located at a Treasury, is kept entirely separate from the treasury and currency chest balance. The Procedure of the custody and verification of balance in small coin depots is regulated by the provision of Rules 101 to 104.

#### *Security of strong rooms*

**88.**        The following shall regulate the security of strong rooms –

- (i)        Without the special permission of the Government, no place should be used as a strong room unless it is first certified to be secured and fit for use as such by an officer of the Public Works Department not below the grade of an Executive Engineer.

In certifying to the suitability of the room, the inspecting officer mentioned in clause (i) may prescribe any necessary conditions as to the manner of storing the coins or treasury, such as that it should not be piled on trestles but must be kept in boxes or that no bags or boxes be placed within a prescribed distance of the wall or in any particular part of the room. The inspecting officer must specially examine the condition of any of the enclosing walls which are so situated that they are not, on the outside, under observation of the guard.

- (ii) Existing strong room should be inspected annually by the Executive Engineer, or by an experienced Assistant Engineer, or an Upper Subordinate holding sub-divisional charge, deputed by the Executive Engineer for the purpose.

*Note* : The inspecting officer will grant a certificate of safety and it is the duty of the Treasury Officer to obtain a certificate annually.

- (iii) The District Superintendent of Police should record an order prescribing the positions of the sentries and may also require any additional precautions to be taken in the strengthening of fastenings, burning of lights, etc., but the responsibility for the security of the building and its textures shall remain with the Executive Engineer and that for the security of the chests and other treasury furniture not forming part of the building or fixtures, with the officer in charge of treasury.
- (iv) A copy of the inspecting officer's certificate and of the District Superintendent of Police order should be hung in a conspicuous place within the strong room. It is the duty of the Treasury Officer to see that any conditions as to the manner of storage stated in these documents are complied with.
- (v) The doors and the windows of the strong room must remain permanently closed and locked, except during the time necessary for moving coin or other valuables into or out of it. The Treasury Officer must be personally present during the whole time between the opening and shutting of the strong room.

As an exception to this rule, the opening of shutters may be permitted during office hours, in an aperture which is otherwise barred, if it is necessary for the admission of light, air to any other part of the building, provided that coin or valuables remain securely packed under lock and key.

### *Custody of Padlocks and Keys of Strongrooms*

**89.** (1) The following shall regulate the custody of duplicate keys of treasury strong rooms and chests: –

- (i) A register of all padlocks belonging to the district treasury and sub-treasuries and treasure chests should be maintained in the following form and kept in the strong room of the district treasury.

Separate pages should be assigned to the district treasury and for each sub-treasury or treasure chest. Each sub-treasury should also keep a list of its own padlock and keys in the above form, no entries being made under duplicate keys as no duplicate keys are to be kept as sub –treasuries.

*Form*

Date of receipt	Number borne by padlock & Keys	Number of duplicates received	Initials of the Treasury Officer who receives keys or padlocks	Date of removal of padlock, key or keys or both	Number & date of order sanctioning the removal	Initials of Treasury Officer removing Padlock key or keys or both.
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- (ii) Every padlock should have a number impressed upon it or attached to it by a metal or other label and the same number should be impressed on or attached to each key belonging to it. No. two padlocks in the same district should bear the same number.
  - (iii) If a padlock becomes unserviceable or ceases to be required or if any one of the keys of the keys belonging to it is lost, the circumstances should be reported to the Government who will pass orders regarding the disposal of the padlock and keys. No padlock, of which a duplicate key has been lost, should continue to be used in the same district. No spare padlocks should be kept at sub-treasury, or except with the permission of the Government at a district treasury
  - (iv) No local mechanic should every be allowed to repair a treasury padlock or to make a new key for one.
  - (v) All spare padlocks which are held in the district treasury with the approval of the Government and their keys and all duplicate keys except those belonging to the locks of the district treasury strong room door, should be kept in the district treasury strong room under

double locks, the key of one lock being in the hands of the Treasury Officer and of the other in the hands of the Treasurer. The duplicate keys of strong room should be secured under the seal of the Treasury Officer and the Treasurer and deposited in the District Court or such other place as the Government may direct. Once a year, in the month of April, they should be sent for, examined and returned to the appointed place under fresh seals of the Treasury Officer and the Treasurer, a note being made in the duplicate key register that they have been examined and found correct.

- (vi) Whenever the charge of a treasury is transferred or a Treasurer is changed, all padlocks and duplicate keys belonging to the treasury should be examined and compared with the register, and a certificate signed that they have been found to be correct.

(2) The above provisions may be modified in particular points to suit local convenience under the special orders of the Government. The essential point which should be borne in mind in sanctioning any modification of above provisions are:-

- (i) some person or persons should be held definitely responsible for the custody duplicate keys;
- (ii) the whereabouts of the keys should be enquired into periodically and also whenever charge is transferred ;
- (iii) when the lost of a key is discovered , it should be reported at once to the Government, who should issue such orders as will prevent the risk of access to the lock of any one into whose hands the lost key may have fallen; and
- (iv) an unnecessary number of duplicate or spare locks and keys should not be supplied in the first instance or retained when they have ceased to be required.

(3) At every inspection of a treasury under Rules 63, the inspecting officer shall report whether he has found the padlocks and all keys (except the duplicate keys of the strong room locks deposited elsewhere) correct and deposited in accordance with the rules.

### *Storing of Treasury*

90. (1) The following are authorized method or storing coins and notes in the strong rooms:-

- (i) Coin should be made up in bags of uniform size each containing Rs. 100, Rs. 500, Rs. 1,000 or Rs. 2,000 as is estimated to be most convenient for local conditions, but one of these sizes must be selected and adhered to. A slip in Form **T.R. 5** showing the description and tale of the contents and signed by the person who has counted and examined them should be placed in each bag. The bags should then be tied up with strings.

*Note :* Notes should be made up in bundles of 100 each of each denomination, any balance of less than 100 forming a separate bundle. Each bundle should then be stitched with a label in Form T. R. 6 at the top, showing the denomination and number of the notes and signed by the person by whom they have been counted and examined.

- (2) Coin may be stored in either of the following ways :-

- (i) In bags of uniform contents, placed in strong iron boxes or safes or wooden chests or built recesses or wells, each of which has two independent locks, both of which must be opened before access is obtained to the contents. One of the keys should remain in the charge of the Treasurer, the other in that of the Gazetted Officer in charge; or
- (ii) In bags of uniform content piled upon trestles, but this method is not admissible unless every door, window, drain, skylight, ventilator, or other aperture in the walls of the strong room is so closed as to prevent the insertion of any rod or instrument within the room.

- (3) Coin may also be stored temporarily in boxes prepared for remittance in the manner prescribed in Rule 445.

- (4) All notes should be stored separately from coin in a tin box or other receptacle designed to protect them from damp, insect, etc., They should be kept in bundles of not more than 100 notes each, each bundle containing notes of one denomination only.

*Precaution against substitution of good coins by uncurrent or Counterfeit coin*

**91.** To guard against the risk of uncurrent or counterfeit coin being substituted in a treasury for good coin presented by the public or received in remittance, shroffs and potdars or other subordinate officials who handle coin in treasuries must, on arrival for the day's work, give up to the Treasurer or a responsible subordinate to whom the Treasurer may entrust the duty all coin carried with them at the time. This coin should be restored when the men are leaving office at the close of the day's work.

*Custody of Treasury balance.*

**92.** Save as provided in this rule, the bulk of the treasury balance must remain under double locks, one key being held by the Treasury Officer and the other by the Treasurer.

The Treasurer may hold in his separate custody a sum sufficient for the convenient transaction of Government business which together with the values of stamps, opium, etc. in his sole custody must not be larger than the security given by him. The sum so held shall be seen and roughly and verified by the Treasury Officer every night and locked up in the strong room under double locks.

**93.** The following provisions must be carefully observed in receiving money into or giving out from double locks :-

- (i) In receiving coin into double locks, the Treasury Officer should cause the contents of each bag to be emptied into the scales, weighed and poured into another bag which should be tied up in his presence with the slip in form T.R.5 placed inside it. The bags thus tested should then be counted into the chest.
- (ii) In receiving notes into double locks, the Treasury Officer should count the notes in each bundle and satisfy himself that the notes are all of the alleged value, that is, that a note of a lower denomination has not been included in a bundle for a higher denomination, and sign the label in Form T.R.6 on the top as a token of this verification. The bundle thus tested should then be counted into the Chest.

In the case of fresh notes of the denomination of Rs.10 and Rs. 5 received in a remittance from the Currency Officer the detailed check may be confined to one bundle in every ten taken at random.

- (iii) Notes may be given out of double locks by counting the number of bundles.
- (iv) Small coin may be given out of double locks by counting the number of bags.
- (v) Every amount passed into or passed out of double locks should be registered at the time in the Treasurer's daily balance sheet ( Form T.R.3) by the Treasury Officer with own hand and a memorandum should be kept in each chest showing its contents
- (vi) Money arriving from a distance too late in the day for examination may be kept in sealed bags under double locks but only until the next working day the fact being recorded in the register of valuables mentioned in Rule 65.

**94.** As an alternative arrangement a separate register in Form T.R.7 may be maintained for recording in detail the transactions in connection with the issues from and deposits into double lock when this is desired by the Officer-in-charge of any individual treasury, and he is satisfied that such transaction are numerous and that a separate record is convenient and desirable. Each transaction in this register shall be initialed at the time by the Treasury Officer and the Treasurer but the corresponding entries in Treasurer's daily balance sheet may be made by the Treasurer. The Treasury Officer's register shall be kept in the strong room and at the end of each day, the Treasury officer shall carefully check and attest by his initials the double lock entries in the Treasurer's daily balance sheet by comparison with those in his own book.

## **Verification of Cash Balance**

### *General Procedure*

**95.** In verifying the cash balance of district treasury, the collector or, such other officer as may be authorized to undertake this work shall satisfy himself, by personal examination, that the actual stock of coin and notes corresponds with the balances whom in the Treasurer's balance sheet (Form T.R.3) and that the conditions laid down in clause (ii) of Rule 36 are fulfilled.



**96.** The following procedure shall be adopted in verifying the cash balance by actual counting :-

- (i) Small coins – The verifying authority may adopt any method of verification which he thinks satisfactory but he must remember that he is personally responsible for the correctness of the balance stated by him. He should occasionally count the bags and examines their contents, but it is not essential to do so each month.
- (ii) Notes – All notes of denomination above Rs. 100 must be personally counted by the verifying officer. For notes of lower denomination, a few notes at the top of each bundle may be folded back and the rest of the notes in each bundle counted by assistants; the verifying officer will then see in the case of each bundle whether the addition of the notes folded back to the number already counted and marked, make up the whole alleged number of the bundle

The clerks or assistants engaged should not be person responsible for the correctness of the bundle and the verifying officer should satisfy himself that the notes in the bundle are all of the alleged value that is for example, that a ten rupee notes is not counted as one of a fifty – rupee note bundle.

*Note : These rules should be printed and posted on a board and hung up in the strong room in a conspicuous place.*

**97.** On the first day of each month, the Treasury Officer shall send a telegram to the government intimating (1) the treasury balance on the last day of the preceding month without any details as to the denomination of notes or kind of coins, and (2) the net amount, if any, credited or debited under the head. Reserve Bank Deposits in the accounts for the preceding month. No Telegram is necessary in case the detailed cash balance report itself would reach the Government by the third of the month. :-

Treasuries rendering accounts to the Accountant General, shall send the telegram to that officer instead of to the Government.

*Note :* In respect of balances in a sub-treasury working under a district treasury of a State, the telegram will be sent by the Treasury Officer in-charge of the district treasury.

### *Cash Balance Report.*

**98.** On the first working day of each month a detailed Cash Balance Report shall be dispatched to the Government in whose jurisdiction the treasury is situated, a copy of the report being at the same time sent by Treasury Officer to the Accountant General concerned.

**99.** The report shall be prepared in Form T.R.8 which, save under the circumstances specified in rule 39 must be signed by the Collector with a certificate that he has personally verified the several details of coin and notes held, Whether it agrees with the account or by any chance disagrees; the report must state the literal facts and include the balances of the several sub-treasuries on the last dates for which their returns have been included in the account of the district treasury.

*Note 1 :* For treasury the cash business of which is conducted by the Bank, the report may be modified as shown in Form T.R.8 Such reports should show the details of balances at non-bank sub-treasuries only.

*Note 2 :* When verification of cash balance takes on a date other than the first of month, it should be reported to the Government in the usual form of the Cash Balance Report.

*Note 3 :* In respect of balance in a sub-treasury working under a district treasury, a separate cash balance report will be rendered by the Treasury, Officer in charge of the District Treasury.

**100.** The total balance must be stated in words and its distribution between the District Treasury and Sub-Treasuries shall be exhibited so as to show the amounts held in notes and coins. The amount of notes/coins of each denomination/ kind must be shown separately. In the case of the balance at the District Treasury, the amounts under double locks and under Treasurer's single locks and under Treasurer's single lock shall also be noted separately.

### **Balances in small coin depots Custody and Verification**

**101.** The provisions of Rules 88 to 94 shall apply also to storage and custody of coin held in small coin depots located at treasuries; provided that where a depot located at State Treasury, the procedure for safe custody of coin held in such a depot may be such as may prescribed by the State Government after consultation with the Account General.

The Reserve Bank is responsible for the safe custody of coin in small coin depots at Currency Offices and at branches of the State Bank of India.

**102.** (1) The balances on the 31<sup>st</sup> March and 30<sup>th</sup> September of the depots located at District Treasuries shall be verified by the Collector and the result of the verification re-reported in the cash balance reports of those months. When the Collector is absent from the station and is unable to conduct the verification in person the balances may be verified by the officer who signs the accounts under Rule 39 or by any other Gazetted Officer deputed by the Collector for the purpose.

(2) The numbers of boxes and bags of each class of coins shall be counted at the time of verification and it must be seen whether the seals on the boxes or bags are intact. The contents of two per cent of the bags or boxes shall be verified by actual counting.

*Note : In the case of depots located elsewhere then are the headquarters of the District, the verification may be conducted, if the Collector is unable to verify the balance, by the Gazetted Officer nominated by him and, if a Gazetted Officer is not available, by the Sub-Treasury Officer.*

**103.** The balances small coin depots located at Currency Offices will be verified by an officer of the Reserve Bank at convenient intervals. The State Bank of India will conduct the verification in the case of depots located at its branches subject to the right of the Government to make independent verification, if and when necessary, either through its own officers or with assistance of Reserve Bank.

**104.** No report of verification need be made to the Accountant General but a certificate in such form as may be prescribed by the Comptroller and Auditor-General, of verification of the balance in each small coin depot will be furnished to the Account General in April every year in respect of the last verification conducted in the preceding financial year.