

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Posting of officials of State Accounts Department for accounting and audit functions in various departments – Issue of guiding principles for all departments – reg.

Read:

1. Observation/direction of the Hon'ble High Court of Karnataka while hearing the Writ Petitions No.19567 – 19571/2009 on 12.9.2012.
2. Proceedings of the meeting dated 24.9.2012 chaired by Chief Secretary to Government.
3. Memo submitted by the Advocate General, Karnataka before the Hon'ble High Court of Karnataka, on 30.09.2012.
4. U.O.Note No.DPAR 148 SRD 2012 dated 18.10.2012, received from Department of Personnel & Administrative Reforms (Service Rules).

Preamble:

The accounting and audit functions in various departments are carried out traditionally by the officials of State Accounts Department posted on deputation to those departments. For enabling such deputation of the State Accounts Department officials with appropriate skills and experience, the Cadre & Recruitment (C & R) Rules of those departments earmark the account and audit functions related posts for the officials of State Accounts Department only. These arrangements have been put in place as a policy to ensure separation between implementation and finance related functions.

2. The above arrangements were changed by certain departments by amending their C & R Rules to fill up certain posts by promoting their own officials instead of earmarking for the State Accounts Department officials. During 2008, the Rural Development and Panchayat Raj Department framed C & R Rules for Panchayat Raj Engineering Department wherein all the posts in the cadres of Accounts Superintendents, First Division Accounts Assistants and Second Division Accounts Assistants which were earmarked hitherto for the

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State Accounts Department officials are to be filled up by promoting the staff of Panchayat Raj Engineering Department itself. This was challenged by the aggrieved staff of State Accounts Department before the Karnataka Administrative Tribunal vide Application No.2671/2008 and other related applications. They came to be dismissed vide order dated 5.6.2009. The said order was challenged by them before the Hon'ble High Court of Karnataka in Writ Petition Nos 19567-71/2009. In the context of differing approaches followed by various departments in provision of the staff for accounting services and challenge of such actions in the Writ Petitions, Hon'ble High Court directed the Government to resolve the matter.

3. After examining all aspects of the case and after consulting all concerned in this case the Government proceeds to issue the following orders.

Government Order No.FD 304 SAD 2011

Bangalore, dated 30.10.2012

Under the circumstances explained in preamble, the Government hereby frames the following guidelines to be implemented by all departments with a view to ensure proper maintenance of the accounts of the state government.

- a. As far as possible, separation between implementation and accounting functions should be maintained.
- b. State Accounts Department should continue to provide staff with required skills and experience to various departments for their accounting and audit needs.
- c. Senior staff for accounting and audit functions in various departments at senior levels (Group A and B gazetted posts) must be sourced exclusively from State Accounts Department.
- d. Even for the accounting and audit staff in various departments at junior levels, the pre-dominant mode should be the sourcing from State Accounts Department.
- e. A moderate number of posts at junior levels (Second Division Account Assistants, First Division Account Assistants and Account Superintendents) relating to the accounting functions not

exceeding 50% of the total posts at these levels may, however, be earmarked for officials of the concerned departments for filling up through promotion provided they have the required skills and experience. There should not be any direct recruitment of the staff for accounts related posts in these departments so as to avoid potential stagnation problem for such staff. However the exact earmarking for the concerned department within the limit will be decided by the Cadre Review Committee headed by Additional Chief Secretary in consultation with Finance Department.

- f. The skills, experience and training required for promotion of the officials to the accounts related posts in various departments should be the same as prescribed by State Accounts Department for its own employees at those levels. C & R Rules of the concerned departments opting for the option at "e" above should be amended accordingly and kept aligned with C&R Rules of State Accounts Department.
- g. State Accounts Department should assist other departments opting for option "e" in training their account related staff as well as in imparting basic accounting skills to the general staff.
- h. If any department has an exceptionally large need for accounting staff at junior level, e.g., 2500 posts of Second Division Account Assistants sanctioned for Gram Panchayats in the year 2010, such exceptional needs may be met from department specific recruitment after ascertaining non-availability of State Accounts Department employees from Finance Department. However, State Accounts Department should assist the concerned department in training such personnel.
- i. The amendment carried out by RD & PR in year 2008 to C&R Rules of Panchayat Raj Engineering Department should be changed to limit the earmarking of the account related posts for the departmental officers as per the principles suggested above. The staff becoming surplus due to such new limit may be posted to Zilla or Taluka Panchayats or may be continued in their present posts in Panchayat Raj Engineering Department itself till their retirement.

j. The flexibility available in C&R Rules of Zilla Panchayats for account related posts should continue.

2. The government departments must ensure that the existing C & R Rules of their departments should be amended in accordance with the above guiding principles. Further, any proposal for framing or for amending the Cadre & Recruitment Rules of the government departments must strictly adhere to these guiding principles and the same should be followed scrupulously.

BY ORDER AND IN THE NAME OF THE
GOVERNOR OF KARNATAKA


(N.LAKSHMANA)

Under Secretary to Government,
Finance Department(Admn & Advances)

To

The Compiler, Karnataka Gazette, Bangalore.

Copy to:

- 1) The Principal Accountant General (A&E), Karnataka, Bangalore
- 2) The Advocate General, Karnataka, High Court Buildings, Bangalore.
- 3) All Principal Secretaries/Secretaries to Government.
- 4) All Heads of Departments/The Additional Secretary, DPAR (Service Rules).
- 5) The Controller, State Accounts Department, Bangalore.
- 6) All Joint/Deputy Secretaries in Finance Department
- 7) The Cabinet Section w.r.t. Subject No. 629/2012 dated 18.10.2012