

A.C. Meshra

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## CASH BOOK, ITS MAINTENANCE AND WRITING

- ◆ Cash means – legal tender coins, notes, cheques and bank drafts payable on demand and deposit at call receipts of scheduled banks. A small supply of revenue stamps is also a part of the cash balance.
- ◆ Postage stamps, cheques and demand drafts not in favour of self, service books, deposit receipts of banks (in the name of contractors and not in favour of Panchayat) not encashable at call do not fall within the scope of definition of cash and are not as such entered in the cash book.
- ◆ Purchase or sale of revenue stamps is nothing more than conversion of one form of cash into another. Hence no entry in the cash book.
- ◆ The cash book is the primary and most important record for keeping accounts of moneys received and payments made. All Panchayats shall maintain cash book in the prescribed form (Exhibit-I shown in Module-V).
- ◆ The cash books shall be bound and pages machine numbered.
- ◆ All transactions, whether in cash or by cheque shall be entered in chronological order in the cash book as soon as they occur and attested by officer in-charge of cash book of the Panchayat. On the left hand side of the cash book, all moneys received in cash, by cheques, bank drafts, etc. shall be entered while on the right hand side all payments by cash or cheques shall be recorded. (A cheque issued outside the headquarters is entered in the cash book on return to headquarters)
- ◆ Payments are made usually by cheque. It is also permissible to draw money by cheque to replenish cash.
- ◆ Payments made in cash are entered in the cash column of the cash book. Payment by cheque is entered in the bank column of the cash book. Receipts

in cash or by cheque are entered in the cash book in the cash or bank column respectively.

- ◆ The cash book shall be closed daily/regularly and completely checked. The totalling of cash book columns shall be verified by the competent authority or have this done by some responsible subordinate other than the writer of the cash book who shall initial it as correct. The cash shall be physically verified and note kept in cash book. Surprise check of cash in hand shall also be conducted.
- ◆ The difference between the receipts and payment shall represent closing balance both in cash and bank columns.
- ◆ At the end of each month, the officer in-charge of the cash book designated by the Panchayat shall verify physically the cash balance as per cash book and record dated certificate to this effect.
- ◆ Entries regarding remittances of receipts to the accredited bank/ treasury for credit to Panchayat's Account shall be attested by the competent authority after verifying them with reference to the bank's receipt recorded on the pay-in-slip or challans. When the credit appears in the receipt scroll from the bank/treasury plus and minus memo, the actual date of realization of the cheque or bank draft shall be indicated against the original entry in the cash book so as to keep track of outstanding items.
- ◆ An eraser or over-writing of an entry once made in the cash book is strictly prohibited. If a mistake is discovered, it shall be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The competent officer shall initial every such correction and invariably date his initials.

- ◆ The closing balance as per cash book shall be compared with the balances as per bank account/statement/treasury pass book and a monthly reconciliation statement drawn up on the last working day of the month.
- ◆ Cash, cheque, drafts, etc. shall be kept in safe custody in cash chest or almirah.
- ◆ At the time of transfer of the cashier or the officer in-charge of cash book proper handing over of cash balances shall be made under the dated signature. A note to this effect shall be kept in the cash book
- ◆ Use of Panchayat receipts for Panchayat expenditure is prohibited. If it is considered expedient to make use of receipts for current expenditure, before the end of the month cheque should be drawn by transfer credit to Panchayat.
- ◆ If the cheque is not presented and its currency expires, a new cheque issued in lieu of this cheque shall not be entered in the cash book. A note will, however, be kept in red ink.
- ◆ The amount of cheque drawn to replenish cash chest is entered on both sides of the cash book.
- ◆ In the case of grant of temporary advance or imprest in cash or by cheque, only a note will be kept in red ink. For imprest by cheque, entries as explained above will also be made.
- ◆ When the account of temporary advance is adjusted, the actual disbursement shall be recorded on the payment side and a note made in red ink on the receipt side about adjustment of temporary advance.
- ◆ On receipt of imprest account, amount expended is paid out of cash chest or by means of a cheque to the imprest holder to recoup his imprest. Entries are made in the cash column or bank column respectively on the payment side.
- ◆ On receipts of imprest account, if imprest is desired to be increased amount expended will be shown on payment side as recouped and are entry made in the cash book regarding increasing of imprest. (The imprest holder will be give cash on account of adjustment plus the difference as a result of increase).
- ◆ On receipt of imprest account if imprest is desired to be decreased, amount expended will be shown on payment side as recouped. On the receipt side a note regarding decrease of imprest would be given. (The imprest holder will

be paid cash on account of adjustment less by the amount on account of decrease of amount of imprest).

- ◆ If for increase or decrease, recoupment is made by cheque, entry in the cash book will be on receipt side as well as payment side for the cash from bank in addition to processes given above.
- ◆ Dishonoured cheque returned by bank will be reversed by minus entry.
- ◆ Cash found excess to be entered on the receipt side and found short to be shown on the payment side.
- ◆ Posting of transactions in cash book is illustrated in Exhibit A-VI. Another exercise is also given and may be attempted by the trainees.

### Bank reconciliation

It is generally seen that the bank balance shown by the cash book does not tally with the balance reported by the bank. A bank reconciliation statement is drawn up to reconcile the bank balance shown in the cash book with the balance reported in the bank pass book. The reconciliation statement generally starts with balance as per bank pass book. The starting point could be the balance as per cash book as well. The various factors due to which the balance as per pass book and the cash book differ are:

- (i) Cheques issued but not presented for payment.
- (ii) Cheques deposited but not credited (delay due to collection).
- (iii) Interest credited by the bank.
- (iv) Bank charges debited by the bank.
- (v) Cheques directly deposited.
- (vi) Error or omission on the part of the bank.

Monthly bank reconciliation statement is illustrated in Exhibit B-VI.

*AC Mishra*

AC MISHRA  
Sr. AO, Odisha (R)  
Ajmer, BSR

NB - In respect of other offices the word "Panchayat" wherever it appears may be omitted.

..... Panchayat  
Cash Book of ..... for the month of April

RECEIPTS							DISBURSEMENTS												
Date	No. of item(s)	Particulars of Receipts, challans, cheques, etc.	Amount (Rs.)				Classification	Date	Vr. No.	Particulars	Amount (Rs.)								
			Cash	Try. PL A/c	Bank	Total					Cash	Try. PL A/c	Bank	Total					
1.4	1	Operating balance	2000		10500		1.4	1	Cash drawn from Bank for salary and wages										
1.4	1	Cash drawn by Ch.No.X-1 dated 1.4	10000			Cash from bank	1.4	2	Payment of salary of staff Payment of wages of labour engaged for office work										
		Total	12000		10500				Total	9500		10000							
2.4	2	Operating balance	2500		500				Total	2500		500							
	3	Recovery of TA from Shri T 50 Shri N 100	150			Deduct Expenditure 2515-Other Rural Development Program, 101-Panchayat Raj 11 Domestic Travel Expenses			Total	12000		10500							
		Total	2650		500				Total	2650		500							
5.4		Operating balance	2650		500				Total	120									
	4	Grants transferred by State Government for: (i) Construction of Primary Health Centre at ..... Ch.No S-1, dated 5.4			2000000	Grants-in-aid	5.4	3	Cash payment for Newspapers										
5.4	5	(ii) Execution of drinking water supply Scheme at ..... Ch.No S-11 dt. 5.4			3000000	Grants-in-aid			Total	120									
5.4	6	(iii) Construction of Primary School building for boys at ..... Ch.No S-111 dt. 5.4			1600000	Grants-in-aid			Total	120									
		Total	2650		660500				Total	2650		660500							

RECEIPTS		DISBURSEMENTS										
Date	No. of item(s)	Particulars of Receipts, challans, cheques, etc.	Amount (Rs.)		Classification	Date	Vr. No.	Particulars	Cheque No.	Amount (Rs.)		Classification
			Cash	PL A/c						Cash	Try PL A/c	
12.4	2	Opening balance	2530			12.4	4	Payment to contractor 'A' against his first on account bill for construction of Primary School building for boys at ....	X-2	100000	14	4202-Education 01-Elementary Education 101-Primary School
12.4	7	Receipts on a/c of Toll Tax (Receipt No.1-20 Bk No.xx)	2000		0042-Taxes on goods & passengers		4	Payment to supplier 'Y' for Supply of office furniture	X-3	50000		4515-Other Rural Development Programme 101-Panchayati Raj
	8	Receipts on a/c of House Tax (Receipt No.21-30 Bk No.xx)	5000		0035 Taxes on immovable property other than Agricultural Land Grants-in-aid		5	Advance to contractor 'B' for execution of road work under MPLADS	X-4	100000		13-Office Expenses 4211-Special Programme for Rural Development
	9	Receipt of advance by cheque for execution of road work under MPLADS					6					
		Total	9530					Total Closing balance		250000 510500		
13.4	10	Opening balance Cash deposited in Bank ✓	9530 7000		Cash deposited in Bank	13.4		Total Closing balance		9530 760500		
		Total	2530					Total Closing balance		517500 517500		
15.4	11	Opening balance	2530			15.4	7	Drawal of cash for payment to beneficiaries under Old Age Pension Scheme	X-5	3500		Cash from bank
	12	Interest from Bank			0049-Interest receipt		8	Payment made to beneficiaries under Old Age Pension Scheme		3500		2235 - Social Security and Welfare
		Cash from bank	1500		Cash from bank			Total Closing balance		6030 519500		
		Total	6030					Total Closing balance		516000 519500		
20.4		Opening balance	2530			20.4	9	Payment of TA advance to staff		600		2515 - Other Rural Development Scheme 101-Panchayati Raj 11-Domestic Travel Expenses
		Total	2530					Total Closing balance		600 1930 2530		
25.4	13	Opening balance Amount transferred by State Government to meet claims under Old Age Pension Scheme	1930		Grants-in-aid	25.4	10	Payment of commission charges to Bank		200		2515 - Other Rural Development Scheme 101-Panchayati Raj 13-Office Expenses
		Total	1930					Total Closing balance		200 1930 525800		
		Total	1930					Total Closing balance		516000 526000		

30.4	Operating balance	1930	525800	Cash from bank	30.4	11	Cheque for salary staff in favour of .....	X-3	200000	2515-other Development Progm - 101- Panchayat Raj 01-Salaries	Rural
						12	Remittance by cheque of				
						13	(i) Income Tax				
						14	(ii) L.R. Advance				
							(iii) General Provident Fund				
							<b>Total</b>		30000		
							Closing balance		230000		
							<b>Grand total</b>		502800		
	<b>Total</b>	1930	525800						525800		

Cashier

Officer in-charge of the cash book

Note:

1. Cash book to be closed daily.
2. Denomination details of physical balance at the end of the day to be indicated.
3. Certificate that "closing balance of the cash physically verified and found to tally with the closing balance as per cash book to be recorded by the officer-in-charge at the end of the day".

