Subject: Annual closing of Accounts for the year 2010-2011.

Dear Shri

As per the provisions of Rule 35 of E.S.I. (Central) Rules, 1950, Annual Accounts of the Corporation for the financial year ending 31st March, 2011 and Balance Sheet as on 31.03.2011 are required to be prepared and completed well before the prescribed date (31.05.2011). You are, therefore, requested to organize your programme and work for submission of accounts for the month of March, 2010 and March (Final), 2011 as under: -

1. (i) Accounts for the month of March, 2011 should be dispatched not later than 10th April 2011.
   (ii) Accounts for March (Final) 2011 should be closed by 19th April, 2011, and dispatched (in duplicate) latest by the 22nd April, 2011 by Speed Post so as to reach this office by 25th April, 2011 positively. The Speed Post shall be addressed to the undersigned at the address given at the top of this letter. Apart from this the monthly accounts as mentioned above should also be sent through e-mail as usual. Time schedule mentioned above should be strictly adhered to. No delay, in this regard, shall be allowed under any circumstances.

2. Efforts shall be made to communicate the figures of capitalized value of "Permanent Disablement Benefits" and "Dependants Benefit" to you before 18.4.2011. In case the same is not received by you by 18th April, 2011, the Accounts for March (Final), 2011 should be closed without incorporating the same and Accounts for March (Final) 2011 be sent on due date. In that case, the action for incorporating these figures in the Regional Office accounts will be taken at Hqrs. Office and intimation thereof will be sent to you, thereafter.

3. Efforts should be made to adjust the items under "Cash Remittances - Exchange Account" before closing the March, 2011 Accounts. The challans received up to 31st March, 2011, as per the Bank Scroll, must be accounted for in the Cash Book.
positively before the accounts for the month of March, 2011 is closed. It may also be ensured that no fresh challans are added to the Cash Book for the year 2010-2011 under any circumstances as this will result in altering the closing cash balance. Altering the closing cash balance is against the principles of accounts and will not be accepted at all. You may, therefore, advised to contact the Manager, State Bank of India, C & I Division, personally and arrange to obtain challans from the bank daily preferably by deputing an official of the Regional Office from 25th to 31st March, 2011 invariably and also ensure their posting in the Cash Book on day-to-day basis.

4. The annual adjustment of "Deduct-Entries" on the Expenditure side with contra entries of the same amount on the Receipt side in respect of the following detailed heads, require your special attention before the final closing of accounts for the year 2010-2011.

**HEAD-2 ADMINISTRATIVE EXPENSES**

i) Repair and Maintenance charges for the office buildings of the Corporation:
   Less: Actual Payments made during the year transferred to fund (minus entry).

ii) Special repairs charges for the office buildings:
   Less: Actual payments made during the year transferred to fund (The fund in this case is the Depreciation Reserve Fund of Office Buildings of the Corporation) (Minus Entry)

(iii) Repair & Maintenance charges for the Medical Education Building (less Actual Payment made during the year transferred to fund - minus entry)

(iv) Special repairs charges for the Medical Education Building (Less Actual Payment made during the year transferred to fund- minus entry)

(v) Retirement Benefits Pension Reserve Fund:
   Less: Actual payments made during the year transferred to the fund (Minus Entry)

**HEAD - 3 HOSPITALS & DISPENSARIES:**

i) Repairs and Maintenance charges for Hospitals & Dispensaries etc:
   Less: Actual payments made during the year transferred to the fund (Minus entry) (Repair & Maintenance fund of hospitals).

ii) Depreciation of Hospital and Dispensaries:
   Less: Actual payment made of special repairs charges during the year transferred to the fund (Minus entry) (Depreciation Reserve Fund of Hospitals)
   The contra entry (on Receipt side) of these figures with the same minus (-) sign are to be made against the detailed head "Deduct - Actual payments during the Year" under the corresponding Reserve Fund head.

5.1 The amount booked against the head "Actual payments during the year" in respect of the two repairs and maintenance reserve fund and the other
"Special Repairs and Maintenance reserve fund" include the following items of expenditure:

i) Amount shown in the expenditure statement received from the construction agencies, being adjusted, against the advances already paid to them.

ii) Direct payment of expenditure on repairs and maintenance/depreciation (as the case may be) incurred by the construction agencies without having obtained any advance from the E.S.I.C.

You may please go through the figures booked against the above heads and segregate the amount so booked between (i) and (ii) mentioned above in the accounts of your Region during the period from April, 2010 and intimate the same to me in respect of each of the four reserve funds mentioned above. Such amounts should be booked in the Accounts for March, 2011 and their break-up into (i) and (ii) as indicated earlier should be provided in a separate schedule to be attached to those Accounts.

The detailed procedure for exhibiting the advance, adjustment etc. in respect of Repairs and Maintenance and Special Repairs is given Annexure-I to this letter.

5.2 It may also be ensured that there is no mix up of the expenditure on Annual Repairs and Maintenance with that on Special Repairs. Misclassification of the past years, if any, must be corrected by passing necessary Transfer entries. A list of such T.E.s together with amount involved in each case should be attached to the Review of Balance as on 31.3.2011 to be furnished to the Hqrs Office.

6.1 You are requested to calculate the annual provision for the pension Reserve Fund @ 27% of the actuals of the emoluments counting for pension (i.e. pay, Dearness pay, Grade Pay, special pay and non practicing allowance, if any) in respect of Corporation's employees except those officials who are on deputation to the Corporation and also new appointee who are covered under New Pension Scheme for which direction/Instruction have already exist.

The following transfer entry in March (Final), 2011 Accounts should be passed:

**HEAD OF ACCOUNT**

**Expenditure Side**

C- Other Charges.
Retirement Benefits.
Corporation's Contribution towards Pension Reserve Fund. Annual contribution transferred to the fund.

**Receipt Side**

Reserve Fund
Pension Reserve Fund for the employees of the corporation: Annual contribution transferred to the fund from Revenue Account.
Rs........................................
6.2 Similar transfer entries are also required to be passed in respect of provision for Depreciation and Repair and Maintenance of Office Buildings and of Hospitals/Dispensaries, under the relevant provisions. Details in this regard are being sent to you separately by Fin. & A/Cs. Branch VII of this office.

6.3 It is also brought to your notice that the expenditure on Rent and Municipal Taxes in respect of the Offices and Staff quarters of the ESI Corporation is to be booked under a separate detailed head under the sub-head 2-Administrative Expenses- "C-Other charges", and that on Hospitals and Dispensaries etc. is to be booked under a similar head of account opened under the major head "3 Hospitals/Dispensaries".

The expenditure on payment of Water and Electricity Charges in respect of Office Buildings/Staff Quarters is to be booked against the detailed head "Rent, Rates and Taxes" under the head "Contingencies" in respect of "A-Superintendence" and "B-Field Work" as the case may be. You may review booking of expenditure under these heads of account during the year 201-2011 and ensure its correctness.

7. You are requested to pay special attention to the amount booked under the Head Deposits-Other Deposits (Unclassified Receipts/Payment-Suspense Account). In case the amount booked under the head "Unclassified Receipts Suspension Account" could not be classified under the appropriate head even after a period of two years, as on 31.3.2011, that amount should be transferred forthwith to the revenues of the Corporation under the head "VII, Miscellaneous"-"Miscellaneous" and a note showing details thereof should be kept in a separate register for pursuing further with the bank. The booking/transfer against the details head "Unclaimed Deposit in PF" and Transfer to/from Unclaimed Deposits" in GPF should be strictly in accordance with the instructions/communications from Hqrs. Office (Accounts Br. VIII). In no case, should, the, Dy. Director (Fin.) operate these heads without such express authority.

8. All security deposits which remained unclaimed for a period of over three years as on 31.3.2011, should also be transferred to the revenue of the Corporation under the head "VII- Miscellaneous" unless special circumstances so warrant.

9. The booking of expenditure under the corporation share of expenditure on Medical Benefit should receive special attention. It may please be ensured that all payments made to the State Governments through bankers cheques routed through the Dy. Director (F) and should be properly exhibited by booking the gross amount against this head. Recoveries/adjustments made,
if any, as indicated in the Hqrs. Office (Medical Division /A/Cs. Br. V letter) should also be booked against the appropriate Receipt head. Recoveries, if any, made towards Capital Construction Advances should be booked on the Receipt side under the head “Other Remittances Exchange A/C-(a) and details of the amount with full particulars thereof be sent to Hqrs. Office (A/Cs. Br. III) without fail. An example of the bookings as mentioned above is given in Annexure-II. Any lapse in this regard will be viewed seriously.

10. It should also be ensured that amounts remitted through exchange account were acknowledged by the concerned DD (F). If any suspense slip was not confirmed/acknowledged by the concerned DD (F), action should be taken as per provisions of Paras 390 of Audit and Account Manual Volume I.

11. Some of the common mistakes that generally creep into the accounts are indicated in Annexure-III. These should be identified and rectified immediately.

12. Most of the transactions involving transactions up to March, 2011 should be effected in March, 2011 Accounts itself. The March (Final) 2011 Accounts should normally contain the transactions of annual nature only. However, if any transaction had been left out inadvertently, despite your best efforts, in any of the previous months and in respect of which a correction is to be effected now, necessary Transfer Entries may be passed in the March (Final) 2011 Accounts. This will facilitate prompt closing of the annual revenue accounts and preparations of balance sheet within the prescribed time limit by us.

13. The opening and closing cash balance in the March (Final) 2011 Accounts should always be the same as shown in the March, 2011 Accounts because no cash transactions can be permitted to be incorporated in March (Final) 2011 Accounts after the March, 2011 accounts have been closed.

14. It may be ensured that the progressive totals shown in a separate column against various heads in March, 2011 Accounts tally with the total of bookings made from April, 2010 to March, 2011.

15. In order to avoid any omission/mistake in typing, you should ensure that (i) the figures are typed against the appropriate head of account, and (ii) the totals are struck and checked independently in the typed copy of the accounts being sent to this office. The Office Superintendent should also record a certificate that all the sub-totals in the copy of March, 2011 and March (Final), 2011 accounts have been personally checked by him and are
correct. Any mistake/omission noticed will be viewed very seriously and would reflect on his and your performance.

16. It has also been observed from the Monthly Accounts that most of the units are not deducting the ESIC share of Contribution under New Pension Scheme every month and there is variation in the figures of Employees Contribution.

17. Expenditure on Medical Benefit must be shown as per instruction in the three details heads, so that the same can be reconciled at Headquarters level.

I, therefore, request for your prompt attention and timely furnishing of Accounts correct in all respects. The delays should be avoided by making extra efforts if necessary, by seeking the co-operation of the Regional Director in respect of staff matters.

Receipts of this letter may please be acknowledged. (A spare copy of this letter is also enclosed for reference and record).

This issues with the approval of Director (Fin.). (Hindi version will follow).

With

Yours Sincerely

(V.K. Rawat)

Shri
Director (Finance)/
Joint Director (Finance)/
Deputy Director (Finance)/
Regional Office/Sub-Regional Office/
E.S.I. Hospital, Directorate (Medical) Delhi/
National Training Academy/Director (Family Welfare)/
ESI Corporation,

Copy to: The Joint Director (Systems) with the request to upload the letter in the website.

DD (Fin)
SPECIAL REPAIR OF ESIC BUILDING - ACCOUNTS PROCEDURE FOR

The expenditure on special repairs of office building and hospital building is to be met from the concerned Depreciation Reserve Fund. The following transactions are required to be made in the account of the Regional Office.

1. **ADVANCES:**
   
   As soon as an advance is paid, it is classified under the following head on the Expenditure side.

   c. **OTHER ADVANCES:**

      (vi) Amount advances to State Governments/State PWD etc. towards repairs of offices/hospital buildings/dispensaries/annexes/etc. wholly owned by the Corporation.

      a) Offices of the Corporation.
      
      b) Hospitals/Dispensaries/Annexes etc.

2. **EXPENDITURE**

   As soon as an expenditure statement duly signed by the Auditor or signed by the Executive Engineer/ Divisional Accountant etc. of the concerned construction agency is received the amount thereof together with Cash refund, if any is to be booked on the Receipt Side under the above mention head. This will automatically clear the advance already booked on the Expenditure side, for this purpose.

   The amount of expenditure shown in the statement of expenditure referred to above, will be exhibited per contra entry on the Expenditure side under the following head:

   **FOR OFFICE BUILDINGS**

2. Administrative Expenses:

   C-Other Charges

   Repair and Maintenance, and Depreciation etc:-
Depreciation of buildings for the offices of the corporation. Actual special repair charges incurred during the year.

The cumulative figures under the above head for the period from April to the following March will be transferred to the following head of account on the Receipt side:

"Depreciation Reserve Fund of office buildings.

DEDUCT: Actual payments during the year."

FOR HOSPITAL/DISPENSARY BUILDINGS

The expenditure incurred in respect of special repair of hospitals building will be shown against the appropriate sub head of Head-3 Hospitals & Dispensaries etc." On the "Expenditure side" and under "Depreciation Reserve Fund of Hospitals & Dispensaries" on the Receipt side.

An example explaining as to how the transactions are to be exhibited in Monthly accounts of the Regional Office.

EXAMPLE

A sum of Rs. 15250/- is paid to the State PWD etc. towards special repairs of the Regional Office buildings. Subsequently the statement of Expenditure/Audit Certificate showing an expenditure of Rs.15,100/- and a cheque for Rs. 150/- were received from the construction agency. How these transactions are to be reflected in the accounts of Regional Office.

STAGE I: PAYMENT OF ADVANCE OF RS.15,250/-

The amount will be classified under the following head.

EXPENDITURE SIDE:
ADVANCES-
C-OTHER ADVANCES
ii)A) Special Repairs for the offices of the corporation Rs. 15,250/-
STAGE II: EXPENDITURE STATEMENT OF RS. 15,100/- & REFUND OF RS. 150/- RECEIVED.

Accounts booking has to made as under:

**RECEIPT SIDE**

**Advances:**

C-Other advances

(iv) Amount advances to State PWD etc.

(a) Special repairs of official building Rs.15,250/-

**EXPENDITURE SIDE**

2. Administration expenses

C-Other charges

Repair, Maintenance & Depreciation etc.

(a) Depreciation of buildings for the offices of the ESI Corporation. Actual special repairs charges incurred during the year. Rs.15,100/- (in concerned months Accounts)

Deduct - Actual Special repairs charges during the year transferred to the fund.

Rs. 15,100/- (X)

Depreciation Reserve Fund of office (in March (F) Accounts - buildings (Y))

Deduct - Actual payment during the Rs. 15,100/-

NOTE

Thus cash refund of Rs. 150/- automatically gets credited to General Cash balance where from the amount was originally advances.

The transactions marked (x) any (Y) above are carried out only once in a year, i.e. in March (Final) Accounts.

In case of special repairs of Hospitals/Dispensaries the relevant heads in stage-II mentioned above will be head "3-Hospitals & Dispensaries on Expenditure side" and Depreciation Reserve fund of Hospitals & Dispensaries on the Receipt side.

The above procedure applies mutates mutandis to the booking of the advances paid and expenditure adjusted in respect of repairs and maintenance of office building/Hospitals & Dispensaries also.
**EMPLOYEES STATE INSURANCE CORPORATION**  
**HQRS. OFFICE (ACCOUNTS BRANCH-I)**  

**BOOKING OF EXPENDITURE UNDER THE HEAD "1. A MEDICAL BENEFIT" - EXAMPLE OF**

| 1. Particulars of sanction issued by Hqrs. Office. |  
|---------------------------------------------------|---|
| i) Gross amount payable to State government as per medical Division sanction letter | Rs. 5,25,000 |
| ADD: 7/8th share of Rent of buildings | Rs. 56,000 |
| Fewer recoveries under section 58(2) of ESI Act (Compensation from State Governments). | (-)Rs.5,000 |
| ii) Less Rent of hospitals/dispensaries buildings |  
| (a) 7/8th share of Corporation | (-) Rs. 56,000 |
| 1/8th share of State Governments | (-) Rs. 8,000 |
| Less recovery of advance etc. towards capital construction works, if any | (-)Rs.2,000 |
| v) Net amount payable for which bankers cheques were sent to Dy. Director (F) by Hqrs. Office | Rs. 5,10,000 |

**II Booking in Accounts of regional Office**

**Expenditure Side**

| 1. Benefits: |  
|---------------------------------------------------|---|
| A. Medical Benefit |  
| Payment to State Government towards ESIC share etc. | Rs. 5,81,000 |

**Receipt side**

| iv. Compensation from State Governments | Rs. 5,000 |
| v. Rent Rates and Taxes |  
| (b) Rent of hospitals/Dispensaries Buildings |  
| (i) Rent | Rs. 8,000 |
| 1/8th share of State Govts. | Rs. 56,000 |
| 7/8th share of E.S.I.C | Rs. 64,000 |

**Remittances:**

| Cash Remittances: |  
| Remittances between A/C. No.1 Central and A/Cs. No.2 of Regional Office | Rs. 5,10,000 |

**Other Remittances:**

| Exchange Account- |  
| (a) Other item | Rs. 2000 |

(Suspense slip is to be passed on to Hqrs. Office giving details)
COMMON MISTAKES IN MONTHLY ACCOUNTS

<table>
<thead>
<tr>
<th>ITEMS OF ERROR</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Interest &amp; Dividends</strong></td>
<td>Interest earned on S/B A/Cs. of local offices and Regional Office is booked against the head &quot;Interest on investment&quot; instead of Sub-head &quot;Other interest&quot;. Existing booking should be checked and necessary Transfer Entry passed where necessary. Care should be taken that interest due on S.B. A/Cs. in respect of all Local offices has been credited to the respective A/Cs. (For State bank of India once a year &amp; for other banks twice a year). Please note that Investment head is not to be operated in Regions).</td>
</tr>
<tr>
<td>2. <strong>Compassionate Reserve Fund and P.F. Deposit Insurance Fund</strong></td>
<td>These funds are not to be operated now.</td>
</tr>
<tr>
<td>3. <strong>Unclaimed Deposits in P.F.</strong></td>
<td>These funds are not to be operated now.</td>
</tr>
<tr>
<td>4. <strong>Rent of Hospital/Dispensary buildings.</strong></td>
<td>The amount stated in the Hqrs Office Fin. &amp; A/Cs V authority letter for medical benefit payments should only be booked.</td>
</tr>
<tr>
<td>5. <strong>Deduction from bills payable to other parties.</strong></td>
<td>The amount booked on the Expenditure side should not be more than the amount booked earlier under receipt side after including closing balance of previous year.</td>
</tr>
</tbody>
</table>