

Financial Procedures Act, 2055 (1999)

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Amendments:

1. Public Procurement Act, 2063 (2007) 2063.9.30 (14 Jan. 2007)
2. Republic Strengthening and Some Nepal Laws
Amendment Act, 2066 (2010) 2066.10.7 (21 Jan. 2010)

Act number 27 of the year 2055(1999)

An Act made to regulate and manage financial procedures

Preamble: Whereas, it is expedient to operate financial procedures in a regulated and systematic manner, including the matters of operation of the consolidated fund and the government fund, formulation, sanction and spending of budget, maintaining accounts, making arrangements for internal control, auditing, settlement of irregular amounts and recovery and realization of such amounts;

Now, therefore, be it enacted by the Parliament in the Twenty Seventh year of the reign of His Majesty King Birendra Bir Bikram Shah Dev.

Chapter-1

Preliminary

1. **Short title and commencement:** (1) This Act may be called as the "Financial Procedures Act, 2055 (1999)."

(2) This Act shall come into force immediately.

2. Definitions: Unless the subject or the context otherwise requires, in this Act:

- (a) "Constitution" means the Interim Constitution of Nepal, 2063 (2007);¹
- (b) "consolidated fund" means the consolidated fund or government fund as referred to in Article 90² of the Constitution;
- (c) "office" includes all constitutional Organs and Bodies, Ministries, Departments of the Government of Nepal and offices thereunder, Courts and offices of other Government Bodies;
- (d) "pertinent higher office" means the office that is higher than the concerned office;
- (e) "subordinate office" means the office that is subordinate to the concerned office;
- (f) "secretary" means the secretary at the Ministry, and this term includes, in the case of a constitutional organ or body, the secretary or administrative chief of such an organ or body and, in the case of a central level secretariat or commission, the secretary of such a secretariat or commission;
- (g) "chief of office" means, in the case of a constitutional organ or body, the chief of such a constitutional organ or body, in the case of a Ministry, the secretary at such a Ministry, in the case of a Department, the departmental head, in the case of a project, the project chief and in the case of an office, the chief of that office;
- (h) "one level higher authority" means, in the case of a chief of office, the concerned departmental head, in the case of a departmental head,

¹ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066

² Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066

the secretary at the concerned ministry, secretariat or commission, in the case of a secretary, the concerned departmental minister or minister of state and, in the case of the secretary or administrative chief of a constitutional organ or body, the chief of the concerned constitutional organ or body;

- (i) "Office of the Financial Comptroller General" means the office to perform internal audit, give direction and prepare accounts of central incomes and expenditures of the Government of Nepal so as to operate and control the consolidated fund and financial administration, subject to this Act and the Rules framed under this Act;
- (j) "appropriation" means amounts appropriated to various offices for expenditures under various headings for such services and works as specified by any Vote on Account Act and Appropriation Act, and this term includes amounts appropriated pursuant to any Supplementary Appropriation Act and Vote of Credit Act;
- (k) "accounts responsible officer" means the secretary who has duties to operate financial administration of his or her office and subordinate offices, prepare annual budget and obtain sanction of the budget and delegate power to spend the same, maintain, or cause to be maintained, accounts of budget, have internal and external audit of the appropriated amounts, revenues, deposited amounts and inventories, as well, regularize, or cause to be regularized, irregular amounts, recover, or cause to be recovered, or remit, or cause to be remitted, such irregular amounts;
- (l) "responsible person" means a person who has duties to carry out, take charge of such functions, make expenses, maintain accounts, settle, or cause to be settled irregular amounts upon having the

internal and external audit performed, recover, or cause to be recovered, governmental cash and inventories and credit the same into the revenue as delegated by, and in accordance with the delegation of powers by, the accounts responsible officer, and this term includes a non-governmental person who takes the responsibility of settlement of government business with or without taking governmental cash or inventory for that business;

- (m) "Bank" means the Nepal Rastra Bank, and this term includes such other commercial bank as may be specified by the Government of Nepal;
- (n) "transaction" means any acts relating to taking charge of a governmental movable, immovable property, cash and inventories and expenditures or payment of the same for the specified purpose in accordance with the prevailing law;
- (o) "accounts" means such records, ledgers, books of accounts, etc. as to be maintained in accordance with the prevailing law in a manner to reflect the transaction and other documents in support of the transaction;
- (p) "internal audit" means the audit to be performed by the Office of the Financial Comptroller General;
- (q) "external audit" means the audit to be performed by the Office of Auditor General;
- (r) "irregular amount" means such a transaction indicated or found on audit as a transaction carried on without fulfilling such requirements as to be fulfilled in accordance with the prevailing law or a transaction of which such accounting as to be maintained has not

been maintained or a transaction which has been carried on in an irregular or unreasonable manner;

- (s) "amount to be recovered" means such an irregular amount as held on audit to be recoverable by the reason that such payment as not to be made pursuant to the prevailing law has been made or payment has been made in excess or that less amount has been recovered, and this term includes any amount that has been misappropriated or embezzled and such other amount or money as payable to the Government of Nepal;
- (t) "verification" means the examination or monitoring of the evidence and documents attached with any explanation or comment submitted in relation to any irregular amount indicated in the internal or external audit report and this term includes the examination or monitoring to be carried out on the basis of the suggestions or directions received from the Public Accounts Committee of the Legislature-Parliament;³
- (u) "financial statement" means a statement so prepared as also to set out headings with object to reflect the overall situation of the financial transactions carried in any given period, and this term includes an income and expenditure statement indicating a budget estimate, sanctioned amount, expenditure, income/revenue, paid amount and due amount, according to headings in a manner to reflect the situation of transaction;
- (v) "Central Recovery Office" means the Central Recovery Office established by the Government of Nepal for the purposes of Section 29;

³ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066

- (w) "office of public accountability" means such office with public functions, duties and powers as recognized by law and as to be appointed in any manner or elected or nominated irrespective of whether remuneration for the same is specified or not; and
- (x) "prescribed" or "as prescribed" means prescribed or as prescribed in the Rules framed under this Act.

Chapter-2

Operation of consolidated fund

3. **Operation of consolidated fund:** The Office of Financial Comptroller General shall operate the consolidated fund, subject to the Constitution, this Act and the prevailing law.
4. **Responsibility to keep accounts of consolidated fund:** (1) Maintenance of up to date accounts of the consolidated fund and preparation of its annual financial statement shall be the duty and responsibility of the Office of the Financial Comptroller General, and for that and other function including submission of accounts, the Office of the Financial Comptroller General may prescribe responsibility for the government office, Nepal Rastra Bank and other banks.
 - (2) It shall be the duty of all respective offices and Bank to take and execute the responsibility as prescribed pursuant to Sub-section (1).
 - (3) Other procedures relating to the operation of consolidated fund, maintenance of central accounts and preparation of financial statement shall be as prescribed.

Chapter-3

Preparation of budget, sanction, expenditure, transfer of budget heading and control

5. **Preparation of budget and programme:** (1) The Ministry of Finance shall be responsible for preparing, or causing to be prepared, budget, as prescribed, for the government business and development programmes to be carried out in the next financial year.

(2) It shall be the responsibility of the concerned accounts responsible officer to submit to the Ministry of Finance such periodic work description, estimate of incomes and expenditures as required by the Ministry of Finance and the statement of budget sanctioned to and spent by his or her office and subordinate offices pursuant to Sub clause (2) of Article 93⁴ of the Constitution and progress made according to the targets.

(3) Cash or commodity assistance to be received by the Government of Nepal from friendly countries and international organizations as a grant or loan shall be included, or caused to be included, in the budget. A separate statement of any kind of assistance other than such assistance shall, along with the budget, be submitted to Parliament.

(4) Prior to receiving the assistance as referred to in Sub-section (3), it shall be the duty of the accounts responsible officer to obtain approval of the Ministry of Finance, after making consultation, in normal cases, with the National Planning Commission on whether such an assistance is in consonance with the priority, policy and programme as specified by the plan and annual programme or not and prepare a statement thereof and submit the same to the Ministry of Finance.

⁴ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066

(5) The concerned Ministry shall provide the statements of foreign loans, grants and assistance to be received by non-governmental organization and local bodies to the Ministry of Finance. The Ministry of Finance shall submit the statements so received to the Parliament.

(6) The other procedures to be followed in the preparation of budget and programme shall be as prescribed.

6. Budget sanction: (1) After the issuance of the Vote on Account Act or Appropriation Act, Office of the Financial Comptroller General shall, based on the authority given by the Ministry of Finance, as per the approved budget statement, give budget sanction, from the consolidated fund, through the Bank, to the concerned office.

(2) Immediately upon receipt of the office-wise budget statement and authority to make expenditure from the Ministry of Finance, the concerned Ministry shall give authority to make expenditure to the departmental head, and the departmental head shall give such authority to the chief of subordinate office.

Provided that, in the case of any office that has no department, the Ministry may give authority to the chief of office.

(3) After the sanctioning of budget to the office pursuant to Sub-section (1), the bank account shall be operated in the name of the office, by counter-signature of such officials as specified by Office of the Financial Comptroller General.

(4) It shall be the responsibility of the concerned chief of office to obtain the sanction of approved appropriated amount from the Office of Funds and Accounts Controller, make expenditure, subject to the authority and approved budget and in accordance with the prevailing law, maintain,

or cause to be maintained, the accounts thereof and submit the same, get audit of accounts performed and settle irregular amounts.

(5) The other procedures relating to the sanction of government amounts and operation of the funds in accordance with the Vote on Account Act and Appropriation Act shall be as prescribed.

7.⁵ **Procedures for making expenditures:** Provisions on financial administration relating to operation of government business and project, collection of deposits, fees, service charges, payment of advances and settlement thereof, protection, auction sale, and remission, of governmental cash and inventories and other various provisions and procedures relevant thereto shall be as prescribed.

8. **Transfer of budget:** (1) If the amount under any heading specified in the Appropriation Act is not sufficient and such a shortfall amount is surplus under any one or more than one heading specified in that Act, the Ministry of Finance may make transfer of budget from one heading to another heading, subject to the ceiling specified in the Appropriation Act.

(2) The provisions relating to the transfer of budget under Sub-headings, other than that set forth in Sub-section (1) shall be as prescribed.

9. **Power to withhold or control budget:** Notwithstanding anything contained in Section 6, the Ministry of Finance may, in view of the economic condition of the country and the funds available in the consolidated fund, fully or partly withhold or control the appropriated funds/amounts, as required, other than the amounts chargeable on the consolidated fund.

⁵ Amended by the Public Procurement Act, 2063.

Chapter-4

Accounts of transaction

10. **Keeping of accounts of transaction:** (1) Accounting system of transaction shall be as prescribed by the Government of Nepal. Unless and until so prescribed, the accounts of transaction shall be maintained as per the currently prevailing accounting system.

(2) Accounts of transaction shall be maintained in the format approved by the Office of the Auditor General.

(3) It shall be the duty of the Office of the Financial Comptroller General to get approval of the format as per Sub-section (2) and to apply, or cause to be applied, the same. If the Auditor General deems necessary to improve the prevailing accounts format, he or she may, on the advice of the Office of the Financial Comptroller General, issue directive mentioning the improved format to the Office of the Financial Comptroller General.

(4) The Office of the Financial Comptroller General shall be responsible for maintaining central accounts of foreign aid, loan, grant, investment, appropriation, revenue and deposits, in addition to the consolidated fund. It shall be the duty of the Office of the Financial Comptroller General to maintain accounts of all kinds of transactions other than the appropriation and revenue, prepare a central/consolidated statement thereof and submit the same to the Auditor General. The concerned office shall maintain accounts of expenditures from any kind of grant or source which is not included in the budget and submit its statement to the Office of the Financial Comptroller General within Fifteen days after the end of the financial year.

(5) The accounts responsible officer shall get the central accounts prepared after obtaining all the financial statements of appropriation, revenue and deposits from the subordinate offices.

(6) It shall be the responsibility of the accounts responsible officer to arrange for maintaining statements of the other kinds of assistance received pursuant to Sub-section (3) of Section (5) in the subordinate offices and to maintain a central statement thereof.

11. Responsible person to be accountable: (1) The responsible person shall so maintain, or cause to be maintained, accounts in fulfillment if the procedures prescribed by the prevailing law in such a manner as to clearly reflect each transaction.

(2) It shall be the responsibility of the accounts responsible officer to look after, examine and inspect, as required, whether the subordinate offices have observed the prevailing law in carrying out financial administration and to get the accounts of the subordinate offices included in the central account or statement and examine, or cause to be examined, the same.

(3) If, in the course of looking after, examining and inspecting by the accounts responsible officer pursuant to Sub-section (2) or performing audit, it appears that any transaction has been carried on without fulfilling the procedures specified by the prevailing law or any other irregularity is found, the responsible person shall be accountable for the same.

(4) If any irregularity on account related activity happens for any reasonable reason, the responsible person may, within the prescribed period, make a submission, setting out the reason, to the competent authority to have the same regularized; and if such a submission is made,

the competent authority shall give necessary decision thereon within the prescribed period.

Provided that, if it appears that any irregularity on account related activity has been made without any reasonable reason, the competent authority may fine the responsible person with a sum of Fifty Rupees for the first instance, and that of Seventy Five Rupees for each instance if such act is repeated and also take departmental action against such a person in accordance with the prevailing law.

(5) If the authority required to make decision pursuant to Sub-section (4) fails to make decision within the prescribed period, the one level higher authority shall fine that authority with a sum of Fifty Rupees for the first instance and that of Two Hundred Fifty Rupees if the same authority repeats such act.

(6) If, in the course of looking after, examining and inspecting by the accounts responsible officer pursuant to Sub-section (2), it appears that any transaction has been carried on without fulfilled the procedures specified by this Act and the Rules framed hereunder or that any irregular act has been done, the pertinent higher office causing such examination or inspection or the departmental head or chief of office may impose a fine of Twenty Five Rupees for each instance. If such act is repeated by the same responsible person after being subjected to punishment for more than Three instances, such person shall be subjected to a fine of Thirty Rupees for each instance and also the departmental action in accordance with the prevailing law.

(7) The responsibility to make internal control and supervision by examining and inspecting, from time to time, as to whether accounts have been maintained and submitted and audit has been caused to be performed or not in accordance with this Act or the Rules framed hereunder shall lie

with the chief of the concerned constitutional organ or body, in the case of a constitutional organ or body, and within the departmental Minister or Minister for state in the case of a Ministry and central level secretariat and commission, with the secretary at the concerned Ministry in the case of an office which the same identity and jurisdiction as a department has and with the departmental head of the pertinent higher office in the case of an office.

12. Payment/deposit of revenue and accounts of revenue: (1) Any revenue and government amount to be received by the Government of Nepal in accordance with the prevailing law shall, upon receipt by the office of such a revenue and amount, be credited to/deposited in the Bank as prescribed.

(2) It shall be the responsibility of the chief of office to maintain records and accounts of revenue and submit statements, get the accounts audited and maintain records thereof.

13. Deposit and accounting of cash and inventories/stock: (1) The responsible person shall deposit the government cash and inventories/stock in his or her custody in the appropriate place on the same day or the following day of receipt in the case of the government cash and within seven days of the receipt in the case of the inventories/stock, and maintain the records of the same.

(2) If the responsible person fails to maintain records of the deposit of the cash and inventories within the time-limit as referred to in Sub-section (1), he or she may make a request, accompanied by the reason for such failure, to the one level higher authority for the extension of the time-limit. If a request is so made, the one level higher authority may, if he or she deems it reasonable, extend the time-limit of a maximum of Forty Five days at one time or two times.

(3) The one level higher authority may fine the responsible person who fails to maintain the records even within the time-limit extended pursuant to Sub-section (2) with Fifty Rupees or a sum no exceeding Ten percent of the amount in question for each instance.

(4) If it appears that the responsible person has not deposited the government cash in his or her custody in the appropriate place on the same day or the following day, the concerned pertinent higher office or departmental head shall cause such cash to be deposited by imposing a fine of Ten percent on that person if it is delayed for up to Ten days and a fine of Fifteen percent if it is delayed for more than Fifteen days and may also take, or cause to be taken, departmental action against that person according to the magnitude of the offence.

(5) Notwithstanding anything contained in Sub-section (4), the Office of the Financial Comptroller General may, also having regard to the distance between the Bank and the office, specify additional time-limit for the deposit of such cash.

14. Submission of accounts: (1) The Office of the Financial Comptroller General shall submit financial statement of central/consolidated accounts of each financial year and accounts of the appropriation, revenue, deposit, foreign aid and loan and investment, in addition to the consolidated fund, to the Office of the Auditor General, within the period specified by the Auditor General.

(2) The accounts responsible officer shall prepare and submit the central/consolidated financial statement of all revenue and expenditures of each financial year, including that of the subordinate offices, to the Office of the Financial Comptroller General and the Office of the Auditor General.

(3) The responsible person shall submit the accounts of transactions and related documents to the concerned office or auditor as prescribed.

(4) If a request is made for the extension of time-limit, showing a reasonable reason for failing to submit accounts pursuant to Sub-sections (2) and (3), the one level higher authority may extend the time-limit of a maximum of Thirty Five days.

(5) The one level higher authority may fine the responsible person who fails to submit accounts even within the time-limit extended pursuant to Sub-section (4) with Twenty Five Rupees for each item for the first instance and Fifty Rupees for each item for the second instance and also take departmental action in accordance with the prevailing law if such a person repeats the same action.

(6) The accounts responsible officer or responsible person shall submit accounts and financial statements with the time-limit specified by the Office of Auditor General. Provided that, if the accounts responsible officer or responsible person makes a request, accompanied by a reasonable reason for failing to submit the same within the specified time-limit, for the extension of the time-limit, the Auditor General or the official designated by him or her may extend the time-limit not exceeding Thirty Five days.

(7) If a request is not made for the extension of the time-limit pursuant to Sub-section (6) or if the submission accounts and financial statements is not made even within the time-limit extended, the Auditor General may give direction to the accounts responsible officer, in the case of the defaulter being the responsible person and to the one level higher authority in the case of the defaulter being the accounts responsible officer, and it shall be his or her duty to abide such a direction.

(8) In the event of failure to submit the accounts and financial statements despite a direction being given pursuant to Sub-section (7), departmental action may also be taken in accordance with the prevailing law.

(9) The other procedures relating to the payment of revenue, cash, inventory and deposits and maintenance of updated records and accounts thereof shall be as prescribed.

- 15. Recovery of loss and damage:** If the Government of Nepal sustains any kind of loss and damage as a result of failure to properly maintain accounts of transactions required to be maintained pursuant to this Chapter, the loss and damage so sustained and compensation for the same shall be recovered from the responsible person as a governmental due.

Chapter-5

Audit and recovery and settlement of irregular amounts/audit findings

- 16. Audit:** (1) The Office of the Financial Comptroller General shall carry out, or cause to be carried out, the internal audit as prescribed.

(2) Each office shall submit accounts and financial statements of all kinds of incomes and expenditures as prescribed and get the external audit of the same to be carried out by the Office of Auditor General.

(3) If, in the course of the internal audit or the external audit, it appears that the record of a government cash or inventories or that the Government of Nepal has sustained a loss or damage as a result of misplacement of the record for any reason or cause, the concerned chief of office or departmental head shall, immediately when information thereof is

received, recover the amount so such loss or damage and also take departmental action according to the magnitude of the offence.

(4) The authority who does not take action even upon receipt of the information pursuant to Sub-section (3) shall be liable to a fine of up to Fifty Rupees for each instance, to be imposed by the chief of the concerned constitutional organ or body, in the case of a constitutional organ or body, by the departmental Minister or Minister for state in the case of a Ministry and central level secretariat and commission, by the secretary at the concerned Ministry in the case of an office with the same identity and jurisdiction as a department has and by the departmental head of the pertinent higher office in the case of an office.

(5) The accounts responsible officer of a constitutional organ or body who does not submit accounts and financial statements pursuant to Sub-section (2) shall be punished by the chief of the concerned constitutional organ or body and the accounts responsible officer of a Ministry or central level secretary, by the concerned departmental Minister or Minister for state and the other person, by the accounts responsible officer with a fine not exceeding Twenty Five Rupees for each item.

(6) In the event of failure to submit accounts and financial statements despite imposition of fine pursuant to Sub-section (5), action may also be taken in accordance with the prevailing law.

- 17. Action against one who does not furnish explanation:** (1) It shall be the duty of the concerned accounts responsible officer or responsible person to furnish or submit replies to the questions put, or accounts and statements as demanded, in the course of carrying out a casual inspection of the accounts of incomes and expenditures of governmental cash and inventories of the office or the internal or external audit of the same, within the prescribed time-limit.

(2) If it is not possible to discharge the function within the time-limit specified pursuant to Sub-section (1), and a request, accompanied by a reasonable reason, is made for the extension of the time-limit and if such a reason seems to be reasonable, the authority or body putting such questions or demanding such statement may extend a reasonable time-limit.

(3) The concerned person who fails to furnish replies to the questions asked or accounts demanded within the time-limit given pursuant to Sub-sections (1) and (2) shall bear the irregular amount or amount found by audit.

18. **Responsibility for settlement of irregular amount:** (1) The responsible person shall be accountable for the settlement of irregularities reported by the auditor, by providing evidence/documents thereon or regularizing the legibility of the transaction or recovering the same.

(2) The account responsible officer shall be responsible for supervising whether irregular amounts have been settled or not pursuant to Sub-section (1) and settling, or causing to be settled, the irregular amounts in accordance with the prevailing laws.

19. **Verification and settlement of irregular amounts:** (1) The concerned office shall, in relation to irregular amounts as reported by the Office of Auditor General in the course of audit, have settlement and verification hereof as prescribed, within Thirty Five days from the date of receipt of such irregular amounts.

(2) If there is a reasonable reason for being unable to have verification and settlement of irregular amounts within the time-limit as referred to in Sub-section (1), a request, accompanied by the reason, may be made to the Office of Auditor General for the extension of time-limit, and if

such a request is made, the Office of Auditor General may extend the reasonable time-limit.

(3) If the settlement and verification of irregular amounts is not made even within the time-limit extended pursuant to Sub-section (2), the Auditor General shall give information thereof to the accounts responsible officer, and it shall be the responsibility of the accounts responsible officer to take action as set forth in the information so received. If accounts responsible officer fails to take action, the Auditor General shall give information thereof to the departmental minister or minister of state.

20. To maintain records of irregular amounts: (1) There shall be maintained the records of the irregular amounts indicated in, and amounts found recoverable and payable as mentioned in, the audit report at the central and office levels.

(2) The recovery of embezzled and misappropriated amounts as found from the audit or irregular amounts that could not be regularized in pursuance of the prescribed procedures shall be recovered from the responsible person.

(3) If the irregular amount held to be recoverable pursuant to Sub-section (2) cannot be recovered from the regular procedures, the accounts responsible officer shall send such records to the Central Recovery Office in such manner as prescribed.

(4) Monitoring related to settlement of irregular amounts shall be carried out as prescribed.

21. Recovery, settlement and regularization of irregular amounts: (1) The procedures for the recovery, settlement and regularization of irregular amounts as indicated in the audit report and verification thereof shall be as prescribed.

(2) If, in the case of irregular amounts other than those found to be recoverable and payable, there are supporting documents and reasonable reasons that the procedures required to be fulfilled pursuant to the prevailing law but no loss or damage has occurred to the governmental cash and inventories, the settlement of such irregular amounts may be made by regularizing such amount in accordance with the prescribed procedures and verifying the same.

(3) It shall be the responsibility of the accounts responsible officer to give responses in writing in the public accounts committee of the Legislature-Parliament⁶ in relation to the irregular amounts indicated in the annual report of the Auditor General, to appear at the meeting of the committee, take part in the discussions and express his or her comments thereon at the meeting and take, or cause to be take, acts and actions on the settlement of irregular amounts.

(4) After the suggestions submitted to the Legislature-Parliament⁷ following discussions at the public accounts committee of the Legislature-Parliament⁸ pursuant to Sub-section (3) have been approved by the Legislature-Parliament⁹, it shall be the duty of the concerned Ministry to implement or cause to be implemented the suggestions set forth in the report.

(5) The procedures relating to the settlement of irregular amounts shall be as prescribed.

22. Recovery of irregular amounts from assets: The irregular amounts of which records have been established pursuant to Sub-section (2) of Section 20 shall be recovered as prescribed. If recovery cannot be so made, the

⁶ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066.

⁷ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066.

⁸ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066.

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central recovery office shall recover the irregular amounts to be recovered as a governmental due.

23. Formation of irregular amounts settlement committee: (1) The Government of Nepal may, on the advice of the public accounts committee and the Auditor General, form an Irregular Amounts Settlement Committee consisting of the following persons as its members, from time to time, by a Notification in the Nepal Gazette for the settlement of irregular amounts that could not be settled through normal procedures.

- (a) A member of the committee as designated by the public accounts committee -Chairperson
- (b) Joint Auditor General or Deputy Auditor General designated by the Auditor General -Member
- (c) Secretary at the Ministry or at least Gazetted first class officer designated by him or her -Member
- (d) Financial Comptroller General or at least Gazetted first class officer on accounts designated by him or her -Member
- (e) One chartered accountant nominated by the Nepal Chartered Accounts Association -Member
- (f) A person designated by the Government of Nepal -Member secretary

(2) The terms of reference of the Irregular Amounts Settlement Committee formed pursuant to Sub-section (1) shall be as prescribed by the Government of Nepal in consultation with the Auditor General, by a notification in the Nepal Gazette.

(3) The procedures to be followed in settling irregular amount by the Irregular Amounts Settlement Committee formed pursuant to Sub-section (1) shall be as prescribed.

24. Functions, duties and powers of Irregular Amounts Settlement

Committee: The functions, duties and powers of the Irregular Amounts Settlement Committee formed pursuant to Section 23 shall be as follows:

- (a) If, in respect of such irregular amounts under any constitutional organ or body, ministry, secretariat, department, court or office as could not be settled and verified through normal regular procedures, other than the irregular amounts found to have been misappropriated, embezzled and to be recoverable as found from audit, a recommendation is made by the concerned constitutional organ or body, ministry or secretariat for the settlement of such irregular amounts, such irregular amounts shall be regularizes or remitted on the basis of propriety and records of such irregular amounts shall be obliterated.
- (b) If the settlement of the irregular amounts recommended for settlement pursuant to Clause (a) cannot be settled, the concerned constitutional body or organ, ministry, secretariat, department, court or office shall be written to regularize or recover the irregular amounts.

Chapter-6

Provisions relating to hand-over, auction and remission

25. Handover: (1) When an employee transfers or promotes or retires or goes on deputation or leave for a long period, the employee shall hand over, as prescribed, the cash, inventories or governmental documents in his or her custody within the prescribed time-limit if such a time-limit is so prescribed and within Twenty One days if such a time-limit is not prescribed and obtain the certificate of hand-over in the prescribed format.

(2) In the event of failure, for any reason, to make hand-over within the time-limit as referred to in Sub-section (1), application, accompanied by the reason for failing to hand over within the time-limit, has to be made to the pertinent higher office, and action shall be taken as sanctioned by that office.

(3) In the event that hand-over cannot be made pursuant to Sub-sections (1) and (2), the concerned accounts responsible officer may determine the time and cause necessary examination to be made within the time so determined.

(4) In making examination pursuant to Sub-section (3), the accounts responsible officer may fine the responsible who has not made the hand-over recklessly with a sum not exceeding Fifty Rupees and give a reasonable time-limit for making the hand-over.

(5) In the event of failure to make hand-over even within the time-limit given pursuant to Sub-section (4), the hand-over shall be caused to be made by withholding the salary and allowance of the person who has failed to make the hand-over within such time-limit if that person is an incumbent employee, by withholding his or her pension or gratuity if that person is a

retired one and by getting the police to arrest him or her if such person is not entitled to pension or gratuity or has already received gratuity.

(6) If any damage is caused to governmental cash, inventories or property as a result of failure to make the hand-over within the time, the recovery of the damaged amount and the amount in question equal to that damaged amount shall be made from the concerned person in accordance with the prevailing Nepal law.

(7) The other procedures of making hand-over shall be as prescribed.

26. Action to be taken in the event of misuse and embezzlement of

governmental cash, inventories: (1) If, in performing the internal or external audit of the governmental money and inventory stock of an office or examining the same in any manner whatsoever, it appears that the governmental amount has been embezzled, the concerned chief of office or pertinent higher office or prescribed authority shall take, or cause to be taken, necessary action against the embezzler in accordance with the prevailing law.

(2) If, in performing the external audit of the governmental money and inventory stock of an office, it appears that any of such money or stock has been embezzled, the Office of Auditor General shall write, along with its office, to the concerned chief of office or departmental head to institute action against the embezzler in accordance with the prevailing law.

(3) If action is not taken in making examination pursuant to Sub-section (1), or where it is written to take action pursuant to Sub-section (2), the defaulter shall be punished with a fine of up to Fifty Rupees by the departmental head if the defaulter is the concerned person and by the departmental Minister or Minister of State if the defaulter is the departmental head and by the chief of a constitutional organ or body if the

defaulter is the administrative chief of such a constitutional organ or body, and such a defaulter shall also be liable to departmental action.

(4) If the Auditor General is of the opinion that accounts relation act is not being done in time, he or she may procure the relevant documents and cause the same to be examined; and if in making such examination, there appears some error or deficiency, he or she shall write to the concerned pertinent higher office for necessary action, and if so written, the concerned office shall take necessary action immediately.

(5) The other provisions relating to the custody of governmental property, records, protection and hand-over of the same shall be as prescribed.

27. Governmental money or property to be protected and used only

for specified purpose: (1) It shall be the duty of the responsible person to make arrangement for the protection of all cash and inventories received by the office. The amount received by the office shall be spent only for the specified purpose or work. If it appears that such amount has been spent for other purpose or work other than that specified, the amount so spent shall be recovered from the responsible person, and departmental action may also be taken against such a responsible person.

(2) All kinds of damage and loss caused to the governmental inventory, money and property used in or allowed to be used in personal purpose shall be recovered from both the giver and receiver of such inventory, money and property.

28. Auction sale: Such goods as hold to be sold by auction in making necessary examination by the chief of office of the goods set forth in the report as to be out of order and useless owing to being worn and torn and obsolete made upon making inspection of the inventories pursuant to this

Act and the rules framed hereunder may be sold by auction by following the procedures as prescribed.

29. Remission: Notwithstanding anything contained elsewhere in this Act, any government due that could not be recovered under this Act or any governmental loss or damage caused as a result of a natural calamity, accident or a force *majeure* event and decomposition or decay or otherwise or that could not be recovered despite auction sale made pursuant to law or there does not seem any situation that such due can be recovered, the Government of Nepal may make remission by following the procedures as prescribed.

30. Functions, duties and powers of central recovery office: (1) It shall be the responsibility of the Central Recovery Office to recover the amount required to be recovered from the responsible person pursuant to this Act and other prevailing law and the amount required to be recovered from the person who has not paid the same as required to be paid in accordance with the bond made with the Government of Nepal and from the person who has embezzled the governmental cash and inventory property.

(2) It shall be the functions, duties and powers of the Central Recovery Office to establish records of the amounts remaining due in the Central Recovery Office at the time of the commencement of this Act and recover the same.

(3) If, except those set forth in Sub-sections (1) and (2), if a person who is liable to pay the penalty, fine imposed by a judgment passed by a quasi-judicial body or authority in exercise of the powers conferred by the prevailing law does not pay such penalty, fine, the concerned quasi-judicial authority or the chief of such quasi-judicial body shall write, setting out the details of such a penalty, fine, to the central recovery office for the recovery of the penalty, fine, and if such details are received, the Central Recovery

Office shall establish records according to the details, recover the penalty, fine as referred to in the judgment, from the concerned person as a government due and pay the same to the consolidated fund.

(4) In recovering the amount required to be recovered, the Central Recovery Office may exercise such powers as the court has in relation to examine necessary evidence from, take depositions of the concerned person, body or office-bearer, summoning and examination of witnesses and taking action by holding the concerned person in detention subject to the prevailing law.

(5) The other procedures to be followed in recovering any irregular amounts or penalty, fine that have been held to be recoverable and records whereof maintained have not been paid shall be as prescribed.

(6) In recovering any irregular amounts or penalty, fine that have been held to be recoverable and records whereof maintained, the central recovery office may on its own recover such amounts or penalty or cause the same to be recovered by another office. If the Central Recovery Office makes a request for assistance in the recovery, it shall be the duty of the concerned office to render necessary assistance.

(7) After the recovery of the penalty, fine required to be recovered pursuant to Sub-section (3), the central recovery office shall give details thereof to the concerned accounts responsible officer and the chief of the concerned quasi-judicial body.

(8) The other functions, duties and powers of the Central Recovery Office and procedures relating to the recovery and settlement of irregular amounts shall be as prescribed.

(9) In the event of the recovery of more than Ten percent of the total records of the irregular amounts required to be recovered, a reward of up to

Ten percent of the recovery that is over and above that Ten percent or of up to Ten Thousand Rupees for each person or organization may be given to the employee, person or organization involved in the recovery of irregular amounts.

- 31. Functions, duties, powers and responsibilities:** The functions, duties, powers and responsibilities of the accounts responsible officer, departmental head, chief of office, accounts officer and official dealing with inventories shall be as prescribed.
- 32. To be accountable:** The person holding office of public accountability shall bear responsibility, in accordance with this Act or the Regulation framed hereunder, for any transaction done at the order or direction issued by that person or for any transaction done by that person himself or herself.
- 33. Penalties:** (1) Except as provided for punishment in various Sections of this Act, if a person violates this Act or the Rules framed hereunder, the authority as referred to in Section 31 may fine that person with up to Fifty Rupees.
- (2) If any authority does not impose punishment and fine as required to be imposed pursuant to this Act, the one level higher authority may warn that former authority for the first time and punish him or her with up to Fifty Rupees for the second time onwards.
- 34. Fine may be remitted or lessen:** If an order is issued for any punishment in accordance with the provisions set forth in this Act and an application in writing, accompanied by a reasonable reason for non-imposition of such punishment, is made to the punishment awarding authority within Fifteen days after the date of issuance of such order of punishment, the punishment awarding authority may, if he or she thinks that such a reason is reasonable, remit or lessen the fine imposed originally.

35. **Appeal:** (1) If a person or employee is not satisfied with a decision of imposition any fine or obligation to bear any irregular amount in accordance with this Act and the Rules framed hereunder and with a decision made in relation to the application made pursuant to Section 34, the person or employee who is not so satisfied may make an appeal to the authority that is one level higher than the punishment imposing authority within Fifteen Days after the date of such a decision, and the decision made by the appeal hearing authority on the appeal so made shall be final.
36. **Power to frame Rules:** The Government of Nepal may frame necessary Rules to implement the objectives of this Act.
37. **Saving:** This Act and the Rules framed hereunder shall govern the matters set forth in this Act and the Rules and the prevailing law shall govern the other matters.
38. **Repeal:** The Government Amount Recovery Act, 2025 is, hereby, repealed.