

Updated

# Uttarakhand Gramya Vikas Samiti (UGVS)

*F&A Rules*

# **UTTARAKHAND GRAMYA VIKAS SAMITI**

## **IFAD Assisted- Livelihoods Improvement Project for the Himalayas**

### **FINANCIAL AND ADMINISTRATIVE RULES**

#### **PREFACE**

The Uttaranchal Gramya Vikas Samiti has been registered under the Societies Registration Act of 1860, on 5/12/2003 with registration number 847/2003-2004 primarily to implement the IFAD assisted Livelihoods Improvement Project for the Himalayas in Uttaranchal. These Financial and Administrative Rules of the Samiti have been framed by largely drawing on the existing Rules of Societies formed for implementing the projects of very similar nature including Jharkhand-Chhattisgarh Tribal Development Project, Orissa Tribal Empowerment and Livelihoods Project, Swajal Project, Uttaranchal Decentralized Watershed Development Project, etc to facilitate smooth implementation of the above Project. The Rules framed herein are not meant to be static; and they will need to be further evolved and improved as the Samiti cruises along towards meeting its goal and objectives.

The Rules have been approved by the management Committee of the UGVS in it's meeting on 03.09.2004.

## Abbreviations and Acronyms used

<b>AR :</b>	Appraisal Report of Livelihoods Improvement Project assisted by IFAD.
<b>AWPB :</b>	Annual Work Plane and Budget.
<b>Bank :</b>	Means a nationalized public sector bank / Uttaraanchal State Cooperative bank in which the funds of the UGVS may be kept in Current/Saving of fixed deposit account.
<b>Budget :</b>	Means the statement of estimated income and expenditure of the Samiti for any financial year as approved by the competent authority.
<b>Chairperson :</b>	Means Chairperson of the Management Committee of the UGVS.
<b>DLCC :</b>	District Level Coordination Committee.
<b>DMU :</b>	District Management Unit
<b>Financial Year</b>	Means the year beginning on the 1 <sup>st</sup> April of a calendar year and ending on the 31 <sup>st</sup> March of the following calendar year.
<b>F&amp;AO :</b>	Finance and Administration Officer
<b>F &amp; A Rules :</b>	Financial and Administration Officer.
<b>IFAD :</b>	International Fund for Agriculture Development also written in short as Fund.
<b>Manager F&amp; A :</b>	Manager-Finance, Administration and Resource Mobilization
<b>Management Committee :</b>	Means Management Committee of UGVS.
<b>MC :</b>	Management Committee of UGVS
<b>MIS :</b>	Management Information System
<b>NABARD :</b>	National Bank for Agriculture and Rural Development.
<b>Project :</b>	Means IFAD assisted Livelihoods Improvement Project for Hiimalayas in Uttaranchal
<b>PD :</b>	Project Director
<b>PMU :</b>	Project Management Unit
<b>PM :</b>	Project Manager of Project District

<b>PSC :</b>	Project Steering Committee
<b>PLA :</b>	Project Loan Agreement
<b>SVCC:</b>	Social Venture Capital Company
<b>SOE :</b>	Statement of Expenditure
<b>UGVS :</b>	Uttaranchal Gramya Vikas Samiti also written in short as Samiti.
<b>USCB ;</b>	Uttaranchal State Cooperative Bank.

# **UTTARANCHAL GRAMYA VIKASSAMITI**

## **FINANCIAL AND ADMINISTRATIVE RULES**

### **CHAPTER - I**

#### **SHORT TITLE AND COMMENCEMENT**

1. The Management Committee hereby makes the following financial & administrative rules of the Uttaranchal Gramya Vikas Samiti for the administrative and management of its affairs and to achieve its objective under its memorandum of Association.
2. These rules shall be deemed to have come into effect from the date these rules are adopted by the Management Committee of UGVS.
3. The Financial and Administrative Rules are continued in Chapters – I to VIII.
4. The Management Committee shall decide on any matter having financial implications and not covered under these rules. In emergent circumstances, the Chairperson shall have the power to take decisions in such matters and report the same to the Management Committee at its next meeting.

### **CHAPTER – II**

#### **DEFINITIONS**

1. Unless otherwise provided, the terms defined under rules of the Uttaranchal Gramya Vikas Samiti ( UGVS) are adopted mutatis- mutandis under these rules .
2. Unless there be anything repugnant in the subject or context the terms which are defined below have been used in these rules in the sense explained here under :
  - (a) “ Rules means rules of the Uttaranchal Gramya Vikas Samiti ( registered under societies Registration Act of 1860 ) along with the memorandum of Association of the Samiti as modified from time to time in accordance with the procedures laid down in this regard.
  - (b) F & A “ Rules “ means the financial and administrative rules of UGVS framed by the Management Committee .

## **CHAPTER –III**

### **COMMITTEES TO BE CONSTITUTED BY THE SAMITI**

**AND**

### **FUNCTIONS OF PROJECT UNITS**

The Management Committee of the Chairperson of Officers authorized by them may appoint such committees as may be deemed fit, in order to achieve the goals and objectives of the Samiti. The following committees may be constituted and their role defined by the Chairperson/Project Director of the Samiti.

- (a) Project Procurement/purchase committee
- (b) Staff Selection committee.

The committees at the district level may be constituted as per the requirement by the District Management Unit (DMU) in-charge in consultation with the District level Coordination Committee (DLCC).

#### **Functions of PMU:**

The PMU is expected to coordinate activities related to: (i) community mobilization, SHG formation and development; (ii) capacity building for BGO staff as well as SHG members; (iii) flow of funds to all project activities including that of the SVCC; (iv) advocacy to usher in necessary legal changes (v) MIS, reporting, concurrent monitoring and impact evaluation as provided in the design; and (vi) internal administrative tasks, accounts and housekeeping functions.

#### **Functions of DMU:**

This unit is the implementation arm of the PMU and must be seen as an integral part of the larger unit i.e. PMU. A core team comprising of the Gender, NGO and CBO officer and a Finance and Administration Officer would support the PM at the DMU level. Since it is envisaged that the M&E function will be outsourced and contracted out to a specialized agency in the field no M&E representation has been provided at the DMU level.

#### **The Structure and time-line:**

The structure and functions of the Units in the Project along with the time line as suggested in the AR is as under. Every effort should be made to follow the time line;

TIME LINE	STUCTURE	FUNCTIONS
PUM Pre-project	<p>Govt. promotes an autonomous Rural Development Society (RDS) for each state to house PMU.</p> <p>BOD of RDS nominated for first 3 years by government nominees with a senior civil servant as the Chairperson.</p> <p>Token presence of community representatives on nomination basis for first three years,</p>	<p>Start-up functions; hiring of core staff; and framing service and financial rules.</p> <p>Key policy and legal framework put in place.</p> <p>Preparing Annual Work plan and Budget including streamlining funds flow.</p> <p>Facilitate formation of the SVCC by the interested financial institutions.</p>
PMU PY 1-3	<p>Establish district level management units (DMU) that are outreach arms of main society. They will not be registered societies distinct from the main Society.</p> <p>First level of community organizations is created at village level with the constitution of SHGs/JFM committees/affinity/user groups. These bodies are not registered under any statute and have informal and flexible operational style.</p>	<p>Selection of project villages.</p> <p>Engagement of NGO and other outreach partners.</p> <p>Facilitate funds flow to the SVCC to design, implement and upscale livelihood activities.</p> <p>Capacity building of NGO staff.</p> <p>SHG mobilization and capacity building of SHGs /other groups identified.</p> <p>Establishing linkage with FFI/PACs Start preparing proposals to identify funding sources to implement social sector activities using the leverage fund allocations in the project.</p> <p>MIS, monitoring, reporting and evaluation of the project.</p>
SVCC PY 1-3	<p>The SVCC established as a private company with majority shareholding by a financial institution and necessary staff recruited.</p> <p>District level offices of the SVCC opened and necessary staff recruited.</p>	<p>Train staff of the SVCC in SBS approach to micro-enterprise development. Sub-sector survey of the project block conducted, and livelihood opportunities mapped and prioritized.</p> <p>Identifying Business Development Services and designing demonstrations.</p> <p>Implementation of demonstrations.</p> <p>MIS, monitoring and evaluation of the livelihood activities</p> <p>The SVCC demonstrates costs and benefits of the successful demonstrations.</p> <p>Activity groups trained to take up micro enterprise.</p> <p>Activity groups / individuals linked to financial institutions for obtaining loans and to business development services.</p>
PMU PY 3-6	<p>SHG federations emerge with Block level Offices of NGO as the base.</p>	<p>Facilitate funds flow to the SVCC to design. Implement and upscale livelihood activities.</p>

		SHG federations trained in micro planning.
		SHGs undertake social development activities with support from FNGOs/Is. MIS, monitoring, reporting and evaluation.
SVCC PY 3-6	Activity Group by the SVCC formed around successful demonstrations . Activity groups form producer unions/companies. Companies / MACs formed to provide backward forward linkages	Identifying Business Development Services and designing demonstrations. Implementation of demonstrations The SVCC demonstrates costs and benefits of the successful demonstrations. Activity groups trained to take up micro enterprise. Activity groups / individuals. Linked to financial institutions for obtaining loans and to business development services. Companies / MACs linked to financial institutions for loans and to business development service for establishing backward and forward linkages. The SVCC provides equity/near-equity funding to investments for establishing backward and forward linkages. MIS, monitoring and evaluation.
PMU PY 7-8	RDS moves towards becoming an NGO with ability to mobilize resources for rural development. RDS's board has majority representation from SHG federations. At the end of the project, the RDS's board would comprise only SHG leaders. RDS activities would continue based on its ability to mobilize resources.	Continues social development activities. Provide funding and monitor the activities of SVCC. MIS, monitoring, reporting and evaluation.
SVCC PY 7-8	Continues with equity/near equity financing and earns from investments made during the previous years and moves towards sustainability.	Continue equity/near equity financing including exiting from investments made previously to ensure reflows for new investments. MIS, monitoring, reporting and evaluation.



## **CHAPTER –IV**

### **FUNCTIONS AND POWERS OF THE PROJECT AUTHORITIES**

**1. Chairperson:**

- (a) Shall ensure that the affairs of the Samiti are conducted efficiently; and in Accordance with the provisions of the Project, the memorandum of association, F&A rules and bylaws of the Samiti.
- (b) Shall preside over the meetings of the Management Committee.
- (c) May herself / himself call or by a requisition in writing signed by her / him may require the member Secretary to call a meeting of the Management Committee at any time.
- (d) May exercise casting vote increase the votes for and against a particular issue are equal.
- (e) Shall be the sole and absolute authority to judge the validity of the votes cast by the members at all the meetings of the Management Committee.
- (f) shall be entitled to invite any other person to attend the meeting of the Management Committee provided that such persons shall have no power of voting and may direct the Member Secretary to call a special meeting of the Management Committee at a short notice in case of emergency.

**2. Powers of Chairperson:**

Chairperson shall have full financial and administrative powers, including procurement of goods, works & services related to the implementation of the Project subject to Fulfillment of procurement rules and provisions of the project loan agreement.

**3. Project Director:**

The Project Director shall be the principal executive officer of the Samiti and shall be responsible for proper administration of the affairs and funds of the Samiti and implementation of various activities of the Project in mission mode under the guidance of the Chairperson and the Management Committee. For effective discharge of functions s/he shall have power to :-

- (a) Prescribe the duties of all officers and positions of the Samiti,
- (b) Exercise such supervision and disciplinary control as may be necessary.
- (c) Do all such lawful acts as may be necessary for the achievement of any of the Objects of the Samiti with the approval of the Chairperson/Management Committee.
- (d) Co-ordinate and exercise general supervision over the activities of the Samiti, Including its district officers.
- (e) help in conducting meetings of Management Committee of the Samiti and its other committees and keep a record of proceedings of these meetings in accordance with the rules.

- (f) discharge all other prescribed responsibilities as per the Terms of Reference as per AR.
- (g) The Management Committee may assign other function as deemed necessary, to him/her in furtherance of the objects of the Samiti.

**4. Project Manager:**

The Project Manager will be primarily responsible for implementation and review of the progress of the Project at the field level. S/he shall have the same functional powers and responsibilities in relation to the Project at the district level as the Project Director has at the State level. S/he shall be the Member-Secretary of the District level Coordination Committee headed by the Chief Development Officer of the District.

The Project Manager will discharge all other responsibilities as indicated in the Terms of Reference as per the AR.

**5. Manager F & A and Finance and Administration Officer (PMU and DMU):**

The Manager F & A and the Finance and Administration Officers at the PMU and DMUs would be responsible for: (i) budgeting and accounting of the Project. (ii) Expediting the release of funds for timely implementation of different activities by the PMU and the DMUs. (iii) Maintaining records of all financial matters related to the Project. (iv) Preparing requests for release of funds from the State as well as the Central Government and preparation and submission of withdrawal request (v) supervision and inspection of the finance section of DMUs and (vi) all aspects related to personnel and general administration matters and (vii) to discharge all other prescribed responsibilities as per the Terms of Reference as per the AR.

**6. Powers for Procurement of works, goods and services –Project Director**

*(Note: As per 8<sup>th</sup> BOD meeting held on dated 13.01.2010, threshold limit of expenditure have revised for PD/ MD as Rs. 15.00 Lakhs instead of Rs. 25.00 Lakhs.)*

- (a) **Works:** The Project Director will be competent to accord administrative approval and sanction expenditure for all civil works executed under the Project up to Rs. 15.00 lakhs.
- (b) **Purchase of Stores:** The Project Director will have competence to sanction expenditure connected with and place orders for the purchase of all stores, machineries and equipments required for the Project up to a value not exceeding Rs. 15.00 lakhs
- (c) **Procurement Committees:** There shall be a Procurement Committee constituted with the approval of the Project Director which shall scrutinize all cases of procurement of works, goods and services involving expenditure exceeding Rs. 50,000/- and the recommendation of the Purchase Committee shall be considered by the Project Director for sanctioning expenditure for procurements of any work, goods or service. The Project Director will sanction the expenditure and place orders for execution of the work of purchases of the goods or procurement of services up to value not exceeding Rs.15.00 lakhs. In case of the value of the work goods or services exceeding Rs.15.00 lakhs, the Project Director shall forward the proposal along with the recommendation of the Procurement committee to the Management Committee/Chairperson for sanction of expenditure.
- (d) **Power to enter into contracts etc:** The Project Director will be competent to approve any procurement (as provided in the SCHEDULE-4 of Project Loan Agreement). The Project Director will also have full powers to enter into agreement or contract with any executants or suppliers of goods or provider of services in connection with the Programme and to approve payments for procurements made by the PMU, subject to compliance of the procurement procedures

- (e) **Contingent Expenditure:** The Project Director will have power to incur contingent expenditure for smooth running of the PMU and DMUs establishment as follows:

i) Rent rates and taxes	Full Power
ii) Other contingent Expenditure	i) Not exceeding Rs. 20,000/- in each case for recurring items. ii) Not exceeding Rs. 50,000/- in each case for non-recurring items.

- (f) **Staff Remuneration etc:** The Project Director will have full power to sanction expenditure for payment of salaries, wages and other forms of remunerations and allowances to the PMU staff as per the approved rates.



- (c) The cheque books should be kept in the safe custody of the officer authorized by the PD at PMU and by PM at DMU level respectively.
- (d) If at any stage during the Financial Year, the Finance and Administration Officer finds that some surplus funds are available for investment, he will bring it to the notice of Project Director. The Project Director consider investing the same in short-term deposit with the nationalized bank and or Uttaranchal State Cooperative Bank in consultation with the Chairperson. All investments (A/c Livelihoods Improvement Project for the Himalayas-Uttaranchal) of funds shall be in the name of Uttaranchal Gramya Vikas Samiti, and shall be operated by the Project Director and Manager F&A/F&A Officer jointly.
- (e) Similarly in case of district units, investment of surplus funds in short terms deposits can be made by the PM with the approval of PD and Chairperson and to be operated by PM and F&AO.
- (f) The income from such investments shall be deemed to be the income of the Samiti or as may be decided by the State Government and shall be credited to interest account.
- (g) The term deposit receipts shall remain in the custody of the officer authorized by the PD and Finance and Administration Officer of the Samiti or as may be authorized by the Chairperson in this regard.

**4. Flow of Funds:** The system for obtaining funds for implementation of the IFAD Assisted Project, including flow of funds within the UGVS shall be followed as specified in Schedule-II

**5 Accounts:**

- (a) For the Project Accounts, double entry system on cash basis and with Computerized accounting system should be followed on decentralized basis at PMU and DMU with appropriate heads of accounts as may be necessary for the Project. In addition to the preparation of normal financial accounts and as prescribed by the IFAD Project Agreement (in case of IFAD assisted Project the PMU shall prepare receipts and payment accounts/ income & expenditure accounts and balance sheet which should depict complete picture of financial performance at the UGVS level for a given financial year.
- (b) In the same way the district units (DMUs) shall furnish the required information to the PMU for preparing the annual account of the Samiti.

**6. Accounting System:**

Guidelines for accounting of the Project expenditure and receipt of funds are given in Schedule-VI. These guidelines may be expanded or modified as per the needs and experience gained with the approval of the Management Committee/Chairperson.

**7. Audit of Accounts:**

The account of the UGVS will be audited by a Chartered Accountant appointed by the PD on approval of the General Body of the Samiti. Representatives of the Controller and Auditor General of India (CAG) may also audit the accounts of the Samiti at such intervals as the CAG may deem necessary. A certified copy Of the audited statement of accounts shall be delivered to the IFAD head quarters in case of IFAD supported Project as required by ARTICLE-IX Section 9.03 of the General Conditions ***guidelines and requirements(as amended in 17 MC meeting on 21.09.10 agenda point no. 17.6)*** of the Fund, within six months after the end of the financial year.

**8. Expenditure and Payment to Money:**

The system for incurring expenditure and payment of money etc. shall be followed as specified in Schedule-IV.

**9. Other Matters:**

- (a) Print outs of Journal entries on weekly? Monthly basis shall be taken out and filed in a separate file.
- (b) It should be ensured by the PD & PM that there are no long outstanding entries in the suspense account.
- (c) For meeting small expenditure and emergent needs a petty cash balance and register therefore shall be maintained by PMU and DMUs. The limit for holding petty cash balance is fixed at Rs. 15,000 for PMU and Rs. 10,000 for DMLU, which, can be revised by the Chairperson.
- (d) Advance from petty cash should be drawn only with the sanction of PD and PM.
- (e) It should be ensured by the PD and PM that monthly reconciliation bank accounts are prepared by 15<sup>th</sup> of every month by the F&AO. Difference if any shall be settled promptly.
- (f) Proper filing system and custody of files shall be evolved for the correspondence of the Samiti including those relating to the financial matters. A file register shall also be maintained.
- (g) Letters shall be opened in the presence of PD and PM or will be opened by the officials authorized by PD and PM in PMU and DMU respectively.
- (h) Salary of all positions will be credited to their bank accounts. It would facilitate if the Project Staff open their account at same branch of the Bank where the Samiti has its account.

## CHAPTER-VI

### **PROCUREMENT OF GOODS, WORKS & SERVICES**

~~The procurement of goods, services & works shall be subject to the conditions of the funding agency and the decision of the Management Committee. In case of IFAD assisted LIPH, the procurement of goods, services & works shall be subject to the conditions detailed in relevant Schedule of the project Loan Agreement signed between Govt. of India and IFAD dated 20 February 2004 and the Procurement rules of IFAD as clarified in the following paragraphs. **Present provisions of rules 1 to 5, 6.6, 7.1 & 7.2 would be deleted and replaced by the following rules, which are as per the revised Schedule 4 of the Programme Loan Agreement. - (As amended in 17th MC meeting on 17.09.2010 Agenda Point No. 17.6.3)**~~

#### **1. ~~Local Complete Bidding (LCB):~~**

~~Each contract for the supply of goods, vehicles and equipments estimated to cost USD 25000 equivalent or more, shall be awarded on the basis of competitive bidding advertised locally:~~

##### **~~Procedure of LCB:~~**

- ~~(a) Procurement for goods / vehicles and equipments shall be reflected in the APWB.~~
- ~~(b) Procurement through LCB shall be done through advertisement in the local news paper, inviting the bids.~~
- ~~(c) The procurement committee shall decide whether to follow single envelop or two envelop system.~~
- ~~(d) If required by PLA, the procurement committee shall analyze the bids and shall recommend awarding the contract after thorough analysis.~~
- ~~(e) The UGVS shall furnish two certified copies or confirmed copies of such contract to the Fund, together with the analysis of respective bid and recommendation for award of contract.~~

#### **2. ~~Local Shopping:~~**

~~Each contract for the supply of goods vehicles and equipment estimated to cost more than US\$ 10000 equivalent but less than US\$ 25000 equivalent, shall be awarded on the basis of evaluating and comparing bids invited from at least three suppliers.~~

##### **~~Procedure for local shopping:~~**

- ~~(a) The procurement of the goods shall be reflected in AWPB.~~
- ~~(b) The UGVS shall maintain a list of suppliers of goods, vehicles & equipments.~~
- ~~(c) At least 3 suppliers be asked to tender quotations for the specified items asked for.~~
- ~~(d) The procurement committee shall analyses the quotations and prepare a comparative statement. The award o contract shall be made on the basis of sound analysis.~~
- ~~(e) If required by the PLA, the UGVS, through the state government shall furnish two certified copies or confirmed copies of such contract to the Fund, together with the analysis of~~

~~\_\_\_\_\_ respective bid and recommendation of award.~~

**3. ~~Direct contracting:~~**

~~Each contract for the supply of goods, vehicles and equipment estimated to cost US\$ 10000 equivalent or less, shall be awarded through direct contracting with the contractor/supplier.~~

~~\_\_\_\_\_ **Procedure for direct contracting:**~~

- ~~(a) The goods and equipment that are proprietary in character may be procured by direct contracting.~~
- ~~(b) In case of goods & equipments where direct contracting is done to ensure reasonable economy in procurement, it is frequently necessary to obtain quotations form limited number of suppliers in order to ensure that the direct contracting is no less competitive.~~
- ~~(c) All the decisions of direct contracting, where the amount exceeds Rs. 25000/- need to be maintained by the UGVS for its record purpose.~~

**4. ~~Purchase of Proprietary Items :~~**

~~\_\_\_\_\_ Proprietary Items refer to items that have a reserved intellectual property right by a single manufacturer and not commonly available in the open market. Such proprietary items could be procured based on single offer basis subject to the prior approval of the Chairperson.~~

~~\_\_\_\_\_ If there are any DGS & D approved rate contract holders, the approved prices of DGS & D may be th basis for finalizing the order value.~~

**5. ~~Rate Contract for Supply of Office Consumables:~~**

~~\_\_\_\_\_ For purchase of items of routine requirement in the office, such as, photocopier paper, fax ,rolls, other items of office stationery, rates for printing of office stationery, which are regularly consumed, the PMU shall arrange to take quotation by following ht same procedure as detailed above. Such rate contract shall be valid for a particular period, say 1 year of so, and the process shall be carried out again.~~

***PART A. GENERAL- (PART A to PART E - As amended in 17th MC meeting on 17.09.2010 Agenda Point No. 17.6.3)***

- 1. Procurement of goods, works and consulting services financed by the Loan shall be subject to the provisions of the IFAD "Procurement Guidelines" approved by the Executive Board in December 2004 (the "Procurement Guidelines") and such guidelines as may be amended from time to time by the Fund. If any provision of the Procurement Guidelines is inconsistent with a Programme Loan Agreement, then the later should govern.*
- 2. To the extent possible the goods and consulting services shall be bulked into sizeable bid packages in such a manner as to permit the optimal use of competitive bidding.*
- 3. Before the commencement of procurement and annually thereafter, the Borrower shall furnish to the Fund for approval, a Procurement Plan as described in Appendix 1, paragraph 1 of the IFAD Procurement Guidelines. The Procurement Plan shall specify, inter alia, the*



*method of procurement for each contract to be financed from, and thresholds, ceiling and preferences to be utilized in the implementation of procurement under the Project. The procurement Plan also specify any additional requirements as may be set out in the IFAD Procurement Guidelines with respect to certain methods of procurement. The procurement plan shall be updated from time to time in accordance with Section 3.02(a) of Programme Loan Agreement to cover succeeding, eighteen month periods.*

4. *Procurement shall be undertaken only during the Project Implementation Period.*
5. *No procurement shall be undertaken if it entails a payment to persons or entities, or an import of goods, prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations. The Fund shall inform the Borrower (GOI) of any such, entities or import.*

#### **PART B. PROUREMENT OF GOODS AND WORKS**

6. *The methods which are permitted for the procurement of goods and works are the following:*
  - (i) *International Competitive Bidding;*
  - (ii) *National Competitive Bidding;*
  - (iii) *International or National Shopping;*
  - (iv) *Direct Contracting;*
  - (v) *Work by Force Account;*
  - (vi) *Procurement from United Nations Agencies; and*
  - (vii) *Procurement with Community Participation*

#### **PART C. PROCUREMENT OF CONSULTING SERVICES**

7. *The methods which are permitted for the procurement of consulting services are the following:*
  - (i) *Quality and Cost-Based Selection;*
  - (ii) *Quality Based Selection;*
  - (iii) *Selection under a Fixed Budget;*
  - (iv) *Least Cost Selection; and*
  - (v) *Single- Source Selection.*

#### **PART D. PREFERENCE REQUIREMENTS**

8. *In the procurement of goods and works from the proceeds of the Loan, the country of the Borrower may be granted a margin of preference as provided in Paragraphs 55-59 (Domestic Preference) of the Procurement Guidelines. The Procurement Plan and all bidding documents shall clearly indicate the permitted preference to be granted, the manner in which the preference shall be applied in bid comparison and the information required to establish the eligibility of a bidder for such preference. The nationality of the manufacturer or supplier shall not be condition for such eligibility.*

## PART E. REVIEW OF PROCUREMENT DECISIONS

9. *The award of any contract for goods and works referred to in paragraph of 6 above, estimated to cost USD 100 000 equivalent or more, shall be subject to prior review by the fund. The aforementioned threshold may be modified from time to time as notified by the Fund to the Borrower.*
10. *The award of any contract for consulting services referred to in paragraph 7 above, estimated to cost USD 50 000 equivalent or more, shall be subject to prior review by the Fund. The aforementioned threshold may be modified from tune to time as notified by the Fund to the Borrower.*
11. *All bidding documents and contracts for the procurement of goods, works and services financed by the loan shall include a provision requiring, bidders, suppliers, contractors, sub-contractors and consultants to permit the Fund to inspect their accounts, records and other documents relating to the bid submission and contract performance and to have them audited by Fund-appointed auditors and investigators. This provision shall require bidders, suppliers, contractors, sub-contractors and consultants to: (i) maintain all documents and records related to the Fund-financed Project for three years after completion of the work contemplated in the relevant contract, and (ii) require the delivery of any document necessary for the investigation of allegations of fraud or corruption and the availability of employees or agents of the bidders, suppliers, contractors, sub-contractors or consultants with knowledge of the Fund-financed Project to respond to questions from Fund personnel or any properly designated auditor, investigator, agent or consultant relating to review or audit of the document If the bidder supplier, contractor, sub-contractor or consultant fails to comply with the Fund's request, or otherwise obstructs the Fund s review of the matter, the Fund, in its sole discretion, may take appropriate action against the bidder, supplier, sub-contractor or consultant, including the imposition of sanctions in accordance with the Fund's administrative procedures.*

### 6. Other Matters:

- 6.1 Purchase of Computers, Vehicle, Office & other equipment shall be as per the specifications and indicative unit cost as per Annexure 16 of Appraisal Report (AR), Vol. III. For deviations in specifications, necessary if any, IFAD may be kept informed.
- 6.2 All equipment and other assets with book value of more than Rs. 5000 shall be given inventory number, entered in the inventory register and physical verification thereof be carried out annually by PMU / DMU .
- 6.3 NO advance payment for goods and equipments shall be made to the agencies such as stationary supplier, computer supplier, printing agencies and other equipment supplier.
- 6.4 The equipment, furniture and fixtures of the UGVS shall be insured as per the need based decision of the Project.
- 6.5 Normally for any purchases to made 3-4 quotations should be considered for taking the decision. However in case of emergency, the PD and PM are authorized to make the purchase of items valued upto Rs 5000/- and Rs. 2000/- respectively by placing verbal/written purchases order without calling for the quotations.
- 6.6 ~~Goods and services can also be procured on DGS&D rate contracts approved by the GOI.~~  
**(Deleted in 17 MC Meeting)**

- 6.7 In the normal course the order for supply/service shall go in favour of the firm/supplier found suitable after technical and financial evaluation of the received proposals by the procurement committee. The procedure for enquiry for evaluation will be as follows:
- (a) The Manager F&A/F&AO shall with the approval of the PD/PM (in the case of DMU) issues all purchase orders after approval from appropriate authority.
  - (b) The Short list of parties/firms to whom the enquiry has to be sent may be decided based on the past contacts. Contacts made by the parties or those selected from the advertisement/listing in the Newspapers, Yellow Pages, Websites, etc.
  - (c) All such enquiries will be sent by issuing formal letters. In case of paucity of time, the enquiries may also be sent by fax and responses received by fax followed by original formal letters.
  - (d) The enquiry shall contain the following details:
    - 1. Detailed description of the item required.
    - 2. The likely quantity required.
    - 3. By when the order would have to be executed.
    - 4. The last date for sending in the inquiry.
  - (e) Details/Samples to be sent by the party along with their offer
  - (f) The samples will be first properly examined by the procurement committee before considering the financial bidding.
- 6.8 A formal purchase order shall be issued for purchases, which shall include the following:
- (a) Name of the supplier
  - (b) Detailed description of the item to be supplied in unambiguous terms, including the make and specifications.
  - (d) Applicability of freight and forwarding charges
  - (e) Place of delivery
  - (f) Validity of the purchase order
  - (g) Payment Terms
  - (h) Penalty clause, if any, for delay in supply.
- 6.9 Procurement Committee will ensure that the Quality of consignment delivered by the party is exactly the same as offered in the sample.

## 6.10 Submission of Proof of Purchase:

The proof of purchase shall comprise or the copy of the bill for the item purchased copy of the folio of the Asset Register, where the entry for the asset has been taken and a copy of the journal Voucher debiting the expense to the concerned asset account.

## 7. Procurement of consultant's services :

### 7.1 ~~National Experts:~~

~~Given the amount involved in each consultant contract, the UGVS will be able to hire national experts by direct contracting. The amount of direct contracting for each contract shall not exceed US\$ 10000 equivalent. For hiring national consultants in case of direct contracting following procedure shall apply:~~

- ~~a) The requirement of expert shall be indicated in the AWPB.~~
- ~~b) The Project Management Unit of UGVS shall prepare and maintain a panel of consultant for various disciplines required for technical Assistance under the Project. The latest CVs of such consultant shall be Put in the CV dossier for technical assistance maintained by the PMU.~~
- ~~c) The procurement committee shall recommend the contract amount for the Consultant under consideration.~~
- ~~d) If required as per the PLA, the terms of reference along with the CV of the short listed consultant shall be sent to Fund for concurrence under intimation to State Govt.~~
- ~~e) The contract agreement shall be signed between the consultant and the UGVS and the TOR clearly spelt out. The PD shall sign all such contracts on behalf of the UGVS.~~
- ~~f) The same process will hold good in case of institutional consultant.~~

### 7.2 ~~International Experts:~~

~~The process for procuring international experts will be under:~~

- ~~(a) The requirement of international expert shall be indicated in the AWPB,~~
- ~~(b) The PMU may maintain a dossier of international experts along with their CVs.~~
- ~~(c) Each request for hiring international expert shall be made by UGVS along with defined Terms of Reference to the Fund or cooperating agency nominated by the Fund for such purpose under intimation to state govt. Based on the request of UGVS and the TOR the Fund or the nominated cooperation agency shall make the services of such international expert available to the UGVS as requested. The Fund shall enter into contract with such experts for services as specified in the Terms of Reference. ***(Deleted in 17 MC Meeting)***~~

### 7.3 Payment to Consultants:

The PMU may contract outside consultants as and when needed. Appointment & payment are subject to procurement guidelines of the Project. However, the following shall be the guiding factors in deciding the payment amount for the Consultants.

- (a) The payment to the consultants shall be made after deducting the Income Tax, and other deduction, if any.
- (b) The travel expenses and lodging to the consultants shall be paid only if term sans conditions so prescribe and they produce a proof of travel and lodging bill.
- (c) In cases, where the consultants are paid on actual for their boarding, no expenses on alcoholic drinks, cigarettes, etc, shall be paid by the PMU.

- (d) The payment to the consultants should be processed by the user section for obtaining approval of the PD & then the same may be sent to F&AO for release of payment.

## **CHAPTER – VII**

### **RECRUITMENT AND SERVICE RULES**

#### **1. Recruitment:**

Various positions under the IFAD Project have been listed in the Appraisal Report (AR). The recruitment against these positions will be made by the UGVS from the open market by following a due process of selection, which would include (i) formation of a selection panel, (ii) advertisement in news papers and circulation to reputed NGOs /Govt. Depts., etc. (iii) short listing and interview and (iv) obtaining approval of Chairperson/MC for appointment of selected candidates panel for key positions.

2. The selection committee will comprise of a nominee of the State Government, a prominent state level/national level person having rich experience and credential of working both with government and /or NGO setup and the PD. In addition to above one or more specialist persons may be included in the selection committee as may be necessary.

3. The selection committee may follow the procedure as shown below in order to pick up the best possible talent against the positions for the Project.

(I) The qualification experience and the overall capability of the candidates to be selected for the positions in the Project should be commensurate with the work requirement.

(ii) The eligibility / qualification / experience as specified in the TOR for each post may be considered while interviewing the candidate.

(III) The prospective candidates to be selected should demonstrate empathy and sensitiveness towards the poor and women, appropriate personality traits, attitude, management capacity and enthusiasm to achieve Project objectives.

(iv) The consolidated emolument package as indicated in AR for different category of positions shall be generally followed. However the selection committee may recommend higher/lower package as may be necessary in case of deserving/fresh candidates. What is important is selecting appropriate candidates.

#### **4. Service rules:**

The staff to be engaged for implementing the IFAD Project could be of two categories ie.

(a) Staff on deputation.

(b) Staff on contracts

##### **(a) Staff on deputation:**

(1) The positions on deputation to UGVS will either be suitably remunerated as per the remuneration fixed in the Project for the Particular post or such positions while allowing to draw the salary being drawn in the parent department, will be allowed project allowance as fixed by the Management Committee. No separate deputation allowance will be allowed in deputation positions.

(2) Persons on deputation shall be governed by deputation rules as decided by State Govt. / Govt. of India as the case may be.

(3) Housing: i) The UGVS may decide to hire residential accommodation to the Project positions on deputation. The categorization of the persons for housing entitlement in all such case will be same as in case of state govt. personnel based on the corresponding area in sq. feet. (ii) All such cases where UGVS makes the housing available, a license fee will be deducted as decided by the PD from time to time.

- (4) **Medical Allowance:** *An annual medical reimbursement upto one month's emoluments will be admissible to all the officers/ employees of the project. Medical reimbursement will be applicable to all the employees for medical treatment for self, family, husband, wife, children and parents on prescription of competent medical officer and submission of voucher in respect of treatment. For this purpose emoluments means Basis Pay + Dearness Allowances.*

*This will come into effect from the date of joining of the officer / employee in the ULIPH on deputation ( Point No. 4 inserted and approved in IInd Management committee meeting held on 24th February 2005).*

**(b) Staff on Contract basis:**

1. The positions will be paid consolidated emoluments commensurate with their qualification and professional experience and overall capability upon recommendation of the selection committee and approval by the Chairperson of the Samiti. **While fixing the consolidated emoluments against a renewed contract after one year and thereafter annually, the increment may be added. Increment amount will be performance based.**
2. **The procedure of annual evaluation of the staff will be set by the Project Director and increment amount will be decided by the Project Director with the approval of Chairperson of the Society.**
3. No separate HRA will be given. However, while working out the gross emoluments, appropriate HRA element will be added.
4. The positions will have leave entitlement as applicable through Schedule-V.
5. The senior positions will have entitlement for subscription for one newspaper at residence. PE will have entitlement for two newspapers at residence.
6. PMU and DMU can subscribe for newspapers, journals and purchase books and audiovisual materials as may be considered necessary by the Project Director.

**5. TADA and Tours :**

Traveling allowance entitlement to the staff for tours within the State, will generally be in conformity with the staff of state government in the corresponding scale/ as per the TA/DA rules framed hereunder. In case of tours outside the State and within the State, the daily allowance rates, hotel charges rates, journey entitled and other terms and conditions of the positions on deputation/contract basis are specified in

**These rules may be reviewed once in two years by the Project Director.**

The tours/training/meetings/workshop/conference outside the state will be made with the approval of PD in respect of PMU & DMUs Staff. Such tour within the state can be undertaken with the approval of PD/PM for staff of PMU/ DMUs respectively. The Chairperson of Samiti shall be the competent authority to sanction journeys and mode of journey/conveyance outside the state in respect of PD. Other terms and conditions of the positions on contract basis shall be as specified in **schedule -V**.



## 6. Working Principles:

Staff members of the PMU & DMUs are jointly and severally required to exercise their discretion by following the under noted principles:

- (a) **Impartiality:** The PMU & DMUs may not practice any form of discrimination or preferential treatment in its relations with third parties, be they beneficiaries of LIPH activities or suppliers to the LIPH of goods or services, or persons or institutions involved in any way in the LIPH activities or the results of those activities. The PMU & DMUs staff shall exclusively apply the decision making as per the prescribed selection procedures described in AR.
- (b) **Cost-effectiveness:** Maximum cost –effectiveness, in relation to the activities under the Project, Should always be sought in decision making at all levels within the PMU/& DMUs staff shall exclusively apply the decision making as per prescribed selection procedures described in AR.
- (c) **Economy:** subject to the above mentioned principle of cost-effectiveness, cost minimization should be constant concern of the PMU & DMUs and of each member of its staff. In particular, no considerations based on prestige may be adduced to justify the use or procurement of resources or capital equipment, or recourse to services, other than those strictly necessary to ensure the LIPH's cost effective operation.
- (d) **Conflicts of Interest:** Employees of the PMU & DMUs may not, directly or through an Intermediary or close relative, hold any interest in companies, society, NGO or any other entity or exercise responsibilities in public or private institutions having commercial relations with the PMU & DMUs or benefiting from their activities. They may not receive any remuneration or fee of any kind from such companies or institutions. All employees are required , upon recruitment, to complete a statement showing all of their commitment, interests or holdings likely to conflict with the above rule. They shall then have one month in which to divest themselves of such commitments, interests or holdings. Compliance with this obligation is and expresses condition of employment.
- (e) **Code of Public Behavior to be observed by Project Staff:** The PMU & DMUs are required to perform a public service. Its employees are accordingly under an obligation to observe confidentiality, impartiality and discipline similar to that required of civil servants. Employees may not, in the performance of their functions, engage in political or religious propaganda. The project staffs are required to observe absolute impartiality. They are expected to accord equal treatment to the users of the public service provided by the Project namely the beneficiaries and the contractors. The Project employees are furthermore required to demonstrate the loyalty to the Project objectives.
- (f) **Disciplinary matters:** For disciplinary matters, the Project Staff of PMU and DMUs including these on contract basis will be governed by the Rules/Code as applicable to the State Government staff and the Project Director shall be the Administrative head for the purpose.

## CHAPTER –VIII

### DELEGATION OF POWERS

The Project Director is vested with the following powers. Besides the Chairperson may delegate further powers to PD and PM as may be considered necessary.

1. S/He shall have the power to execute 'Memorandum of Understanding' (MOU) / Contracts with Project partners to perform specific activities in furtherance of the objects of the Samiti and release funds required for performance of tasks as per the MOU/ Contracts. Subject to the condition that selection of NGOs shall be done with the approval of Chairperson and as per the criteria stipulated in AR.
2. S/He shall have the power to release funds to the Project partners subject to the fulfillment of conditions stipulated in the Project Loan Agreement, etc.
3. She/He shall have the power to invest the surplus funds of the Samiti in short term deposits with the nationalized bank and Uttaranchal State Cooperative Bank with the approval of the ~~Chairperson~~ Project Director and without affecting the day-to-day functioning of the Samiti. **( as amended in 27<sup>th</sup> MC of UGVS)**
4. She/He shall have the power to sign all other deeds and documents on behalf of the Samiti with the approval of the Chairperson.
5. S/He shall have the power to sign contracts with consultants relating to technical, scientific, financial, managerial and legal matters subject to the provision made therefore in approved AWPB.
6. S/He shall have powers to make payment towards the procurement of goods, works and services subject to fulfillment of procurement procedures as detailed in Chapter-VI of this document.
7. She/ He shall have full power to incur recurring expenditure over staff salaries. TA, DA and miscellaneous .advance, as per F & A rules framed from time to time and terms of appointment of staff.
8. S/He shall have full powers to incur recurring expenditure towards office and related expenses including for the items shown in Schedule-I under the Project technical assistance/training component of the Project he/she shall have full powers to release payment to the experts/consultants hired as per the AWPB and subject to observance of the procurement procedure.
9. PD shall have full power to incur expenses in organizing seminars, symposia, training and workshops as per the AWPB in order to meet Project objectives.
10. The PD may delegate any part of the financial powers to the following officers of the Samiti or any other officer of the Samiti subject to the approval of the Chairperson.
  - (1) District Project Manager of DMU.
  - (2) Finance Controller of PMU.
  - (3) Finance & Administration Officer of DMU.

Such delegation will be done through a written memorandum clearly defining the powers so delegated and the accountability there of.

Other powers are delegated to PD, PM and F& AO as per Schedule- II For easy reference Chairperson's power are also indicated therein, though Chairperson has full financial and administrative .

## **Schedule - I**

1. Conveyances hire (Hiring of taxis).
2. Electricity and water charge, Municipal taxes.
3. Insurance for building, vehicles, other important assets and cash in safe/transit.
4. Furniture and fixture repairs including air conditioners fans, heater, coolers.
5. Motor vehicles- repair and maintenance and POL.
6. Expenditure for refreshment served to members of conferences/committees.
7. Expenditure on hospitality i.e. hosting lunch/dinner etc during mission visits, visits of delegation etc to Project area.
8. Maintenance of Office Equipment.

## Schedule-II

### Uttaranchal Garamya Vikas Samiti.

Other Financial and Administrative Powers of PD and DPM, etc.

SI No.	Type of Power	Chairperson	PD	DPM	F&AO
1.	permission of tour outside the state	Full powers	Full powers except for self	-----	-----
2.	Purchase of books and periodicals	Full Powers	Full Powers	Rs. 1,000/- per month for books related to the project and one news paper	-----
3.	Purchase of stationery	Full Powers	Full Powers	Full Powers	-----
4.	Taking office premises on rent	Full Powers	Full Powers	-----	-----
5.	Purchase of furniture	Full Powers	Full Powers	-----	-----
6.	Civil works estimate approval, purchase of material and permission of construction	Full Powers	Full Powers (upto Rs.25 Lakhs)	-----	-----
7.	Entertainment/ hospitality expenses in respect of Project activities	Full Powers	Full Powers	Rs. 2,500/- per quarter(5th MC meeting 4.10.06)	-----
8.	Purchase of equipment	Full Powers	As per LCB limits	-----	-----
9.	Annual maintenance/contract of equipment	Full Powers	Full Powers	Full Powers	-----
10.	Approval of advertising expenses for tenders	-----	Full Powers	-----	-----
11.	Approval of tours and tour advances	Full Powers	Full Powers	Rs. 2,000/- per person	-----
12.	Printing of stationery, forms, reports	-----	Full Powers	Rs. 2,000/- at a time	-----
13.	Appointment /taking on deputation against sanctioned posts	Full Powers	-----	-----	-----
14.	Leave sanction				-----
a)	Contractual Staff				
	Casual Leave	-----	Full Powers	Full Powers	-----
	Earned Leave	-----	Full Powers	Full Powers	-----
b)	Deputation Staff				
	Casual Leave	-----	Full Powers	Full Powers	-----
	Earned Leave	Full Powers	Full Powers except	-----	-----

			self		
15.	Telephone/internet bill payment	Full powers	Full Powers	Full Powers	-----
16.	Expenses on postage etc	Full Powers	Full Powers	Full Powers	Full Powers
17.	Fixation of fees of legal advisor	Full Powers	Upto Rs, 5,000/- at a time	-----	-----
18.	Payment of salary to officers & positions	Full Powers	Full Powers	Full Powers	-----
19.	Signing payment vouchers	Full Powers	Full Powers	Full powers subject to the above powers & budget provision	Full powers along with PD/PM
20.	Issue of money receipts	Not applicable	Not applicable	Full Powers	Full Powers
21.	Misc. Office expenses (including office cleaning arrangement).	Full Powers	Rs. 2,000/-per item. maximum Rs. 50,000/- in a month	Rs. 2,000/- per item, maximum Rs.25,000/-in a month	Rs. 1,000/- per item maximum Rs. 5,000/- in the absence of PD/PM
22.	Reimbursement for local conveyance	Full Powers	Full Powers	Full Powers	-----
23.	Reimbursement of medical bills	Full Powers	Full Powers	Full Power	Full Powers except for self.
24.	Expenditure on Training Project/Workshop / Seminars.	Full Powers	Up to Rs. 15.00 lakhs at one time (15th MC meeting 13.1.2010	* Upto Rs. 2.00 Lakhs/- at one time(15th MC meeting 13.1.2010	-----

\* (**Note:** As per 9<sup>th</sup> BOD meeting held on dated 21.09.2010, threshold limit of expenditure sanctioning have revised for District as Rs. 2.00 Lakhs instead of Rs.0.50 Lakhs.)

All bills are to be passed jointly as prescribed in Chapter-V of F&A Rules before releasing payments.

## **SCHEDULE - III**

### **FUND FLOW SYSTEM UNDER LIPH**

**1. Sources of Funds**

Project Cost:

Total Project cost at June, 2003 prices: Rs 239 crores (US \$ 47.80 m.) over 8 years.

Of the total program cost IFAD loan:	47.0%
State Government contribution:	12.7%
Formal financial institutions (credit):	28.5%
Beneficiaries:	<u>11.8%</u>
<b>Total</b>	<b><u>100%</u></b>

**2. System of funds flow to PMU:**

As per the project document the fund for the implementation of the project would flow as under: -

- a. IFAD loan funds would flow from GOI to the UGVS via the state treasury. GOU funds earmarked for the Project would also be transferred to UGVS would establish separate account with a Nationalized Bank / Uttaranchal State Cooperative Bank.
- b. GOU would provide advance funds to the PMU for Project expenditures. The DMUs would establish Project accounts with Nationalized Banks acceptable to PMU. PMU the UGVS would transfer funds to the DMU Project accounts in accordance with the AWPB, initially to cover six months of operations. The PMU would also fund some expenditure directly. The DMUs would release funds to the NGOs and SHGs as the Project's grant contribution towards their equity and to the NGOs for the community empowerment works to be implemented, as envisaged in the Project. The funds flows chart is shown in Appendix 20, vol. 1 of AR.
- c. Since most of the NGOs are not likely to be sufficiently string financially to incur expenditures in advance, the DMUs may ensure that the advance payments are adequate for smooth implementation of activities. It is suggested that the funds covering about three months of estimated costs would need to be advanced. The Management Committee/Chairperson may decide in this regard.

**3. Reimbursement Procedures:**

NGOs would submit their SOEs to the concerned DMU who would compile them together with its own expenditure for submission to the PMU. The PMU would forward the reimbursement claims to the Controller of Aid, Accounts and Audit of the Department of Economic Affairs (DEA), Ministry of Finance, GOI with a copy to the IFAD Facilitation Cell at New Delhi. Compilation of the SOEs would comply with the standard procedures Cell at New Delhi. Comply with the standard procedures normally used by GOU that are acceptable to IFAD (It is likely that UNOPS may send the standard formats)

**4. This would mean as under:**

State Govt. will out of its contribution envisaged provide funds to the PMU every Quarter / half year in advance on the basis of the AWAPB to enable the PMU to incur expenditure for implementation of the Project activities. PMU would incur the eligible expenditure under the Project and submit Statement of Expenditure (SOE) to the GOI for reimbursement.

- \* The amount reimbursed by the GOI to State Govt. would be passed on the UGVS by the Govt. as replenishment along with the State Govt. share (gap in the amount of expenditure and the amount reimbursement by GOI): subject to the condition that the overall contribution of the State Govt. would be as stipulated in the AR and PLA.
- \* Shortfall if any in the (i) Funds left with the PMU including the replenishment mentioned above vis-à-vis (ii) the budgeted expenditure for the next quarter/ half year will be further provided by the State Govt. as advance.

- 5.** The total amount thus given as advance and release of its share in SOE to the UGVS in The above manner by the State Govt. would work out equal to the total share of the State Govt. envisaged in the Project over the period of 8 years.

## **Schedule - IV**

### **Expenditure and Payment of Money**

1. No officer shall incur expenditure or enter into any liability involving expenditure or transfer of moneys or investment or deposit from the Samiti account unless such expenditure or transfer has been sanctioned by general or special orders of the competent authority.
2. The following should be the general principles governing all expenditure incurred from the Samiti funds –
  - i) That there should be provision of funds authorized by competent authority fixing the limits within which expenditure can be incurred.
  - ii) That the expenditure incurred should conform to the relevant provisions of the rules of the Samiti.
  - iii) That there should exist sanction either general or special accorded by the competent authority, authorizing the particular item of expenditure.
  - iv) Financial and administrative powers will be exercised in accordance with the Provisions kept in AWPB.
3. All sanctions of expenditure shall indicate the details of provision under the relevant budget head. A sanction or order shall come into effect from the date of issue unless the competent authority specifies any other date.
4. No money should be drawn from the Bank unless it is required for immediate disbursement/replenishment or petty cash balance.
5. Every officer incurring or authorizing expenditure from the Samiti funds should be guided by high standards of financial propriety. Among the Principles on which emphasis is generally laid are the following.
6. Every officer shall exercise the same vigilance in respect of expenditure incurred from the Samiti funds as a person of ordinary prudence would exercise in spending his own money;
  - i. The expenditure should not be prima facie more than what the occasion demands.
  - ii. No authority should exercise its powers of sanctioning expenditure to pass an order, which will be directly, or indirectly to its own advantage.
7. The Samiti moneys should not be utilized for the benefit of a particular person or section of the people, unless
  - a) a claim for the amount could be enforced in a court of law, or
  - b) the expenditure is in pursuance of a recognized policy or custom.
8. The amount of allowance granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.
9. No officer of the Samiti shall pass his own expenditure except as otherwise provided.
10. Each Head of office is responsible for enforcing financial order and strict economy at every step and also for observance of all relevant financial Rules by all.

11. Each Head of office must see not only that the total expenditure is kept within the authorized limits but also that the funds allotted are expended in the interest of the Samiti and only upon the objects for which the money was provided.
12. Every claim received in the Samiti Office shall be checked before payment.
13. All bills presented for payment shall be examined in accordance with the relevant provisions in the rules and the Sanctioning Officer shall check, if the claim is admissible, if the authority is proper, if the signature is true and in order and if the receipt is a legal acquaintance and thereafter, make an order to pay under his signature on the bill (s). The order shall specify the amount payable both in words and in figure.
14. No claim against the Samiti, which is not presented within forty five days, will be entertained without a special sanction of the Chairperson.
15. No cheque shall be signed unless required for immediate delivery to the payee or drawn in favor of a person other than the actual payee.
16. Delay in the payment of money indisputably due by the Samiti is contrary to all rules and budgetary principles and should be avoided.
17. Money paid from the Samiti funds should under no circumstances be kept out of accounts a day longer than is absolutely necessary.
18. Periodical review of the Samiti's revenue, expenditure, investments etc. should be done.
19. Keeping a constant watch over the progress of expenditure is an important step towards financial and budgetary control. It should be always ensured that the expenditure is kept within the budget provision and, where necessary timely action is taken to obtain funds by permissible re-appropriation of funds from the available savings with the approval of the BOD.

#### **Financial Advice /Concurrence**

20. The Manager (F&A) / Finance & Administrative Officer is responsible for exercising general supervision over the funds of ht Samiti. He is also to advise the Samiti as regards its financial policy and management.
21. If any Division / Section of the Samiti requires advice on financial or accounting matter, it should be referred to the Manager F&A/F&AO.

#### **As a general rule:-**

- a) In all important matters and transactions with financial implications, advice of the PD/ PM should be obtained at PMU/DMU.
- b) The proposals for financial sanction should be routed through the Manager (F&A)/F&AO.
22. PM/ DMUs of the Samiti shall afford all reasonable facilities to Auditors for the discharge of their functions and furnish all possible information required by them for the preparation of any official account or report. Bo information, books or other documents shall be withheld from presentation to the Auditors as and when required by them.
23. A logbook shall be maintained on daily basis for each vehicle and motorcycle.

#### **Prompt disposal of Audit Observation**

24. It shall be the responsibility of the Manager (F&A)/F&AO under the supervision of the Project director that replies to Audit observations are furnished within the prescribed time and no objection is allowed to remain unsettled for an unduly long period.



## Schedule - V

### Terms and conditions for positions on contract basis

1. Initially the appointment will be made for a period of three years or for duration of period ending on the project completion date, whichever is less, subject to the satisfactory police verification and execution of employment bond between the UGVS and employee for serving in LIPH for minimum of three years. **(amended & approved in 6th Management Committee Meeting held on 11 Jan'2007)**
  
2. The tenure of the contract can be terminated according to the category and job assignment of staff as  
in case of subordinate staff, the contract can be terminated earlier on **one months** notice or either side.  
in case of supervisory and technical staff the contract can be terminated earlier on **two months notice** on either side.  
In case of managerial staff the tenure of the contract can be terminated earlier on **three months notice** on either side.  
**(as amended in 6th Management Committee meeting on 11.01.2007).**  
*In case of managerial / supervisory staff being provided with training/ workshop in foreign country to stipulate that in case of managerial /supervisory staff being provided with training / workshop in foreign country the tenure of t he contract can be terminated on three / two months notice by the managerial /supervisory staff alongwith 50% reimbursement to the project of actual expenses incurred by the project /implementing agency on foreign training plus damages at 20% of employee leaves within one year from the date of return to work place from such trainings, 10% in case duration is above one year, till the termination of the contractual period. (as amended in 8th Management Committee meeting on 25.09.2007).*  
  
**The Tenure of the contract can be terminated according to the category and job assignment of staff and in default deposit an amount equivalent to his/her consolidated emolument for respective default period with the project Management. (as amended in 19th Management Committee meeting on 8.7.2011).**
  
3. The appointment will be on consolidated emoluments per month, which will comprise of consolidated salary, inclusive of all allowances like, H.R.A, conveyance allowance, etc. NO other allowance or benefit of facility shall be granted except as may be mandatory (CPF/pension fund contribution)
  
4.  
A. In case of journey by rail/air traveling position entitlement shall be decided as under:

**Pay scale (Service Charges)**

**Entitled class**

- |    |                                     |  |
|----|-------------------------------------|--|
| a) | Consolidated Rs. 45,000/-and above  | Air (economy class) AC-I tier            |
| b) | Consolidated Rs. 23,000 to 44,999/- | Air (economy class)*/AC-II tier /I class |
| c) | Consolidated Rs. 9000/-to 22,999    | AC –III tier/AC Chair Car                |
| d) | Consolidated below 9,000/-          | Sleeper class                            |

**NOTE:** \* Only with the approval of PD in exceptional circumstances

- B.** During tour Daily Allowance (DA) and lodging charges will be allowed as under:  
Daily allowances to cover fooding, incidental and other expenses. (in Rs.)

<u>ServiceCharges limits</u>	<u>Metro Cities/ A1 /A Class cities</u>	<u>State Capitals Including Nainital</u>	<u>Other Places</u>
a) Consolidated Rs. 45,000/-and above	575	250	210
b) Consolidated Rs. 23,000 to 44,999/-	475	200	170
c) Consolidated Rs. 9,000/-to 22,999	350	150	125
d) Consolidated below 9,000/-	250	125	100

**(Slab modified by Office order no- 321/1-15-1-2/2007-08 dated 09.10.2007)**

In all above class / category, stay / hotel charges will be allowed 20% above the twice of rates given above subject to production of receipts except for Dehradun and Nainital, where upto 30% above twice the entitled rate of Daily Allowance for the particular place will be allowed. **( Rule 4 B as amended in 8th MC Meeting on 25.09.2007)**

- C.** Transport system entitlement if destination is not connected by rail travel will decided by Project Director depending upon the local conditions.

5. The staff will be allowed casual leave of 12 days in a year i.e. @ 1 day for each completed month. The leave will be given subject to prior sanction of the PD/PM in respective offices. In case of PD the Chairperson will be sanctioning authority. The staff will also be entitled two days of earned leave per month. Casual & Earned Leave's will be calculated for the period of January to December of every year.
6. The contract staff will be entitle to annual premium of health insurance like Medi-Claim up to an insured amount of Rs. 1,00,000 (One Lakh) per family member per annum, subject to maximum four family members. The yearly premium should not be more than Rs. 1,300/- (thirteen hundred) or so for each family member.
  - I. Family member employee's
    - a. Husband and wife
    - b. Parents
    - c. Children including legally adopted children, stepchildren and children taken as words subject to the following condition: -

Son	Till he starts earning , irrespective of age limit
Daughter	Till she starts earning of or get married whichever is earlier , rresperefective of age limit
Son suffering from permanent disability of any Kind ( physical and mental )	No age limit

- d. widowed daughter and dependents divorced / separated daughters
- e. Un married sister & widowed sister.
- f. Minor brothers and dependent brothers.
7. The Women staff members with less than two surviving children will be additionally entitled to 60 days maternity leave. The maternity will be allowed once during three years bond period of the employee with the project.  
**(As amended in 7th Management Committee Meeting on 19.06.07)**
8. The staff will be provided 1/4<sup>th</sup> D.A. if free board and lodging facilities are provided during the tour i.e. training, meeting, workshop, etc.

9. Upto 6% performance based increment per year shall be granted to the contract staff on the baseline salary.  
*(Note: As per 9<sup>th</sup> BOD meeting held on dated 21.09.2010, percentage of performance based increment per year have revised as 6% instead of 5%)*
10. Unless otherwise needed, the staff will be encouraged to accumulate their earned leave as long as they are working in the project and they will be allowed to encase the accumulated leave at the end of the contract.
11. For any kind of activities related to the project or any other work will be executed under the guidance, supervision and control of the Project Director, UGVS.
12. Travel DA, stay/hotel charges and transport system by road entitlement of Deputation positions
- A.

	Pay scale	Entitled class
a)	Basic Pay Rs 16400/-and above	Air (economy class)/AC-I tier
b)	Basic Pay Rs 8000/-to 16399/-	Air (economy class)*/AC-II tier/I class
c)	Basic Pay Rs 4100/-to 7999/-	AC-III tier/AC Chair Car
d)	Basic Pay Below Rs. 4100/-	Sleeper class

NOTE: \* only with the approval of PD in exceptional circumstances

- B. During tour Daily allowance (DA) and lodging charges will be allowed as under: Daily allowances to cover fooding , incidental and other expenses . **(As amended in 7th MC Meeting on 19.06.2007**

Salary(Service Charges)limits	Metro Cities/ A1/A Class cities	State Capitals Including Nainital	Other Places
a) Consolidated Rs. 45,000/-and above	575	250	210
b) Consolidated Rs. 23,000/-to 44,999/-	475	200	170
c) Consolidate Rs. 9,000/-to 22,999	350	150	125
d) Consolidated Rs. 9,000/-	250	125	100

In all above class / category, stay /hotel charges will be allowed 20% above the twice of rates given above subject to production of receipts except for Dehradun and Nainital, where upto 30% above twice the entitled rate of Daily Allowance the particular place will be allowed .

**(Following Resolution passed in 14th MC Meeting on 7.9.2009)**

**Resolved That point no. 4(B) & 12(B) of Schedule V of Finance & Administration Rules of Uttarakhand Gramya Vikas Samiti may be suitably amended and authorise Project director to work out the details as per the staff structure and their consolidated emoluments to include amended terms (Higher) of present rates and stat Gover's new rates effective from April 2009) & Conditions of TA/DA rules of contractual & Deputation Staff)**

- 13.

- A. **DA entitlement for all staff will be as follows:**

Fooding loading provided incase only fooding provided	25 %
a. Two meals	50% of DA
b. One meal	70 % of DA
Incasse only loading provided	75 % of DA

Incase of stay in private Lodge, Guest house 75 % of DA + Loading charge  
 YMCA/YWCA , Hostel or other place or Hotel or entitled hotel entitlement whichever Less.

B. The maximum limit of DA entitlement in a month for staff of District offices for traveling in the work area will be as follows : -

District Manager / Assistant Managers	Rs. 1,200 / - maximum (Per Person)
Manager Finance	Rs. 1,000 / - maximum
Driver	Rs. 1,000 /- maximum
Other Staff	Rs. 800 /- maximum

a. For calculating the maximum monthly entitlement those journeys will not be included which are undertaken with a purpose of attending training /workshop/ exposure of two or more than two days (excluding travel time ) out site the work area.

b. The permission of District Manager should taken before undertaking any journey at district level. At District office a Travel register should be maintained in which details of every travel should be maintained and duly signed by the District Manager as proof of having obtained prior permission undertaking journey .

**14. Mobile facility (12th Mc Meeting 13.1.09)**

Prepaid / Post paid Mobile connection facility will be taken by company for Manager , Assistant manger, Project Assistant , Relationship Assistant , Driver, Messenger and Securetigard. Reimburse will be monthly charges as per detail given : -

a. Manager	Rs. 500/- Per month
b. CO / Assistant Manager	Rs. 400/- Per month
c. Project Assistant / Relationship Assistant	Rs. 300/- Per month
d. Driver / Messenger /Security Guard	Rs. 200/- Per month

**15. Transfer & Baggage Allowance: (Passed in 6th special Management Committee Meeting on 19.03.2007)**

1. If an employee is transferred from one station to another he shall be entitled to the actual fare for the employee and his family, subject to maximum four members including employee, by the same class and mode of travel to which he is entitled to travel for his official journeys. However, if he travels by a class lower than his entitlement, he will be reimbursed only the actual expenses.
2. The Employee while on transfer will be entitled to Settling Allowance and actual Baggage Allowance by passenger train, subject to the maximum limits as specified below-

Pay Scale (service Charges)	Settling Allowance (Rs.)	Baggage Allowance	
		With family (Kgs)	Without family (Kgs)
Consolidated Rs. 45,000/- and above	1500	6000	3000
Consolidated Rs. 18,000/- to 44,999/-	1000	4000	2000
Consolidated Rs. 7,000/- to 17,999/-	750	3000	1500
Consolidated below Rs. 7,000/	500	2000	1000

In case of mode of transport other than passenger train, the reimbursement will be subject to maximum amount admissible as baggage allowance by passenger train.

3. The employees shall also be entitled for grant of Daily Allowance for each day of travel for himself and for each member of his family, subject to maximum four members including employee at the same rates to which he is entitled to, which on tour for official duties.
4. TA transfer of Government Staff on deputation will be governed by TA Transfer Rules of respective parent department.

16. **Joining Leave : (Passed in 7th Management Committee Meeting on 19.06.2007)**

3 days joining leave will be allowed to the contractual staff transferred from one unit of the project subject to the conditions that the leave be availed before the expiry of 60 days period after joining at the transferred unit

17. **Entitlement of Medical Leave facility to the contractual staff in case of serious illness when the employee takes treatment in his house or in hospital subject to the following conditions : (passed in 12 Management Committee Meeting on 13.1.09)**

- i) He / she should be admitted in the hospital at least for 24 hour or He/ she should be on bed rest as per the advice of registered medical practitioner not below MBBS/ concerned specialist no below MBBS.
- ii) Medical Leave will be allowed for maximum of six days in a calendar year.
- iii) Medical Leave cannot be prefixed with casual leave / earned leave /reward leave or any other type of leave
- iv) Medical leave will not be credited to contractual employee's leave account if not necessitated to be availed.
- v) ***Temporary advance up to Rs. 10,000/- can also be granted to the contractual staff on any serious illness for which they have applied for reimbursements under the medical claim policy and the same be recovered after release of payment by the insurance company Project Director is hereby authorized to approve such (As amended in 17 MC meeting held on 21.09.2010 agenda point no. 17.6.4)***

## **Schedule - VI**

### **ACCOUNTING OF EXPENDITURE & BOOKS OF ACCOUNT**

#### **PART - I**

#### **1 INTRODUCTION**

- 1.1 This Schedule of the F & A Rules, prescribes the general outline of the system of the accounts for accounting of 'Receipts' as well as 'Expenditure' incurred under LIPH Programme, Further, it also outlines certain basic procedures to be followed for financial sanctions and approvals to ensure transparency in the operations of the PMU.
- 1.2 The Books of Account and all other memoranda and records, which support in any way the entries therein, shall be maintained in such a manner as to disclose full information relating to any account. The entries in each account shall be supported by such detailed information as will render certain identification and verification of recorded facts. All books and records shall be maintained on daily basis and all day-to-day transactions shall be recorded in such books & records on every day. All books and records shall be preserved and filed in such a manner as to readily permit examination and Audit thereof by the Auditors appointed by the PMU and A.G. Uttaranchal and such other agency, whenever necessary.

#### **PART-II**

#### **2.1 ACCOUNTING PRINCIPLES & BOOKS**

1. Double entry of accounting shall be adopted by the PMU.
2. The financial year of the PMU shall be from 1<sup>st</sup> April to 31<sup>st</sup> March.
3. Receipts and payments account and/or Income and Expenditure account for the whole year and Balance Sheet as at Year-end shall be prepared within 3 month after the closure of each financial year.
4. The maintenance of records shall be in such a way as to comply with requirement of Statutory Acts such as the Income Tax Act, 1961, PF/ESI Acts Societies Registration Act, etc.
5. All the accounts shall be balanced and monthly trial balance shall be prepared within the first week of the subsequent month.

#### **2.2 MAINTENANCE OF BOOKS OF ACCOUNTS**

- i) The books of accounts will be maintained in a computerized form using Accounting software suitable for the Programme
- ii) Entries of all transactions during the day shall be made in the Books on the same day. A printout of the day's transactions (Daybooks) shall be taken after such entries. The F&AO shall verify all the entries therein, put up the same to PD for information and preserve the same in a proper file.

#### **2.3 The following books of account shall be maintained by PMU:**

- i) Cash-Books, Bank-Books and Day-Book (Prime Book of entry)
  - ii) General Ledger
  - iii) Imprested and petty cash book
  - iv) Registers like: Salary Register, Assets Register, Stock Register, Fixed Deposit Register, EMD / Security Deposit Register, Register of Deposit, TA bill and general bill passing registers, Vehicle Log Book, etc.
- Besides the above following subsidiary Ledgers/Registers shall be maintained:

DMU – wise advances register, Staff Advances Register, Sundry Advances Register, Sundry Creditors Register, etc.

2.4 The probable accounting heads are suggested in annexure 16 of AR Volume III

**Journal Book / Day Book**

2.5 This is generally maintained for recording transfer vouchers (i.e. vouchers prepared for transactions not involving cash or bank account). In the normal course the adjustment entries are to be passed for adjustment of advances in the final bills, rectification of mis-classified income and expenditure, depreciation amount on the assets etc. All such entries are normally made in the Journal book, whereas entries regarding transaction involving cash and bank account are made in cashbook and bankbook where there three books are maintained.

2.6 General ledger is maintained to record in individual accounts the day's transactions relating to each kind of receipt and expenditure. This ultimately helps in posting of day-to-day transactions in the respective accounts in General Ledger. Balances (debit/credit) shown by the General Ledger accounts help in preparing the trial balance, statement of Income and Expenditure and other financial statements. General Ledger shall be posted on the basis of original entries recorded in the Day Book, cash book and bank Book. In addition, subsidiary ledgers/registers are also to be maintained to record details of various transactions to supplement the general ledger. The Accounts Officer shall review the General Ledger accounts periodically.

**Bank Reconciliation**

2.7 At the end of each month the balance in each Bank account should be reconciled with the balance appearing in the Bank passbook/bank account statement. For the purpose Bank account statement/up-to-date posted bank passbook should be obtained periodically.

If the balance shown by Bank a/c per the General Ledger does not tally with the balances disclosed by the Bank's books, items of differences may have to be identified and included in the reconciliation statement. This Statement is to be prepared by the Accountant & certified by the F&AO every month by 10<sup>th</sup> of the succeeding month. Follow up action where necessary shall also be initiated by the F&AO. Inter Unit Reconciliation

2.8 A systematic mechanism for reconciliation of inter unit fund transfer from PMU to DMU and Implementing Agencies or vice-versa is to be developed at PMU level.

At the time of monthly consolidation of accounts funds remitted from inter unit accounts must be tallied with funds received by inter unit accounts. This reconciliation will be done as under.

- I) PMU will open separate ledger accounts for fund transactions with DMU and Implementing Agencies.
- I) DMU and Implementing Agencies will open separate ledger accounts for fund transactions with PMU.
- III) PMU/DMU/Implementing Agencies may incur expenditures on behalf of each other after approval but for the purpose of expenditure booking in correct location and category these expenses transactions will be treated as fund paid on other's behalf location and expenditure will be accounted for by the location to whom it relates.
- iv) A separate cheque /draft in transit account will be opened for booking those cheque/draft which have been dispatched by one location but not received by other location at the month end.
- v) PMU will open separate ledger accounts for fund transactions with DMU and Implementing Agencies.

## **PART-III**

### **Payment & Accounting procedures, etc.**

#### **VOUCHER AND SUPPORTING DOCUMENTS**

- 3.1 Generally, Vouchers to be used for recording transactions involving cash are called Cash Vouchers, while those used for recording transactions involving bank account are called bank vouchers and vouchers used for recording other transactions (involving other than cash or bank accounts i.e. transactions of adjustment nature) are called Journal/Transfer Vouchers.
- i) Therefore, the following types of vouchers will generally be used in PMU & DMU:
    - Cash Vouchers.
    - Bank Vouchers.
    - Journal (Transfer) Vouchers.
  - ii) The vouchers shall be self-contained in all respects and shall be printed/prepared in proper formats.
- 3.2 The bills attached to the voucher shall be in original. All other supporting documents pertaining to a particular voucher shall be tagged together with the voucher only.
- i) To the extent possible it shall be ensured that the attachments to the voucher do not have over writings and corrections of any kind. However, if it is unavoidable that a document having corrections has to be used as the supporting document, the Accounts Officer shall personally authorize the same.
  - ii) Once payment is made for a particular bill, 'paid' rubber stamp along with the date of payment shall be affixed on the voucher as well as on all the supporting documents.
  - iii) Each type of voucher should preferably be prepared in different colored paper.

#### **3.3 Points to be checked before passing of Vouchers**

The following shall be checked before passing a voucher for payment. The F&AO shall also do following checkings before signing the vouchers:

- i) Whether the expense is allowable i.e. eligible under the Programme,
- ii) Whether prior administrative and financial approval has been obtained from competent authority, as per approved delegation of powers.
- III) Whether the approving authority is authorized through the internal delegation of powers to decide on the same.
- iv) Whether all the necessary supporting documents are available with the voucher.
- v) Whether all the terms of the purchase order/work order have been satisfied,
- vi) Whether the receipt of the material has been properly entered in the stock Register.
- vii) Whether the purchases, if any, made are in accordance with the approved procurement guideline
- viii) In case the voucher is a bank payment voucher, whether sufficient funds are available in the bank account and cheque has been issued within the limits prescribed in the Delegation of Powers.



### **3.4 Cash Payment Procedures, etc.**

- a. Cash payment shall be made only under the following circumstances:
  - i) For payment of honorarium & local conveyance.
  - ii) For advance payment to employees in case of exigencies.
  - iii) For purposes such as payment to participants at training/workshop
  - iv) For smaller payments, such as, to sweepers, gardeners, etc. for which usually the payment cannot be made by account payee cheque.
  - v) For postage and telegram charges.
  - vi) Purchase of non-judicial stamp papers and court fee stamps, if any.
  - vii) For any other statutory payments, where it is necessary to remit such payment by cash only. NO other cash payment is allowed except when sufficient cause is there & the PD has approved the same.
- b. Cash payment by a single voucher, in any case, shall not exceed the maximum limit for cash payment, as set out in the Income Tax Act of 1961 and the Income Tax Rules, as applicable from time to time. (The current maximum limit being Rs. 20,000/-)
- c. It shall be ensured that revenue stamp is affixed for all cash payments exceeding Rs. 500/- or such limit as applicable from time to time as per law. The cost of the revenue stamp shall be recovered from the payee.
- d. PMU shall procure a proper fire proof cash safe, with double lock for safe custody of cash and other valuables.
- e. The first key of the lock shall be in the custody of the Accountant/F&AO and the second key with the PD or other Officer authorized by PD.
- F. The duplicate keys of the cash safe shall be properly sealed in cloth-lined envelope and kept in the safe custody of the banker by the PMU and DMU against proper receipt for the same.
- g. The F&AO shall verify the physical cash balance in the cash box with the book balance randomly from, time to time. However, the PD shall arrange for verification of the cash balance at least once in a month by another Officer.
- h. Acknowledgement of receipt of cash shall be taken on the cash voucher/s from the payee/s.
- i. At the end of each day, the Day Book, petty cash book ( if maintained separately for posting vouchers involving small expenses like postage, newspaper, etc.) and Imprest cash-book (maintained for giving advances in emergent situation which are to be recouped next day) shall be closed and the denomination of the physical cash balance shall be written and signed by the Accountant & F&AO in a book . The physical cash balance shall also include revenue stamps, etc.
- j. The PD shall decide the maximum petty cash balance that needs to be kept in the cash safe by considering the followings. Initially the PMU may keep imprest cash of Rs. 15,000/- and DMU may keep cash balance of Rs. 10,000/- .The balance at the month end should be minimum.
  - i) The vicinity of the bankers for cash withdrawal.
  - ii) Average daily requirement for cash.
  - iii) Unforeseen requirement for cash.
- k. The F&AO shall with the approval of PD arrange to take an insurance policy for cash-in-safe and in transit against all risks for the amount equivalent to the maximum cash balance.

### **3.5 Bank Payment Procedures**

If terms of order/agreement do not require advance payment then all efforts will be done to clear dues of suppliers, NGO's and other related parties within reasonable period. Generally 15 days period from the date of supply of goods/completion of works & services may be taken to clear dues. All procedural formalities i.e. inspection/approval goods /works/services, entries in fixed assets/stock registers will be completed within this period before releasing payment. If concerned/inspecting officer is not satisfied with the quality of goods/works/services then concerned party will be intimated to rectify/replace the same within above period.

- 3.6** Except in cases where the PMU needs to withdraw cash for office use, all cheques issued shall be crossed 'A/c Payee Only' clearly written on the cheque or by affixing a rubber stamp.
- i) All cheques shall be written in clear, legible handwriting, using special indelible ink pens. The counterfoil of the cheque shall also be filled and preserved in serial order.
  - ii) A cheque-safe sticker or a piece of transparent cello tape shall be affixed on the 'amount in figures', to prevent tampering with the figure.
  - iii) All cancelled cheques shall be clipped/retained in the cheque book itself.
  - iv) The Chairperson shall approve the signatories for operating the bank account/s of whom at least two can sign the cheques in emergent situation. Otherwise normally the Bank Account would be operated by Manager (F&A)/F&AO, as a single signatory upto an amount of Rs.10,000/-Where the withdrawal is more than Rs.10,000/- cheques shall be signed jointly by Manager (F&A)/F&AO and either PD or another officer nominated by him. Till F&AO is not posted PD can be authorized by the Chairperson to operate the account singly.
  - v) The PD shall approve all the bank payments; only thereafter such payments should be effected.
  - vi) The authorized signatories, who sign the cheque, shall also sign on the voucher to confirm their having signed the cheque for payment.
  - vii) The accounts section shall maintain a cheque issued register, wherein entries shall be made on daily basis in respect of the cheques issued.
  - viii) Before issuing a cheque the F&AO shall ensure that there are sufficient funds in the bank account.
  - ix) The F&AO shall arrange to collect the bank statement/updated passbook from the bankers every month and keep the same in the concerned file.
  - x) In case a party desires to take the payment by way of demand draft or a banker's cheque, the Accounts section shall arrange to procure demand draft or banker's cheque. While preparing cheque for the demand draft, the cheque shall be drawn in favour of the Bank as "Yourself – for issue of DD as per list overleaf". The name of the party in whose favour the DD has to be prepared shall be clearly mentioned overleaf of the cheque along with the amount. Generally bank charges for issuing draft/pay order will be deducted from the party's bill unless specified otherwise in the terms of order/agreement.

### **3.7 Posting of vouchers**

- a. After posting all the vouchers in the Cash Book, Bank Book, Day Book and Petty Cash Book (when maintained), the posting in these books will be checked independently by the F&AO.
- b. Thereafter from the Day Book, cash & bankbook the postings shall be made in the General Ledger in the respective accounts in the debit or credit columns as the case may be. Brief particulars shall also be indicated in the General Ledger Accounts. These postings in the Sub-heads/heads of the General Ledger Accounts will also be checked daily by F&AO and balances will be worked out on daily basis.

### **3.8 General Ledger & Trial Balance**

At the end of the month the Finance & Administration (F&A) Department should ensure that all entries have been incorporated in the General Ledger. The same may also be verified from a checklist of records from which entries are posted in the General Ledger.

### **3.9 Trial Balance**

Having ensured that all entries have been incorporated in the General Ledger and also after ascertaining the arithmetical accuracy of the balances in the General Ledger, Trial balance i.e. a list of Accounts and their balances either debit or credit, should be drawn up every month by 10th of next month for the previous month.

Normally the trial balance should tally i.e. the total of debit and credit side will be equal. Whenever there is an error due to arithmetical inaccuracy or omission in posting in the

General Ledger trial balance may not tally. In such cases rechecking of postings and totaling, etc. may be carried out and trial balance should be made to tally.

### **3.10 Registers**

Registers are to be maintained to facilitate tracing out the outstanding items for settlement and for keeping a track of certain payments & receipts, which are in the nature of advances as well as sundry liabilities. Details for posting in some of the important Registers are suggested as under:

#### **3.11 Sundry Advances Register/Ledger**

- i. The original entry in this register shall be a debit entry and the reversal entry will always be a credit entry. Therefore, without an original debit entry there will not be a reversal credit entry. Hence, if a debit entry is passed and reversed on the same day, the debit voucher will be posted first and then the credit voucher.
- ii. Full particulars will be given in particulars column for all the debit entries.
- iii. In case a debit voucher consists of different individual debits, the break up of amount shall be shown in the column "Amount of individual item".
- iv. In case of credit vouchers, the date of passing the original debit entry for that credit entry will be written in the voucher as also in the column "Date of Contra" against the credit amount. The date of passing the reversal entry will be written in the column "Date of Contra"\* against the original debit entry.
- v. If a credit voucher comprises of reversal entries for debit entries passed on different dates the break up of the amount will be shown in the column "Amount of individual item" and the respective date of passing the original entry will be written in the column "Date of Contra". Provided it is possible to have these columns in the software.
- vi. Since the Sundry Advances Account is an intermediary account the debits will not be allowed to remain outstanding for more than three months. To ensure this, the outstanding entries under each of the heads of account in the Register will be listed out at the end of each quarter. The list will then be put up to the PD for perusal. Effort will be made to keep the outstanding balance in the Sundry Advances Account at minimum. S/He will ensure that no items shall remain outstanding for more than three months.

#### **3.12 Sundry Creditors Register/Ledger**

- (i) Full particulars will be given in the 'particulars' columns for all the credit entries.
- (ii) In case a credit voucher consists of different individual credits, the break up of amount will be shown in the column "Amount of individual items".
- (iii) In case of a debit voucher, the date of passing the original credit entry for that debit entry will be written in the voucher as also in the column "date of contra" against the debit amount. The date of passing the reversal entry will be written in the column "date of contra".
- (iv) If a debit voucher consists of reversal entries, for credit entries passed on different dates the break up of the amount will be shown in the column "amount of individual

items” and the respective date of passing the original entry will be written in the column “date contra.

- (v) Since the Sundry Creditors Account is an intermediary account, the credits will not be allowed to remain outstanding for more than three months. To ensure this, the outstanding entries under each of the heads of account shall be listed out every month. The list will then be put up to the PD for perusal. Efforts should be made to keep the outstanding balance in the Sundry Creditors Account at minimum. The Accounts F&AO will ensure that no items shall remain outstanding for more than three months.

### **3.13 Cheques issue / Collection Register**

Bank wise cheque issued / sent for collection register will be maintained and cheques will be issued only after entering the particulars of the same in the cheques Issue Register. The Register will contain name of the party in whose favour the cheque has been issued, purpose of issue, cheque no., amount etc. Cheque Books will remain in the joint custody of the F&AO and PD/or an officer nominated by him in writing in this regard. In this register particulars of cheque/draft sent for collection will also be entered immediately at the time of receipt/depositing in the bank and bank balance will be calculated on daily basis.

### **3.14 PETTY/IMPREST CASH BOOKS**

#### **IMPREST CASH BOOK**

To enable the office to meet any unforeseen expenditure like urgent purchase of rail/air tickets, sudden deputation of staff on tour, etc. generally after normal banking hours (where the option of withdrawal from bank is not available), suitable imprest Cash limit will be sanctioned by the PD. The Imprest Cash shall be used only for grant of advances beyond banking hours due to exigencies and shall not be used for meeting normal expenditure. Advances thus made from the imprest cash shall be recouped on next working day by booking the withdrawal under appropriate head of account.

- (i) Accounting Entries for drawing the imprest cash for the first time:  
  
Dr. Imprest Cash a/c  
  
Cr. Bank a/c
- (ii) No vouchers shall be passed involving the imprest cash a/c for subsequent withdrawal /deposits made from/in the imprest cash unless there is enhancement or reduction in the amount of imprest cash limit sanctioned earlier.
- (iii) For drawing advance from imprest cash, an application shall be made to be Officer-in-Charge.
- (iv) The amount withdrawn from Imprest Cash shall be replenished on the next working day by the withdrawing staff by debiting the appropriate account head.
- (v) A Register shall be maintained to record the transactions of Imprest Cash.

### **3.15 PETTY CASH BOOK**

The Petty Cash Book will be maintained by the PMU/DMU as and when considered necessary. Particulars of receipt expenditure and balance shall be recorded in it on day-to-day basis. The particulars of expenditure will be narrated in brief in the petty cash voucher. These vouchers shall be serially numbered in a continuous series beginning with 1 from the first of every month till the end of that month. The cash memos, bills receipts, etc. shall be attached to the vouchers.

1. The vouchers as well as attached cash memos etc. shall be branded with dated "paid" stamp and filed chronologically in a separate file.
2. The operation on the petty cash account shall be restricted to the minimum extent and shall cover only petty expenses like those on revenue stamps, postage, daily conveyance, courier charges, cash purchases of small items etc.
3. The transactions routed through petty cash register for a month will be summarized and a consolidated transfer voucher will be passed for incorporation in the Day Book and the General Ledger on the last day of a month before the trial balance is drawn up.

### **3.16 GENERAL INSTRUCTIONS FOR MAINTENANCE OF BOOKS OF ACCOUNTS**

- (i) Every entry in the registers maintained manually will be written in ink.
- (ii) Every entry will be duly authenticated by the concerned official posting it and by the F&AO in token of having checked it.
- (iii) All the entries will be posted date-wise.
- (iv) Due care will be taken in respect of date, digits and columns.
- (v) It will be ensured that there are no alterations, corrections, overwriting, etc. In an event of any alteration/correction/overwriting, the same will be duly authenticated by the checking official.
- (vi) If any alteration/correction is to be carried out, it will be done by neatly cancelling the narration/figures other than those appearing under the column for total or progressive total.
- (vii) Under no circumstances alteration, overwriting or cancellation will be allowed in the column for total or progressive total, For a wrong entry a cross will be put in red ink against such figures and the correct figures re-written just below the incorrect figure with the suitable remarks as indicated below.

If the progressive total is a credit balance, the indication in the particulars column will be "By correct balance". Similarly if it is a debit balance the indication shall be "To correct balance".

- (viii) All the debit balances will be written in red ink and credit balances in blue or black ink in manually maintained books of accounts.
- (ix) While carrying over the balance amount the last entry on the existing folio will be "carried forward to folio no      Similarly the first entry on the new folio will be "brought forward from folio no      for each account in the General Ledger.
- (x) All vouchers shall be posted in the books of accounts on the same day.

- (xi) The summation of debits and credits will be taken at the end of each folio as well as at the end of each month and will be cross-tallied with the closing balance of that folio and month respectively.
- (xii) The books of account will be maintained on the financial year basis i.e. from 1 April to 31 March. If considered necessary new set of registers/ledger will be used for subsequent financial year.
- (xiii) After completion of statutory as well as internal audit of a financial year, the books of accounts along with related vouchers pertaining to that financial year would be packed in a bundle and transferred to the Record Room/ separate cupboard.
- (xiv) All transactions will be rounded off to the nearest Rupee (fraction of 50 Paise and above to be rounded off to the next higher Rupee and fraction of less than 50 Paise to be ignored).

### **3.17 ACCOUNTING PROCEDURE FOR DEPOSITS PAID**

The following accounting procedure will be adopted in case of deposits (refundable and non-refundable) paid to Electricity Boards, Water Boards, Municipal Authorities and Allied Agencies, Government Departments, etc. in respect of own premises and leased/rented premises.

### **3.18 Refundable Deposit**

An amount paid as refundable deposit will be booked under the account head "Deposit with Government Departments and Others A/C" with appropriate sub-head. The original deposit receipt will be kept under safe custody. However, a Xerox copy of the deposit receipt will be attached to the concerned voucher for ready reference.

### **3.19 Non- Refundable Deposits**

- (i) The non-refundable deposit, such as amount paid to the Electricity Board, Telephone Authority, etc. as contribution to the expenditure incurred by them in connection with
- (ii) laying cables, installation of transformer, etc. for electric, etc. connections to the premises owned by the Office, will be booked under the head expenditure.
- (iii) Where such deposit is paid in respect of the premises not owned by the Office, the expenditure will be charged to the appropriate expenditure account.

The details of such deposits would be entered into the Property Register.

### **3.20 Structuring the Expenses Account**

- a. The Budget items would broadly determine the expense account to be maintained. However, at times, the budget items may indicate a category of expenses, in such circumstances, the expense accounts head/sub head may have to be defined within it for specific expenses.
- b. Further, structuring of the expense accounts should be viewed from the perspective of expenditure control. For example, travel expense for a category of staff might have been budgeted under a single budgeted item. However, for control purposes it may be essential and convenient to keep separate account of the travel expenses incurred by each of the staff in the same category.
- c. There shall be restricted access, permitted only to the Manager (F&AO)/PD, for opening of new ledger accounts in the software with approval of PD. This is mainly to ensure that

there is no duplication in the creation of ledger accounts and also the accounts are created in the proper groups.

- d. The F&AO shall keep a printout of the account heads / sub heads for reference at the time of voucher preparation.

**3.21 Staff Advance Accounts**

- i) Advance to the staff shall be released only with prior approval of the PD.
- ii) Advances may be paid by 'bearer cheque/cash'. The PMU shall issue a memo stating the amount and the purpose of release of the advance, to ensure that the office personnel do not have any income tax problem in future with respect to these transactions in their bank account.
- iii) In case the staff has old outstanding advances, further advances shall not be released without satisfactory explanation stating the reason for the outstanding advance.

**3.22 GENERAL INSTRUCTIONS FOR ANNUAL CLOSING OF ACCOUNT**

It will be appropriate to make provisions for unpaid liabilities and pre-paid expenses at the end of the year so as to ensure that the accounts reveal the true position. Therefore only for the purpose of preparing financial account for Income tax and Companies Act the following procedures may be followed for making such provisions, which are reversed on the next date in the next financial year. The depreciation may be charged by way of creating depreciation reserve/fund.

**Annual Provision for liabilities:**

- 3.23** At the end of every accounting Year provision is required to be made for the revenue/capital expenditure incurred during the year but not paid, by debit to concerned expenditure account and credit to "Sundry Creditors A/c-Annual provision". However, no provision need to be made in case of revenue expenditure upto Rs. 10,000/- for each sub-head of account. In other words, all revenue expenditure the total of which exceeds Rs. 10,000/- for any sub-head of account shall only have to be provided for.

- 3.24** No provision will be made on the basis of budgetary sanction and purchase orders. The provision will be made only on receipt of materials/services/benefits during the relevant accounting year.

- 3.25** As regards the outstanding amount of Tour Advance, Advance for training as on 31 March i.e. close of the accounting year, a provision will be made for the total amount of outstanding advance less the amount refunded, if any, by the staff members. Further, a provision will also be made in respect of pending traveling bills for which no advance has been given. The amount of provision in such cases will be equivalent to the amount claimed in the bills.

- 3.26** A provision will be made towards contribution to be made to Provident Fund in case It is applicable. Provision for prepaid expenses

- 3.27** If, prepaid amount of individual item of expenditure (i.e. expenditure pertaining to the succeeding accounting year) is Rs. 10,000/-or more, such prepaid expenses will be debited to "Sundry Advances a/c Pre-paid Expenses" by crediting the relevant expenditure account. This entry will be reversed on 1 April by debiting the concerned head of expenditure and crediting "Sundry Advances a/c Pre-paid Expenses". In cases where prepaid expenses for individual items/liabilities are less that Rs. 10,000/-, they will be charged to the revenue expenditure of the current year.

**3.28** At the time of annual closing of books of account i.e. on 31 March, depreciation will be provided on all the fixed (movable and immovable) assets (excepting freehold land if any owned by the office) appearing in the books of account by creating depreciation reserve at the rates of depreciation followed by the State Government.

**3.29 Closing of accounts in the General/Subsidiary Ledgers**

At the time of annual closing of book of accounts necessary provisions will have to be made to comply with the provisions of Income Tax Act, Societies Registration Act and other applicable Acts.

**3.30 Assets and Liabilities**

All the General Ledger heads of account with corresponding Sub-heads accounts under the Assets and Liabilities will be closed on 31 March every year and the balances in these accounts will be carried forward to the respective General Ledger and Sub-heads of account for the new accounting year commencing from 1 April. The closing balances as on 31 March in all Assets and Liabilities heads of account will become opening balances as on 1 April of the next financing year.

**3.31 Income and Expenditure**

The balances in Income and Expenditure heads of accounts will be transferred to Income and Expenditure account for the year. After transferring the balances under Income and Expenditure heads, these accounts will show NIL balances as on 31 March i.e. on close of the accounting year.

**PART - IV**

**Pay- roll, accounting**

4.1 Once the pay roll is drawn and before payment is effected a journal entry is required to be passed by debiting "Salaries Account" for the gross amount as per the roll and crediting various recoveries made from the Roll and for crediting the net payable amount to the staff to the "Salary Payable Account".

4.2 Cheques issued against the salary (net) to the Employees should be entered in the Day Book under the Head "Salaries Payable account". Salary Payable Account is only for making payment. The details of deductions from the salary under various Heads of Accounts should be available in the General Ledger.

4.3 The recoveries made from the pay rolls should be entered in **Recovery Register**. For each type of recovery, proper entry is to be recorded in this Register separately in the folios / pages. As per the due dates, recoveries made from the salaries/receivables of the person on deputation should be remitted to their parent organization. The delay in remittance will attract penal interest on this account. Hence all remittances should be made in time.

4.4 **Income tax deducted at source** should be credited to the account of the Government on the due date, failing which interest is payable as per Income Tax Rules. Merely making a cheque and depositing the same on the due date to Government Account will not be treated as amount credited on the due date. In such cases the cheque realization date will be treated as actual date of credit to the Government Account. F&AO is responsible for ensuring timely payment, keeping all records, and for issue of all certificates and returns prescribed by IT authority under the Act in this regard.



- 4.5 Similarly provident fund subscription, etc. along with employer's contribution should also be deposited with Regional Provident Fund Commissioner in the Account specified by them on a particular due date. This date also should be observed strictly by the F&AO.
- 4.6 Employer's contribution to the provident Fund is normally equal to the allowable percentage of deduction made from each employee according to the Rules in force. In addition to the amount certain amounts such as Administrative expenses are also payable, these percentages are to be verified from the Act in consultation with the local provident fund Commissioner's office. The amount paid by the organization other than the recovery from the employees should be classified as Employer's contribution to the Provident Fund.
- 4.7 Registers prescribed under the Rules of the Provident Fund Act, etc. are mandatory and therefore, should be maintained & kept updated by F&AO.
- 4.7 Remittance of Income Tax, Provident fund amounts should be made through the prescribed forms and the returns of monthly remittances are also to be submitted in the prescribed forms. Due dates of submission of such returns are compulsory and hence, the same should be submitted in time by F&AO.

### **Salary Register**

- 4.8 A salary register is to be maintained wherever rolls are prepared. The register contains the total amount of salary drawn and paid to every employee of the organization. Entries are posted from the Pay Bills, and the supplementary claims, if any, paid to the employees. The register should contain all elements constituting the gross salary and various recoveries and net paid. This Register is to be totaled at regular intervals to enable the calculations / information for the following.
- 1) Income Tax deductible & deducted at source.
  - (2) Income tax certificate to be issued.
  - (3) For calculation of different elements constituting the salary.

The salary register may be maintained manually till the software package for salary is procured.

## **PART – V**

### **RECEIPT & INVESTMENTS**

#### **Bank Interest**

5.1 Interest received on Bank deposit is to be duly accounted for.

#### **5.2 Procedures**

- i) The PMU shall not invest any part of the funds received in any manner other than for which it is received. However, surplus funds can be invested in short term deposits with the PMU Banker, with the approval of the Chairperson.
- ii) In case of receipt of an instrument, which is not crossed, F&AO shall affix the “Payee’s A/c only” & cross on the instrument for purposes of safety.
- iii) All instruments received during the day shall be deposited on the same day or very next banking day.

**PART -VI**  
**FIXED & OTHER ASSETS**

- 6.1 The Minimum cost of an asset to be capitalized would be more than Rs.5,000/-. Assets can be grouped into following categories:
- 6.2. **Buildings**  
A building is to be treated as a fixed asset when the same is constructed/purchased for the exclusive purpose of the LIPH implementation and said to have been completed as and when it is ready for use. In other words it is capitalized to the extent it is ready for use. In case of building purchased, it is to be capitalized as and when the possession is handed over.
- Furniture & Fittings**
- 6.3 Furniture and fittings are to be accounted for on the basis of physical possession. This type of expenditure is of non-recurring nature. However, as these items are having longer life, they should be entered in the asset register.
- Office Equipment's**
- 6.4 Purchase of office equipments with cost upto Rs.5000/- may be charged to Expenditure Account. However, stock of these items may be indexed and a separate stock register should be maintained.
- Partitions**
- 6.5 Partitions are in the nature of common expenditure, which either occurs due to new construction or replacement or repair. All expenditure, which is in the nature of replacement or repair, is to be charged to expenditure Account. New construction of partition should be debited to furniture and fixture a/c. However, partition valued upto Rs.0.20 lakh should be charged to the expenditure account and a separate register for such assets is to be maintained.

**PERIODICAL FINANCIAL STATEMENTS**

- 6.6 The PMU should prepare Receipt & Payments/Income and Expenditure Account and Balance Sheet at the end of every financial year.
- 6.7 Receipts & Payment A/c is the consolidated cash flow for a particular period. This is prepared to know the liquidity position as well as to know whether the funds have been utilized properly or not. This also speaks whether idle funds of the PMU had been kept in deposits with bank to earn interest.
- 6.8 Receipts and payment A/c is to be prepared, from which Income and Expenditure A/c and Balance Sheet is to be prepared annually.
- 6.9 Income & Expenditure Account speaks about how efficiently funds have been utilized by assessing the surplus or deficit of funds utilized.
- 6.10 Balance Sheet states the statement of affairs on a particular date. From the Balance Sheet the sources of funds and utilization of funds on a particular date can be assessed. It will be necessary to prepare a consolidated Income & Expenditure account and Balance Sheet of by consolidating the figures of DMU and PMU.
- 6.11 All Books of Accounts are to be kept as prescribed above and within the prescribed guidelines and should be promptly produced for verification of the Statutory Auditors, Internal Auditors, Government Auditors as and when the audits are conducted & overall to the Project Director and F&AO of PMU.

## **PART – VII**

### **DATA SECURITY**

- 7.1** It is envisaged that the PMU & DMUs would maintain computerized books of accounts; hence it is essential that a proper system for data security is followed. This is required in order to ensure that:
- i) The PMU does not lose crucial accounting information as a result of any unexpected media corruption or a hardware problem in the computer.
  - ii) The accounting information is secured against possible manipulations from hackers, who may have their own ulterior motives to hack into the system and manipulate the data.
  - iii) The PMU shall procure along with the computer hardware, suitable media for taking back up, such as a CD writer or a back up drive or data cartridge.
  - iv) The PMU shall take backup of the accounting data on daily basis. Always the backups shall be taken in sets of two, i.e., in two different CDs or data cartridges. In case, a re-write-able media is being used, 3 sets of backups shall be kept in the fireproof cash safe, in the custody of the F&AO and PD to ensure that the data is not damaged in the unfortunate event of a fire accident in the office.
  - v) All accounting information shall be password protected. Only the F&AO And PD should know the full access password (It is necessary for at least two people to know the password for safety reasons).
  - vi) The powers to change the access levels of a particular user shall remain with the PD.
  - vii) A hard copy of the Day Book shall be taken on daily basis, as soon as all the data entry for the day is over.
  - viii) The Day Book hard copy shall be verified and signed by the Accountant, and F&AO and rectification of any data entry, if any shall be carried out immediately. Rectification made shall be marked on the printout of the Day Book. In case of a major rectification, printout shall be taken afresh. However, the original printout shall be retained in the files, with the remark "Modified and cancelled" written across the entire width of the page.
  - ix) At the end of every month, the F&AO shall take hard copy of all the printouts as listed in above. Such printouts shall preferably be taken on ledger quality continuous computer stationery and filed in continuous paper files.
  - x) After taking printouts the account for the month shall be frozen in the computer. Thereafter, rectification if any shall be carried out only through a rectification Journal Voucher, which shall be verified by the F&AO and PD.
  - xi) The internal auditors shall verify the hard copies of the printout with the supporting vouchers and base documents.

## **7.2 Storage and Maintenance of Past Records**

- i) All financial records shall be preserved for at least 10 years after the Programme closure.
- ii) All vouchers shall be properly bound in chronological order and preferably stored in a record room. The bound volumes shall be properly labeled and numbered.
- iii) Access to the record room shall be restricted and the Accountant shall keep a logbook, which shall contain details of person accessing the record room, the records accessed, time of entry and exit there from for future reference.
- iv) Records from the record room/cupboard shall be issued only with the permission of the F&AO. The Accountant shall maintain an issue- register for any record, issued from the record room.
- v) The annual accounting records shall also be stored in electronic media and copies of the same shall be kept in the custody of the F&AO and PD.

## **PART – VIII**

### **BUDGETING AND BUDGETARY CONTROL**

- I) For each year a projected cash flow statement (AWPB) in the required format shall be worked out by splitting of yearly activities in which the projected receipts & expenditure details should be given.
- II) The budgeted amount shall be based on the level of activity to be performed during the period for which the budget is made.
- III) It is essential that the expenditures incurred are continuously monitored with the amounts budgeted. This will be required to ensure that expenditures incurred do not normally exceed amounts budgeted. For this purpose, the main head-wise balance available as per the budget will have to be monitored periodically.
- IV) The F&AO will prepare the variance report monthly and submit the same to the PD/Chairperson for
- V) Every proposal for obtaining approval for expenditure shall have a mention of the budgetary provision available, expenses already incurred, other committed expenses out of the provision and the net budget available. The competent authority shall approve the proposed expense only after verifying the availability of provision of the expense in the budget. In case of exigencies, where an expense has to be approved for which no provision is available, the competent authority shall forward the proposal to the Chairperson for approval.

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