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# Administrative & Financial Rules

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[SPMU, DPCU & BPIU Level]

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November' 2009

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**Bihar Rural Livelihoods Project**

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**JEEVIKA**

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# Introduction

## Chapter 1

- 1.1 These rules and regulations may be called the '**Financial Rules**' of **the Bihar Rural Livelihood Promotion Society**, hereinafter called as the 'Society' for the implementation of **Bihar Rural Livelihoods Project** hereinafter called as the 'JEEViKA Project'.
- 1.2 These rules shall come into force with effect from the date fixed by the Executive Committee of the Society.
- 1.3 These rules shall be applicable to the financial transactions relating to the Project implemented by SPMU, DPCUs. & BPIUs
- 1.4 The General Body shall decide any other issue of the Society having financial and/or administrative implications and not covered under these rules.

# Definitions

## Chapter 2

Unless the context requires otherwise words and expressions, used in these regulations but not defined, shall have the meanings assigned to them under the Rules of the Society.

- **“Administrative approval”** means formal acceptance by the competent authority of the proposals for incurring expenditure on a Programme /work.
- **“Bank”** at State, District and Sub-district level means a nationalised public sector bank or its subsidiary institutions, District Central Cooperative Banks or Kshetriya Gramin Vikas Bank or any other Schedule Commercial bank in private or public Sector, where the funds of the Project may be kept in current/savings account or medium to long-term deposit accounts.
- **“BRLPS”** means Bihar Rural Livelihood Promotion Society (also called State Society)
- **“BRLP”** means Bihar Rural Livelihoods Project also called Jeevika
- **“Executive Committee”** means the Executive Committee of BRLPS
- **“Procurement Committee”** means the internal Committee responsible for all the Procurement in the Society i.e. at SPMU , DPCU & BPIU”
- **“Budget”** means the statement of estimated income and expenditure of the Project for any Financial Year as approved by the Competent Authority
- **“Capital Expenditure”** means expenditure involved in the acquisition of assets of permanent nature including a portion of revenue expenditure that is specially treated so under orders of the competent authority.
- **“Capital Receipts”** means receipts realised from the sale or disposal of assets, equipments or any specific portion of revenue receipts so treated.
- **“Competent Authority”** means the authority in who powers to accord approval or sanction of expenditure vests or has been delegated i.e. CEO or any other officer to whom such power has been delegated.
- **Day** means a Calendar day.
- **Detailed head** means a break-up below a Sub-head. A detailed head indicates the nature of expenditure on a scheme/activity in terms of inputs, such as, salaries, office expenses, etc.

- **Employee**
- **Employer**
- **District Finance & Administration Officer** means Finance & Administration Officer in the District Project Support Unit.
- **District Project Coordinator (DPC)** means Program Manager of the District Program Management Unit of the Project.
- **Block Program Manager (BPM)** means Program Manager of the Block Program Management Unit of the Project.
- **Financial Sanction** means sanction accorded by the Competent Authority to the expenditure by a separate order or by signature or counter-signatures on bills or proposals.
- **Financial Year** means the year commencing on 1st April of a calendar year and ending on 31st March of the following calendar year.
- **Head of Account** means the programme Component provided in the budget with the object of classifying the income and expenditure of the Project.
- **Imprest** Means cash maintained for routine office expenses, travel and other personnel advances
- **Non-recurring expenditure** means expenditure on an item or a work incurred occasionally.
- **Pay** means the amount to which an employee is entitled to and is drawn by him/her monthly in respect of the post held by him/her and includes, personal pay, special pay, deputation pay and any other emoluments which may be classified as pay by the competent authority. In case of employee paid from contingencies, or on consolidated pay, the monthly-consolidated pay drawn by them will be treated as 'pay' for purposes of these rules.
- **Recurring Expenditure** means expenditure incurred on an item or a work at regular intervals.
- **Revenue Expenditure** means expenditure other than Capital expenditure on items of routine nature, such as, pay and allowances of staff, office expenses, expenditure on minor repairs etc.
- **Revenue Receipts** means receipts other than capital and debt receipts, of routine nature, such as, rent receipts, interest on bank deposits, etc.
- **Rules** mean the Rules of the Society registered along with the Memorandum of Associations and modified from time to time in accordance with the procedure laid down in this regard.

- **Secured advance** means an advance made on the security of materials brought at site of work.
- **Society** means the Bihar Rural Livelihoods Promotion Society.
- **Sub-Head** means a head sub-ordinate to a Head of Account indicating a series of activities within a programme.
- **Technical Sanction** means sanction given by a Technical Competent officer to a properly detailed estimate of the cost of a work of construction or repair proposed or to be carried out for the Project.
- **Tour** means when an employee is on official duty away from his head quarters.
- **Travelling Allowance** means a compensatory allowance granted to an employee to cover the actual travelling expenses, which he/she incurs for the purposes of the Project.

# Principles Relating to Expenditure

## Chapter 3

- **No expenditure shall be incurred unless:**
  - i. The expenditure has been sanctioned by a general or special order of the competent authority, having delegated with powers of sanction.
  - ii. Sufficient funds have been earmarked for the expenditure in the budget estimate of the year or shall be covered by an order of re-appropriation of fund issued by the competent authority.
  - iii. Money shall not be withdrawn from the bank accounts unless it is required for immediate disbursement.
- **The basic document for recording of all accounting transactions is voucher. The type of voucher to be used shall depend upon the nature of the transaction.**
- **Voucher numbering shall begin with one at the beginning of each financial year for each type of voucher.**
  - ✓ Type of vouchers and the situation when each one shall be used is given below.
  - ✓ Bank Receipt Voucher - used to account for receipts through bank/instruments such as cheque, etc.
  - ✓ Cash Receipt Voucher - used to account for cash receipts. Examples may be contributions, the collection of fixed charges for using the official vehicle, etc.
  - ✓ Bank Payment Voucher - used to account for payment transactions through Bank/instruments. The payment may be made to incur some expenditure, discharge a liability or disburse some advance.
  - ✓ Cash Payment Voucher - used to account for cash payments. Examples of such items may be conveyance, petty cash expenses, loss due to embezzlement of cash, etc
  - ✓ Journal Voucher - used to account for transactions where no bank or cash account is involved such as provision entries, accrual entries for revenue and expenditure, etc. Journal Vouchers shall not be used for cash and bank receipts and payments.
  - ✓ In case of Accounts being maintained through Computer than related vouchers will be generated through Computer.
- **Service Standards**

The time limits and service standards prescribed below shall be adhered by all the employees. All the vouchers, statements and reports shall be prepared and the books of accounts, records and registers shall be updated strictly as per the service standards.



## Service Standards for SPMU

SI No	Process/Activity	Responsibility	Service Standard
1	Preparation of Cash Receipt Voucher	Accountant	Immediately after completion of the transaction
2	Preparation of Bank Receipt Voucher	Accountant	Immediately after completion of the transaction
3	Preparation Cash Payment Voucher	Accountant	Immediately after completion of the transaction
4	Preparation of Bank Payment Voucher	Accountant	Immediately after completion of the transaction
5	Preparation of Journal Voucher	Accountant	Immediately after completion of the transaction
6	Updation of cash book	Accountant	Within the same day of transaction
7	Updation of petty cash book	Accountant	Within the same day of transaction
8	Settlement of Supplier Bills	Concerned Specialist/CFO	Depending on the credit period
9	Deposit of cheques received	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within the same day or within the banking hours of the next day if the cheque was received after the working hours of the previous day
10	Transfer of funds to DPCUs & BPIU	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 15 days from the date of request from DPCU once in a quarter or approved by the Competent Authority.
11	Payment of advances	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 24 hours from the time of receiving the Request Form in the Accounts Dept
12	Duty statement	Administrative Officer	5 working days before the last working day of the month
13	Pay Bill	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	3 working days before the last working day of the month
14	Salary disbursements	Accounts Officer	Within the 5 <sup>th</sup> day of the Following month
15	Claim of advances - Programme	Respective Employee	Within 30 days from the date of program/ next advance whichever is earlier.
16	Tour Claim	Respective Employee	Within 30 days from the end of the journey/ next advance whichever is earlier.
17	Tour Settlement	CFO	Within 15 days from the date of claim
18	Financial Statements	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 60 days of the cutoff date
19	Financial MIS	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 30 days of the cutoff date
20	Bank Reconciliation Statement	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 5th of the following month
21	Reconciliation with DPCU & others	Chief Finance Officer Or finance Officer or Accounts Officer as per the Order of CEO	Within 7 <sup>th</sup> day of the month following every quarter end.
22	Preparation of annual budget	SPMs, CFO/FO, Sector Specialist, AO	Final compiled budget by Feb month of every calendar year.
23	Approval of Budget	CEO/ Executive Committee	By March of every calendar year

## Service Standards for DPCU/BPIU

SI No	Process/Activity	Responsibility	Service Standard
<b>Financial</b>			
1	Preparation of Cash Receipt Voucher	Accountant	Same day
2	Preparation of Bank Receipt Voucher	Accountant	Same day
3	Preparation Cash Payment Voucher	Accountant	Same day
4	Preparation of Bank Payment Voucher	Accountant	Same day
5	Preparation of Transfer Voucher	Accountant	Same day
6	Preparation of Journal Voucher	Accountant	Before the last working day of the month
7	Updation of cash book	Accountant	Within the same day of transaction
8	Updation of petty cash book	Accountant	Within the same day of transaction
9	Settlement of Supplier Bills	Accountant	Depending on the credit period
10	Deposit of cheques received	Accountant	By 10 a.m. of the next working day
11	Payment of advances	BPM/DPC/ Accountant	Within 24 hours from the time of receiving the Request Form in the Accounts Dept
12	Duty statement	BPM/DPC/ Accountant	5 working days before the last working day of the month
13	Salary disbursements	BPM/DPC	Within the 5th of the next month
	Settlement of advances Programme	Respective Employee	Within 30 days from the date of program
14	Tour Claim	Respective Employee	Within 30 days from the end of the journey
	Tour Settlement	BPM/ DPC/ Accountant of respective blocks / district	Within 15 days from the date of Claim
15	Financial Statements	Accountant & BPM	Within 30 days from the end of the financial Year
16	Financial MIS	Accountant & BPM	As and when required
17	Bank Reconciliation Statement	Accountant	Within 7th of the following month
18	Reconciliation with SPMU	Accountant & BPM	By the 7th of the month following every quarter end
19	Preparation of (district block) quarter wise Annual budget	DPM/ BPM with Accountant	Final compiled budget by Jan of every calendar year
20	Approval of (district block) quarter wise Annual budget	CEO	By March of every calendar year
21	Sanctioning of CIF	Loan committee headed by BPM	Within 15 days of receipt of loan application from VO/ SHG
22	Release of CIF	BPM	Within 15 days from the date of sanctioning

# SPMU

# Expenditure

# Procedure

## Chapter 4

### 4.1 Payment of Salaries at SPMU for employees on contractual & foreign service terms

1. Subject to the guidelines issued by the Executive Committee of BRLPS, the appointing authority shall fix the emoluments attached to each contractual post as well as norms for increase later on.
2. Payment of emoluments to personnel deputed by the Govt. shall be regulated by the service rules of Govt. of Bihar applicable to the personnel.
3. Salary/remuneration of the officers and employees shall be paid before 7<sup>th</sup> of every month.
4. The CEO may for reasons to be recorded in writing in exceptional cases, order the payment of salaries of employees on an earlier date than the date fixed for payment of monthly salary.
5. In SPMU a Deputed Employee's Pay Bill with schedules for deductions towards provident fund, loans and advances, etc., prepared by the Accounts Dept. shall be sent by the Administrative officer to the Chief Finance Officer at least three working days before the end of the month.
6. The claim for salary/remuneration shall be prepared by the Chief Finance Officer/Finance Officer/Accounts Officer/Administrative Officer as authorized by the CEO.
7. The Administrative Officer of SPMU shall furnish the Duty statement of all officers/employees summarizing the monthly duty details in respect of each employees based on the attendance, sign the same and send to the Chief Finance Officer at least three working days before the last working day of the month. In case of BPIU, the said duty statement shall be prepared by the Accountant and be sending to the BPM for approval.
8. The duty statement shall contain the particulars about the designation of the post, name of the holder of the post, duty period, leave period & type of leave.
9. In case of daily wagers/ those employed through an outsourcing agency, the names, designation, dates of attendance and rate of wages to be paid shall be furnished to the Chief Finance Officer/Finance Officer/Accounts Officer by the Administrative Officer & the payment shall be made as per the terms of the agreement.

10. All officers/employees of SPMU shall be asked to open a Savings Bank account with the bank branch in which the Office Administration account is being operated. The salary of all officers/employees shall be credited to the respective savings bank account in the bank branch.
11. The recoveries from the salaries of the employee employed on Foreign Service terms shall be remitted as per prevalent Govt. Rules under the respective head of account, by drawing Cheques from the office administration account for the amounts required.
12. The Chief Finance Officer of SPMU shall forward the Pay Bill for the month. He shall sign the same and submit it to CEO for sanction.
13. The CEO shall authorize the Pay Bill and direct the Accounts Dept to disburse the salary.
14. The Chief Finance Officer/FO/Acct. Off./Accountant shall prepare the Bank Payment Voucher, a Bank advice for transfer of salary to the respective bank accounts or prepare a cheque as the case may be. These shall be forwarded to the authorized signatories for signature. After signature, the Chief Finance Officer shall submit the bank advice or release the cheque and get update the Pay Bill register.
15. The Accountant shall update the Pay Bill Register and Recoveries Register as soon as the salaries are paid.
16. No long term advances such as house building advance, motor car advance etc., shall be paid to any officer or employee working on deputation or on contract in the Project except Motor Cycle Advance
17. Festival advance may be paid to officers/employees by debiting the festival advance under the head Salaries.
18. The terms and conditions of Foreign Service issued to the respective deputed employees shall be applicable in availing their salaries, emoluments and other facilities.
19. Income Tax shall be deducted at source from Salaries as per the provisions of Income tax Act.

#### **4.2 EXPENDITURE – ADMINISTRATION – SPMU**

##### ***a. Renting of premises for Office Use***

1. The CEO shall take on rent buildings suitable for the location of the office of SPMU.
2. The CEO may pay up to six months' advance as fixed rental advance to the owner of the building for the building to be occupied by the SPMU. For any change or exception or exception the Executive committee may approve the same with general resolution.
3. The advance shall be paid only after an agreement covering the terms and conditions of renting of the building and inter-alia acknowledging the

receipt of the advance is executed by the owner of the building and the CEO.

4. Agreement should be registered with the competent authority of the State.
5. The stamp duty should be shared equally with the lessor of the building.

**b. Travel Expenses**

These shall be governed by the TA Rules framed for the project and as mentioned in the manual.

**c. Procedure for drawing advance for the programme in SPMU**

1. The concerned Sector specialist concerned shall prepare a Programme Budget in accordance with the approved action plan/ annual budget describing the context/objectives of the proposed Programme and the expected outlay.
2. The concern Sector specialist shall take the approval on advance from the competent authority who will get it cross-checked from the Accounts department about the budgetary provision.
3. The concern Sector specialist shall forward the approval to the Accounts department who shall prepare the payment voucher, sign it, obtain the signature of the concerned Specialist on it, disburse the advance and update the advance register.
4. The Accountant shall pass an accounting entry recording the amount as advance to the concerned sector specialist and crediting Cash/Bank account.
5. The next advance will be given only on settlement of the previous advance.

**d. Procedure for settlement of advances for the programme**

1. The Specialist concerned shall prepare an Expenditure Settlement Statement in detailing the expenses incurred for conducting the Programme along with the supporting documents such as Bills, Receipts, etc. Appropriate explanations must be given in the Expenditure Settlement Statement if the actual expenses exceed the estimate.
2. The Specialist concerned shall submit the Expenditure Settlement Statement to Accounts Dept. Chief Finance officer/FO/Accounts Officer shall check the documents, ensure compliance with rules, sign the Expenditure Settlement Statement and forward the same to the sanctioning authority as per delegation of powers for sanction. The Chief Finance Officer/FO/AO may, if required, obtain clarifications from the Specialist.
3. The Sanctioning authority shall make his remarks (if any) in the Expenditure Settlement Statement and authorize it with his signature, directing the Accounts section to book the expense under specified account heads and pay/receive balance to/from the Specialist concerned The documents shall be forwarded to the Accounts section.

4. If payment is to be made, the Accountant shall verify the authorization of the expenses and prepare a payment voucher, obtain the Specialist's signature, obtain the signatures of the authorized signatories and disburses the amount.
5. If money is to be received, the Accountant shall prepare a receipt voucher, sign the same, obtain the signature of the specialist concerned and receive the money. Any cash received is to be deposited in the bank on the same day & if it is received after the Banking Hours, it should be deposited in Bank on the next working day.
6. Accountant shall update the advance register and account the transaction under the appropriate expense heads and debit/credit Cash/Bank account.

***e. Advertisement about the project***

1. The CEO/ Other authority in terms of delegation of powers shall cause to prepare necessary publicity materials, highlighting the contents of the project, in the form of handbills, brochures, posters, banners, short films etc.
2. The approval of the appropriate authority in terms of delegation of powers shall be obtained for the expenditure on preparation of scripts, printing, filming etc. Requisite Procurement procedure as per the Procurement manual shall be followed.
3. All advertisements in newspapers, journals, periodical magazines, Films etc. shall be published only after the approval of the CEO. For such publication, a suitable Advertisement agency shall be hired after following the Procurement procedure as mentioned in the procurement guidelines.
4. The claim from the newspaper, etc. towards advertisement charges shall be accompanied by a copy of the pages of the newspaper, etc in which the advertisement was printed. The number of editions, the names of newspapers, etc. including the dates of publication shall be clearly stated in the rate agreement.
5. The payment should be made after proper deduction of the TDS.

***f. Hiring of Vehicles***

1. Vehicles shall be hired only with prior approval from CEO for project needs unless the power is delegated for the same by the CEO.
2. There shall be an annual contract for hiring of vehicles.
3. The average kilometer to run per liter of fuel consumed shall be clearly mentioned in the contract for hiring the vehicles.
4. The payment should be made after proper deduction of the TDS.

***g. Fuel***

1. If required the CEO of the BRLPS shall fix the monthly ceiling for fuel (in liters) for local travel.
2. Fuel for tour shall be sanctioned by the Chief Finance Officer after the tour plan has been approved by the appropriate authority.
3. The Chief Finance officer shall sanction advance for fuel on the basis of estimated kilometers of travel only after the sanctioning authority has approved the tour. A summary of the fuel cost; kilometer travelled & average fuel consumed per kilometer and cost per kilometer will be prepared by the driver and submitted to the competent authority.

***h. Log Book for vehicles (owned or hired)***

1. Each vehicle shall have a logbook in the Form prescribed by the Govt. of Bihar.
2. The logbook shall be in the custody of the driver who shall make entries for each journey and the officer using the vehicle shall attest the entries each time. The total distance traveled with the speedometer readings at the beginning and at the end of the journey should be noted without fail.
3. As a precaution against avoidance of theft of fuel and to monitor the performance of the vehicle, the average kilometer run per liter of fuel consumed should be worked out at the end of each month and recorded in the logbook.

***i. Payment of Taxes and Insurance for Vehicles***

1. The Procurement Specialist of SPMU shall maintain a history sheet for each vehicle owned by the Project.
2. Procurement Specialist shall be responsible for timely payment of motor vehicles taxes and the insurance premium for the owned vehicles.
3. The Procurement Specialist should also ensure that the hired vehicles are properly insured and motor vehicle taxes have been paid.

***j. Repairs and maintenance of Vehicles***

1. The drivers shall be responsible to bring to the notice of the officers, any repairs to be carried out on the vehicle.
2. The repairs may be carried out in any authorized/recognized workshop after approval of the expenditure by CEO.
3. The CEO may sanction the incurring of expenditure on replacement of **tyres** on the recommendation of the procurement Committee.

***k. Legal Expenses***

1. The CEO shall take all steps to defend the interest of the Project in all cases, filed by or against it, in any court of law.
2. The CEO may engage leading lawyers in consultation with the Chairman of the Executive Committee of the BRLPS.
3. Only CEO shall have full powers to authorize the payment of expenses connected with the legal cases such as payment of court fees, other incidentals and fees for the lawyers irrespective of the fact whether the case concerns the State Society / District & Block units. Full details about the court cases shall be brought to the notice of Executive body of the Society.

***l. Procedure for passing of bills***

1. The concerned specialist/officer shall recommend the payment by signing on the bill after verifying the agreements and any documents (in case of payment for a completed report)/equipments (in case of bill for the purchase/repair of new equipment) etc. and pass the bill to the Accounts Dept.
2. The Chief Finance Officer shall instruct the Accountant to prepare a journal voucher debiting the respective expense and crediting the supplier/service provider.
3. When the bill falls due for payment, the Accountant shall prepare the Bank Payment Voucher and the same shall be authorized as per the delegation of authority.
4. The Chief Finance Officer shall verify the authorization in the bill and the voucher, pass the entry debiting the concerned party and crediting the Bank and prepare the cheque.
5. He shall obtain the signature of respective authorized signatories in the cheque and disburse the cheque to the respective supplier/service provider.

**4.3 EXPENDITURE ON ASSETS**

***a. Fixed Assets***

**• Office Furnishing**

1. Office Furnishing will be done only against the approved budget from the Executive Committee and after following the World Bank Procurement Guidelines.
2. The CEO would be authorized to approve the design in consultation with the procurement Committee.



3. The CEO would approve all the payment related to Office Furnishing on the recommendation of the procurement committee.

- **Motor Vehicles**

- 1) Motor Vehicles for official use of SPMU shall be purchased only after approval of the Executive Committee.
- 2) The vehicles may be condemned after obtaining an opinion about the condition of the vehicle from the procurement committee.
- 3) The value to be fixed for auctioning the condemned vehicle shall also be fixed by the above Committee. Based on the committee's report the approval of the Executive Committee shall be obtained and further action pursued thereon.

- **Provision of FAX/Copier facilities, EPABX**

- 1) The CEO may incur expenditure on installation of fax facilities, EPABX for the office, including the expenditure on the cost of fax machines and accessories, telephone rentals, etc.
- 2) The CEO may authorize the incurring of the expenditure on purchase of copier machines for use of the office.

- **Computers- Hardware and software**

- 1) The requirements of computers, printers, power supplies, scanners and other peripherals and their specification shall be finalized in consultation with technical experts/ System Analyst/users.
- 2) The CEO/ other authority in terms of delegation of power may authorize the incurring of the expenditure on purchase of CDs, removable drives, computer stationery & other recurring items of similar.

- **Purchase of miscellaneous equipments & items**

The CEO may purchase water cooler, machines/water purifiers, fire fighting equipments, office communication equipments and furniture and arrange for proper utilization and its maintenance.

- **Accounting for fixed assets**

The accounting for fixed assets shall be done only at the offices of SPMU and DPSUs. Accounting of fixed assets shall be done in respect of assets acquired for the project. The various cost components that shall form part of cost of fixed assets shall be as per the accounting policy on fixed assets. In respect of purchase of fixed assets, a Fixed Asset Transaction Form shall be filled along with the voucher. This form shall contain the details of the assets

acquired, such as specification of the asset, asset number, location of the asset, etc. Separate form shall be filled for each individual item of fixed asset. On posting of the voucher the system shall update the Fixed Asset Register.

- **Fixed assets register**

The fixed assets register shall be maintained only by SPMU and DPCUs for assets acquired by the SPMU, DPCUs, and PFT. For assets acquired by PFT the record shall be maintained by respective DPCUs. Whenever a fixed asset is purchased a payment voucher shall be prepared whereby the respective account head is debited and bank/ cash account is credited. The relevant asset code and description is specified in the voucher itself.

#### **4.3.1. The fixed asset register shall give details as regards**

The nature of asset  
Date of purchase  
Location  
Cost  
Asset code  
Voucher reference of purchase

The fixed asset register shall be updated as soon as the Cash / bank payment voucher is passed for purchase of the fixed asset.

- **Physical verification of fixed assets**

The State Administration Coordinator and his/her team shall conduct physical verification of the fixed assets (at least yearly). The procedure for physical verification shall be as under:

1. The SPMU and DPCU shall generate a list of the assets acquired in the project from the fixed asset register.
2. The project office shall physically verify the fixed assets at its location with respect to the physical presence, condition of the asset and its workability (i.e., whether the asset is in running condition or not).
3. Any discrepancies or otherwise noticed during the physical verification shall be noted. The project offices shall explain in detail, the reasons for the discrepancies noticed using physical verification and the competent authority will take appropriate action.
4. A certified copy of the fixed asset register shall be sent by each of the DPSU to SPMU
5. A comparative statement indicating fixed assets as per records and assets as per the physical verification conducted, variation, if any, and reasons thereof shall be appended with the annual audited statements of accounts.

- **Correction of entries**

Once an entry is authorized in the computer, the editing of such entry shall not be permitted. The correction of such entries shall be done only through the journal voucher. The corrections may be on account of errors in account code, activity code, location code, etc.

Journal voucher shall be passed with the appropriate narrations explaining in detail the reason for the correction made, giving reference to the earlier accounting entry.

The voucher shall be prepared using the computerized system. At the time of preparation of voucher all the details of the transaction shall be fed into the computerized system. On entry, the system shall generate a token number and token date in respect of the transaction. The token number shall be a unique number for identifying the voucher.

On authorization of the voucher by a competent authority the voucher shall be updated in the system. The system shall then generate a voucher number and voucher date. The posting of the voucher shall update the journal book and general ledger.

- **Condemnation of assets**

The fixed assets except vehicles of the SPMU may be condemned/ disposed after obtaining an opinion about the condition of the same from a procurement committee. The disposal value shall be fixed by this committee.

***b. Current Assets***

- **Cash and Bank Balances**

1. Physical cash balance shall be verified at the end of the day and the same shall be reconciled with the balance as per cash book and shall be authenticated by the Chief Finance Officer.
2. Bank Reconciliation Statement shall be prepared by Accountant and sent to Chief Finance Officer on or before fifth of subsequent month.
3. The Accountant shall obtain quarterly confirmation of balances from the bank.
4. Cash transactions are generally made for petty expenses and when /where banking facilities are not available. As per Income Tax Rules, no claim exceeding Rs.20, 000/- should be settled through cash payments. These should invariably be by account payee cheques. As a matter of procedure and control, the attempt should be to minimize the number of cash transactions.
5. The denomination of the closing balance of the cash should be entered below the cash balance and signed by the Cashier. This register is to be maintained from the beginning of the financial year. and a fresh register at the beginning of every financial year.

6. The cash balance available and the estimated expenses would need to be computed. The authorized persons must verify the requirement before signing the cheque for Withdrawal of cash. The signature of the person presenting the cheque and receiving the cash should be attested on the back side of the cheque by one of the authorized signatories. A Cash Receipt (Contra) voucher to be prepared and accounted for by the Accountant on the same day. The Cash Account is to be updated for receipt of the Cash.
7. Cash payments will be made only after preparing the Payment voucher. The Voucher has to be approved by the competent authority before payment. (as per the requirement of SPMU and the signature of one of the officers in Finance Division is a must) The Payee must sign the voucher for having received the payment. In case the competent person is not present, the voucher must be verified/ approved by any other person standing-in for the person before release of payment. As per Income Tax Rules, no cash payment of more than Rs.20, 000/- is permitted. Internally, we shall maintain this limit to Rs.5, 000/-. All cash payments exceeding Rs.5000/- should be receipted with a revenue stamp. The number of cash payments has to be reduced by converting settlements through cheque payments.
8. The contents of the cash chest / cash box should be counted by the Chief finance officer at SPMU level or by the Finance officer/ FMTSC/BPMs at BPIU level at least once in a quarter and the account compared with the cash book balance. The result of verification should be recorded in cash book each time as under:

"Cash balance verified by me today and found to be Rs. \_\_\_\_\_ /- (in figures) (Rupees ..... (in words) on actual count as correct".

Date .....

Signature  
(Designation of the Officer)

In case the cash balance is not found to be as per cash book, the fact should be recorded in the cash book and report submitted to the next higher authority unless the error can be set right at once. The excess or shortage should be rectified by making the necessary receipt or payment entry "cash found excess" as miscellaneous revenue or "cash found short" recouped from the official. Excess or shortage of cash in excess of Rs.1,000 should be brought to the attention of Chief finance officer, immediately.

9. The cash balance as on 31<sup>st</sup> March should be nil. All the cash balance on 31<sup>st</sup> March should be deposited in the bank account so as to bring the cash balance to Nil.
10. If the cash remains undeposited then the certificate of such cash in hand should be recorded in the prescribed format.

- **Stock Verification**

1. Stock shall be physically verified annually and reconciled with the balance as per Stock Register.
2. The Procurement Specialist shall be responsible for initiation, conduct of Stock verification and certification annually.
3. Adjustments shall be made in the books of account after getting approval from the Chief Finance Officer.

- **Loss of movable and immovable properties**

1. Any officer of the Project shall bring to the notice of the CEO any incident of loss due to theft, neglect, embezzlement, natural calamity; fire or a serious account of irregularity or any other important feature requiring detailed investigation and consideration immediately after the occurrence.
2. The CEO shall after detailed enquiry present a report to the Executive Committee, if the loss exceeds Rs. 10000/- detailing:
  - i. the nature and extent of the loss or irregularity and the circumstances which made it possible,
  - ii. extent of recoveries made so far and the possibility of the any further recovery of the amount lost,
  - iii. the disciplinary action / legal action taken so far or proposed to be taken against the persons responsible and
  - iv. the steps to be taken to prevent recurrence of such incidents.
3. The CEO shall pursue further action as directed by the Executive Committee. The direction of the Executive Committee shall be reported to the General Body.
4. When the value of the loss does not exceed Rs.10000/- as the case may be the CEO shall pursue necessary action and finalize the proceedings at his/her level itself.
5. All such items shall be disclosed by the CEO to the auditor appointed to conduct the statutory audit, at the time of annual audit.

- **Write off of losses**

The irrecoverable losses shall be written off the accounts only after obtaining the approval of the Executive Committee.

#### 4.4 EXPENDITURE – TRAINING

1. The annual training plan is the part of the Annual Action plan which will be approved by the Executive committee. The Action plan shall cover the training activities at all levels i.e. SPMU, DPCU, BPIU, BLF, VLO, SHG.
2. The CEO may approve the Action Plan with or without modification or he/she may call for further information/ clarification from the concerned Sector specialist.
3. Once the training action plan is approved by the CEO, the Concerned Sector Specialist shall communicate the relevant portions of the action plan to the concerned level well in time for its implementation as per the delegation.
4. The powers of different officers in respect of training activity is given below:

Activity Level	Sanctioning Authority	Implementing Authority	Training appraising Authority
SPMU	CEO	Sector Specialist	CEO
DPCU	SPM/PM(Incharge )	District Training officer at DPCU	Sector Specialist /PM/DPC
BPIU	DTC/ DTO/ BPM	Training Officer/ Area Coordinator/BPM	Sector Specialist/PM/DPC/DTO

5. The implementing authority at different levels should ensure strict adherence to the training schedule as per the Action plan. Any delay should be immediately brought to the notice of the respective sanctioning authority & his/ her approval be obtained.

##### A. At SPMU

- The Sector Specialist alongwith the team constituted shall take steps to select training venue, hire resource person, intimate the participants & ensure all other logistics arrangements.
- The Sector specialist shall submit the detail estimated budget to the Competent Authority who will get it cross checked with the Annual budget and submit to the CEO/ other authority in terms of delegation of powers, for sanction.
- The Sanctioning authority may authorize it with his signature and forward the same to the Chief Finance Officer for release of the specified amount in cash/cheque as advance to the concerned Specialist.
- The Chief Finance Officer shall forward the approval to the Accountant who shall check the approval, prepare the payment voucher, sign it, disburse the advance after obtaining the signature of the concerned Sector Specialist and get the advance register updated .
- The Accountant shall pass an accounting entry recording the amount as advance to the concerned sector specialist and crediting Cash/Bank account.
- Once the training has been completed, the Sector specialist shall prepare a training report & submit it to the CEO/ Competent Authority.

- The Specialist concerned shall also prepare an Expenditure Settlement Statement detailing the expenses incurred for conducting the training along with the supporting documents such as Attendance, Bills, Receipts, etc. Appropriate explanations must be given in the Expenditure Settlement Statement if the actual expenses exceed the estimate.
- The Specialist concerned shall submit the Expenditure Settlement Statement to Accounts Dept., Chief Finance officer shall check the documents, ensure compliance with rules and Assign the head of the Account under which the expenditure has to be booked, sign the Expenditure Settlement Statement and forward the same to the sanctioning authority as per delegation of powers for sanction. The Chief Finance Officer may, if required, obtain clarifications from the Specialist.
- The Sanctioning authority shall make his remarks (if any) in the Expenditure Settlement Statement and authorize it with his signature, directing the Accounts section to book the expense under specified account heads and pay/receive balance to/from the Specialist concerned The documents shall be forwarded to the Accounts section.
- If payment is to be made, the Accountant shall verify the authorization of the expenses and prepare a payment voucher, obtain the Specialist's signature, obtain the signatures of the authorized signatories and disburses the amount.
- If money is to be received, the Accountant shall prepare a receipt voucher, sign the same, receive the money and issue receipt to the depositor. Any cash received is to be deposited in the bank on the same day & if it is received after the Banking Hours, it should be deposited in Bank on the next working day.
- Accountant shall update the advance register and account the transaction under the appropriate expense heads and debit/credit Cash/Bank account.

**B. At DPCU**

- On the basis of the approved Action plan or approval of the appropriate Authority the District Training Co-ordinator along with the its team shall take steps to select training venue, hire resource person, intimate the participants & ensure all other logistics arrangements.
- The District Training Co-ordinator shall submit the estimated budget to the Finance/Accounts Officer/Incharge who will cross check the estimate with the budget and forward it to the DPM for sanction.
- The DPC shall sanction the budgeted expenditure & communicate the same to the District Finance Officer/Accountant/ Incharge and DTC/DTO.

- The District Finance Officer/ Incharge/ Accountant shall forward the approval to the Accountant who shall check the approval, prepare the payment voucher, sign it, obtain the signature of the Training officer on it, disburse the advance and update the advance register.
- The Accountant shall pass an accounting entry recording the amount as advance to the Training officer and crediting Cash/Bank account.
- Once the training has been completed, the Training officer shall prepare a training report which will include name of the resource person, Photographs, feedback of the trainees etc & submit it to the DPC.
- The DPC shall forward a copy of the report to the concerned sector specialist with his/her comments.
- The Training officer shall also prepare an Expenditure Settlement Statement detailing the expenses incurred for conducting the training along with the supporting documents such as Attendance, Bills, Receipts, etc. Appropriate explanations must be given in the Expenditure Settlement Statement if the actual expenses exceed the estimate.
- The District Training Co-coordinator shall submit the Expenditure Settlement Statement to the District Finance officer/In charge / Accountant who shall check the documents, ensure compliance with rules, sign the Expenditure Settlement Statement & forward it to the DPC for Sanction. The District Finance Officer/ Accountant/ in charge may, if required, obtain clarifications from the DTO/DTC/DPC.
- The DPC/ Competent Authority shall make his remarks (if any) in the Expenditure Settlement Statement and authorize it with his signature, directing the Accounts section to book the expense under specified account heads and pay/receive balance to/from the DTC. The documents shall be forwarded to the Accounts section.
- If payment is to be made, the Accountant shall verify the authorization of the expenses and prepare a payment voucher, obtain the concerned officer's signature, obtain the signatures of the authorized signatories and disburses the amount.
- If money is to be received, the Accountant shall prepare a receipt voucher, sign the same, and issue the money receipt. Any cash received is to be deposited in the bank on the same day & if it is received after the Banking Hours, it should be deposited in Bank on the next working day.
- Accountant shall update the advance register and account the transaction under the appropriate expense heads and debit/credit Cash/Bank account.

#### **4.5 EXPENDITURE – CIF GRANT**

1. The CIF Grant shall be released to the SHG/VO/BLF in phases based on graduation indicators.
2. BRLP shall maintain separate bank a/c for CIF at BPIU level in the name of "BPIU-(name of the block)-CIF"



3. In the beginning CIF Grant for initial Capitalisation/ Seed Capital shall be released to community based institution like SHG/VO/BLF after three months of the formation of SHGs on receipt of request in prescribed form SHG/VO/BLF subject to fulfillment of Community operational Manual and sanction and approval by the BPIU.
4. CIF grant for livelihoods and other related activities may be released as per the Community operational Manual which entails to attaining the Graduation indicators to access 2<sup>nd</sup> tranche of CIF has been met and expected outputs in respect of initial 1<sup>st</sup> CIF have been achieved.
5. The BPIU shall submit the requisition to SPMU on quarterly basis as per the Action Plan. The requisition shall preferably be received at SPMU in the first week of the ending month of the quarter and this requisition shall be for the consecutive quarter.
6. The Sanctioning authority may authorize it with his signature and forward the same to the Chief Finance Officer for release of the specified amount as transfer of fund to the BPIU. The BPIU shall transfer the funds to the concern SHG/VO/BLF.
7. The Chief Finance Officer shall forward the approval to the Accountant who shall check the approval, prepare the payment voucher, sign it, release the CIF fund and update the CIF register.
8. The Accountant shall pass an accounting entry recording the amount as fund transfer to the BPIU and crediting Cash/Bank account.
9. The Accountant shall prepare a payment voucher, obtain the signatures of the authorized signatories on the cheque and disburse the amount.
10. A minimum of 3 member committee formed for the purpose shall appraise and sanction demand for CIF at the BPIU. The Committee shall be chaired by the BPM and shall comprise of the members drawn from ACs and CCs (as per the guidelines issued by the SPMU from time to time). Committee will forward the appraisal/sanction note to the concern SPM/PM/DPC for final sanction.
11. At SPMU, the CIF committee formed by the CEO will do the post review of some of the SHG proposal and its utilization.
12. The SHG will submit the utilisation Certificate within 30 days from the date of receipt of loan from VO/BLF/BPIU to VO/BLF/BPIU. The VO will submit the utilisation certificate within 30 days from the date of receipt of loan from the BLF/BPIU and the BLF will submit the Utilisation Certificate within 60 days from the date of receipt of the Grant from the BPIU.
13. The Utilisation Certificate will be submitted in the prescribed format which will be signed by office bearers of SHG/VO/BLF
14. The Utilisation Certificate will be compiled periodically and will be approved by the BPIU CIF Committee and BPM .After approval the amount will be adjusted against the advance CIF.

#### **4.6 EXPENDITURE – PROJECT CONSULTANCIES**

1. At SPMU level, the concerned sector specialist shall identify the requirement for hiring of Consultants as per the Action Plan approved for the Project by the Executive Committee of the BRLPS and submit it to the CEO for Approval. If the Consultancies are not as per the approved action plan then approval should be taken by the Executive Committee. If the Consultancy is needed for the interest of the Organization then necessary decision may be taken by CEO with the approval of the Chairman in anticipation of the approval of the Executive Committee.
2. Hiring of consultant at levels viz. State/District/Block would require sanction of the CEO/Sector Specialist at SPMU as per the delegation of powers.
3. The CEO may authorize the hiring of consultant & issue instructions to the Procurement Specialist/ other officer at District/Block levels to take steps to hire the consultant.

##### **A. At SPMU**

- The Sector Specialist shall develop the Terms of reference for the proposed consultancies and sent to World Bank for the approval with the prior approval of the CEO and also inform the Procurement Specialist for the proposed procurement.
- The Procurement specialist shall immediately take steps to determine the procurement process to be adopted keeping in view the procurement guidelines
- The Sector Specialist with the Consultation with Finance and Procurement specialist shall prepare expenditure budget in accordance with the budget provision who will submit it to the CEO/ other authority in terms of delegation of powers, for sanction.
- Once the sanction has been received, the consultant shall be hired after following the applicable procedure as outlined in the Procurement manual.
- A formal contract/ MOU would be required to be signed between the Consultant (individual or firm) and the Society.
- The contract/MOU will be signed by the CEO or any other officer to whom power has been delegated by the CEO.
- Bihar Rural Livelihoods Project should form a review committee under the Chairmanship of the Sector Specialist /CFO/AO to review every Contract , as per the terms of the agreement, recommend for payment clearly mentioning extent of completion of contract, quality of work, deductions, if any, to be made from the payment or matters of similar nature.
- The recommendation shall be made to the Accounts Dept. Chief Finance officer shall verify the recommendation, and may forward the same to the sanctioning authority as per delegation of powers for sanction. The Chief Finance Officer may, if required, obtain clarifications from the Specialist.

- The Sanctioning authority shall authorize it with his signature, directing the Accounts section through CFO to book the expense under specified account heads and make the payment and make necessary entries in the Books of Accounts.

#### **4.7 SPMU – DPCU/BPIU ACCOUNT – QUARTERLY RECONCILIATION**

1. CFO SPMU has to ensure that the account balance of each DPCU/BPIU (as per SPMU books) is intimated to them by the 7th of the month following every quarter end. Account reconciliation has to be carried out by the District Accounts Officer/Incharge/Block Accountant of every DPCU/BPIU on or before the 7th of the month following every quarter end, after completing the BRS for the respective quarter.
2. The reconciliation shall clearly bring out the difference between the SPMU account balance in the DPCU/BPIU books and the DPCU/BPIU account balance in SPMU books. The differences are to be listed and reasons for difference documented. Both SPMU, DPCUs & BPIUs have to pass appropriate rectification entries.
3. The CFO of SPMU is responsible for checking the correctness of the reconciliation obtained from the districts and Blocks and District Accounts Officer will be responsible for checking the correctness of the reconciliation obtained from the blocks. The District Accounts Officer of the DPCU is responsible for checking the correctness of the reconciliation sent from the districts and Block Accountant will be responsible for checking the correctness of the reconciliation sent from the respective blocks.
4. Similar reconciliation shall also be made between the Accounts of BPIU and DPCU.

#### **4.8 Preservation of Records**

The following records should not be destroyed:

- ✓ Records connected with expenditure of Project work not completed although beyond the period of limit.
- ✓ Records pertaining to cases in which litigation is in progress.
- ✓ Records connected with claims to service and personal matters affecting persons in the service.
- ✓ Orders and sanctions of permanent nature revised.

The following record should be preserved for the period specified:

Sl. No.	Description of record	Period of Preservation in complete years
1	Pay bills and a quittance rolls	As per the State Govt. Norms issued time to time or any specific order of competent authority in this regard for increasing the period
2	Cash Book	Do
3	Service Book	Do
4	Leave Accounts	Do
5	TA Bills & a quittance rolls	Do
6	Account of service postage stamps	Do
7	Register of Dead stock articles	Do
8	Annual Report on dead stock	Do
9	Stationary & forms Register	Do
10	Vouchers	Do
11	Account of expenditure	Do
12	Charge Reports	Do
13	Casual Leave register & Papers	Do
14	Register of cheques drawn	Do
15	Challans / Receipts	Do
16	Office copies of Provident fund schedules	Do
17	Increment Certificate	Do
18	Sanction to advances	Do
19	Government resolutions	Do
20	Agreement with contractors	Do
21	Comparative Statement of Tenders	Do
22	Measurement books	Do
23	Register of contracts	Do
24	Register of Deposits / Advances	Do
25	Tender documents	Do

- The sanction of CEO should be obtained for destruction of any of the records of the Project.
- No account or other record, which is subject to audit by the Accountant General or any other Authority, should be destroyed unless the audit of the period for which record is maintained is completed and the audit objections are settled.
- The above list of preservation of record is not exhaustive. Any other record not required for further use might be destroyed on the order of the CEO.

#### **4.9 Release of Funds to District & Blocks**

Release of Institutional Development/Training Cost - Institutional Development and Training Cost at District Level Fund will be transferred to the Blocks on the basis of the approved Quarterly Action Plan on quarterly basis. Any unspent amount in the block for any quarter will be adjusted with the release of the subsequent quarters. Chief Executive Officer may release less or higher amount on the basis of the performance.

##### **Release of Community Investment Fund**

Community Investment Fund will be transferred to the Blocks on the basis of the approved Quarterly Action Plan on quarterly basis. Any unspent amount in the block for any quarter will be adjusted with the release of the subsequent quarters. Chief Executive Officer may release less or higher amount on the basis of the performance.

# BPIU Expenditure Procedure

## Chapter 5

The BPM with the support of Training officer, Area Coordinator, Accountant along with the other Block team member shall prepare a Quarterly Action Plan and Budget for that block on the basis of well specified approved Budget and guidelines of the SPMU.

The BPM shall submit the same to the State project Manager who will cross check the estimate with the budget and justification of the Action plan and recommend to CEO for approval of the Action Plan.

Once the Block Action Plan and Budget is approved, the BPM will conduct the Activities and incurred the expenditure on the basis of the same and as per the delegation of the power.

The Block Program Manager has to take prior approval of the CEO for carrying any activity which is not as per the Approved Budget and Quarterly action Plan.

### **5.1 Payment of Salaries at Block Project Implementation Unit to employees on contractual & foreign service terms**

1. Subject to the guidelines issued by the Executive Committee of BRLPS, the appointing authority shall fix the emoluments attached to each contractual post as well as norms for increase later on.
2. Payment of emoluments to personnel deputed by the Govt. shall be regulated by the service rules of Govt. of Bihar applicable to the personnel.
3. Salary/remuneration of the officers and employees shall be paid before 7<sup>th</sup> of every month.
4. The CEO may for reasons to be recorded in writing in exceptional cases, order the payment of salaries of employees on an earlier date than the date fixed for payment of monthly salary.
5. In BPIU a Deputed Employee's Pay Bill with schedules for deductions towards provident fund, loans and advances, etc., prepared by the Accounts Dept. shall be sent by the Accountant to the Block Program Manager at least three working days before the end of the month.
6. The Accountant of BPIU shall furnish the Duty statement of all officers/employees summarizing the monthly duty details in respect of each employees based on the attendance, sign the same and send to the BPM for approval.

7. The duty statement shall contain the particulars about the designation of the post, name of the holder of the post, duty period, leave period & type of leave.
8. In case of daily wagers/ those employed through an outsourcing agency, the names, designation, dates of attendance and rate of wages to be paid shall be furnished to the Block Program Manager by the Accountant & the payment shall be made as per the terms of the agreement.
9. After the approval of the duty Statement the claim for salary/remuneration shall be prepared by the Accounts Officer/Accountant /Accounts Incharge.

All officers/employees of BPIU /CRP /Community Mobilizer shall be asked to open a SB account with the bank branch in which the Office Administration account is being operated. The salary of all officers/employees shall be credited to the respective savings bank account in the bank branch .Salary will be paid only in exceptional circumstances with the prior approval of the CEO.

10. The recoveries from the salaries of the employee employed on Foreign Service terms shall be remitted as per prevalent Govt. Rules under the respective head of account, by drawing Cheques from the office administration account for the amounts required.

The Accountant shall forward the Pay Bill for the month. He shall sign the same and submit it to BPM for sanction.

The BPM shall authorize the Pay Bill and direct the Accountant to disburse the salary.

11. The Accountant shall prepare the Bank Payment Voucher, a Bank advice for transfer of salary to the respective bank accounts and a cheque. These shall be forwarded to the authorized signatories for signature. After signature, the Accountant shall disburse the cheque and the bank advice.
12. The Accountant shall update the Pay Bill Register and Recoveries Register as soon as the salaries are paid.
13. No long term advances such as house building advance, motor car advance etc., shall be paid to any officer or employee working on deputation or on contract in the Project except with the prior approval of the CEO.
14. Festival advance may be paid to officers/employees by debiting the festival advance under the head Salaries.
15. The terms and conditions of Foreign Service issued to the respective deputed employees shall be applicable in availing their salaries, emoluments and other facilities.
16. Income Tax shall be deducted at source from Salaries as per the provisions of Income tax Act.

## **5.2 EXPENDITURE – ADMINISTRATION -BPIU**

### **a. Renting of premises for Office Use**

1. The BPM shall take on rent buildings suitable for the location of the office of BPIU.
2. The BPM may pay up to six months' advance as fixed rental advance to the owner of the building for the building to be occupied by the BPIU with the prior approval of the CEO.
3. The advance shall be paid only after an agreement covering the terms and conditions of renting of the building and inter-alia acknowledging the receipt of the advance is executed by the owner of the building and the Authorized Representative of the BRLPS.

### **b. Travel Expenses**

These shall be governed by the TA Rules framed for the project for the Block Staff. The BPM will be authorized to give travelling advance and approving the Travel Claim subject to the delegation of power.

### **c. Hiring of Vehicles**

Vehicles shall be hired only with prior approval from CEO as per the prescribed guidelines on the ceiling for fuel, Entitlements to use the vehicle for project needs. The vehicle will be hired from the market and in no case vehicle shall be purchased for the project purpose by the Block.

### **d. Fuel**

1. The CEO shall fix the monthly ceiling for fuel (in liters) for local travel.
2. Fuel for tour shall be sanctioned by the BPM after the tour plan has been approved by the BPM.
3. The BPM shall sanction advance for fuel on the basis of estimated kilometers of travel.

### **e. Log Book for vehicles ( hired)**

1. Each hired vehicle shall have a logbook in the Form prescribed by the Govt. of Bihar.
2. The logbook shall be in the custody of the driver who shall make entries for each journey and the officer using the vehicle shall attest the entries each time. The total distance travelled with the speedometer readings at the beginning and at the end of the journey should be noted without fail. The employees using the Vehicle should Wright the place and purpose of the visit in the Logbook.
3. As a precaution against avoidance of theft of fuel and to monitor the performance of the vehicle, the average kilometer run per liter of fuel consumed should be worked out at the end of each month and recorded in the logbook.



**f. Conveyance**

The BPM shall approve claim for the Conveyance charges on the basis of the guidelines prescribed in the TA rules.

**g. Generator**

Generator should be used judiciously and as per the guidelines of the SPMU. BPM has to ensure that service of generator should not be misused. A logbook has to be maintained for the running of the Generator which will consist of total fuel purchased, period and timing of the running of the Generator. The log book should be verified by the Accountant and attested by BPM on daily basis.

**h. Stationery**

Stationery has to be purchased as per the quarterly budget and as per the delegation of power. The Accountant should maintain a stock register for stationery in which every receipts and Issue has to be entered. The Stock of the stationery has to be verified physically on regular interval by the BPM.

**i. Other Office Expenditure**

Other Office Expenditure electricity, repair maintenance, refreshments, meeting expenses not Covered above should be incurred on the basis of the budget head approved and delegation of powers. BPM should ensure that log book and Stock register should be maintained wherever necessary.

**j. Procedure for drawing advance for the programme in BPIU**

1. Any officer or staff has to give an application for advance clearly defining the purpose & date of the Activity.
2. The BPM will approve it with his signature and forward the same to the Accountant for release of the specified amount as advance to the concerned Officers/Staff including himself.
3. The Accountant who shall check the approval, prepare the payment voucher, sign it, obtain the signature of the concerned BPM /Officer/Staff taking the advance , disburse the advance and update the advance register.
4. The Accountant shall pass an accounting entry recording the amount as advance to the concerned officer & Staff and crediting Cash/Bank account.

**k. Procedure for settlement of advances for the programme**

1. The Concerned Officers or Staff who has taken the advance shall prepare an Expenditure Settlement Statement in detailing the expenses incurred for conducting the Programme along with the supporting documents such as Bills, Receipts, etc.
2. Appropriate explanations must be given in the Expenditure Settlement Statement if the actual expenses exceed the estimate.
3. The Concerned Officers concerned shall submit the Expenditure Settlement Statement to the Training Officer/BPM who shall verify the Quality aspect of

the activities and forward it to the Accounts Dept. for verification .Accountant shall Check the documents, ensure compliance with rules, sign the Expenditure Settlement Statement and forward the same to the sanctioning authority as per delegation of powers for sanction. The BPM may, if required, obtain clarifications from the Training officer or concerned staff conducting the Training.

4. The Sanctioning authority shall make his remarks (if any) in the Expenditure Settlement Statement and authorize it with his signature, directing the Accounts section to book the expense under specified account heads.
5. If payment is to be made, the Accountant shall verify the authorization of the expenses and prepare a payment voucher, obtain the signature of the Concerned Staff/Officers, obtain the signatures of the authorized signatories and disburses the amount.
6. If money is to be received, the Accountant shall prepare a receipt voucher, sign the same, and receive the money. Any cash received is to be deposited in the bank on the same day & if it is received after the Banking Hours, it should be deposited in Bank on the next working day.
7. Accountant shall update the advance register and account the transaction under the appropriate expense heads and debit/credit Cash/Bank account.

#### **1. Procedure for passing of bills for the expenditures at Block Level**

Passing of bills where payment are made at the time of purchase –

BPM may allow cash purchase for selected items at the Block level within the delegation of power. Bills submitted against the cash should be booked as expenditure only after the expenditure is approved by the BPM and payment voucher is signed by the BPM/Accountant. If any advance is approved and given for cash purchase then advance will be adjusted only after the expenditure is approved by the DPM and payment voucher is signed.

Passing of Bill where payments are made on the basis of the bill submitted in the office -

1. Once the bill is received at the BPIU office the BPM will send it to concerned officer/Staff for the verification..
2. The concerned officer shall verify the bills along with the reports(programme Completion, Installation etc) if any in view of the purchase order, agreements and terms of Contract and recommend the bill for approval and send it to the Accounts Dept. The Accounts dept after verification will put up before the BPM for Approval.
3. BPM will approve the bill as per the delegation of power and send back to the Accountant for payment. The accountant then will prepare the payment vouchers and get it authenticated by the BPM and make the payment.

### 5.3 EXPENDITURE ON ASSETS

#### a. Fixed Assets

- The fixed Assets and the Office equipments will be purchased by the BPIU on the basis of the approved budget, delegation of power and as per the direction and issued by the SPMU time to time.
- BPM has to follow the procurement guidelines for purchase of any fixed Assets /Office Equipment and against the approved budget.
- The procurement Committee will recommend the purchase and payment of the Fixed Assets /Office equipments.

#### *Condemnation of assets*

The fixed assets may be condemned/ disposed after obtaining a recommendation about the condition of the same from a procurement committee and approval of the Competent Authority from the SPMU. The disposal value shall be fixed by this committee.

#### b. Current Assets

##### *Cash and Bank Balances*

1. Physical cash balance shall be verified at the end of the day and the same shall be reconciled with the balance as per cash book and shall be authenticated by the Block programme Manager.
2. Bank Reconciliation Statement shall be prepared by Accountant and sent to Block Program Manager on or before fifth of subsequent month.
3. The Accountant shall obtain quarterly confirmation of balances from the bank.
4. Where manual cash books is maintained as a primary book of entry or as a back up the following additional controls are to be exercised:
  - Cash book should be maintained on a computerized basis under double entry System as well as in manual system.
  - Separate cashbook should be maintained for each financial year.
  - Each entry of receipt and expenditure should be descriptive but brief in nature.
  - Each voucher should be assigned a serial number and Ledger Folio number; this should be noted against each entry in the cashbook.
  - Each entry in the cashbook should be attested by the Head of Office.
  - Cash book should be closed daily and total cash balance struck and attested by the Head of Office after verification of the totals.

### ***Stock Verification***

1. Stock shall be physically verified half yearly and reconciled with the balance as per Stock Register.
2. The Block Program Manager shall be responsible for initiation, conduct of Stock verification and certification half yearly.
3. Adjustments shall be made in the books of account after getting approval from the Block Project Manager.

### ***Loss of movable and immovable Assets and Office Equipment***

1. Any officer of the Project shall bring to the notice of the BPM any incident of loss due to theft, neglect, embezzlement, natural calamity; fire or a serious account of irregularity or any other important feature requiring detailed investigation and consideration immediately after the occurrence.
2. The BPM shall after detailed enquiry present a report to the Competent Authority to the SPMU for approval if the value exceed Rs.500/ detailing:
  - a. the nature and extent of the loss or irregularity and the circumstances which made it possible,
  - b. extent of recoveries made so far and the possibility of the any further recovery of the amount lost,
  - c. the disciplinary action / legal action taken so far or proposed to be taken against the persons responsible and
  - d. the steps to be taken to prevent recurrence of such incidents.
3. The SPMU may pursue further action as necessary.
4. When the value of the loss does not exceed Rs.500/- as the case may be the BPM shall pursue necessary action and finalize the proceedings at his/her level it and inform to the SPMU.
5. All such items shall be disclosed by the BPM to the auditor appointed to conduct the statutory audit, at the time of annual audit.
6. In case of theft or loss of goods incurred due to negligence of any Officer or Staff of the Society then if it is proved that the loss has incurred due to negligence, then the cost of the goods will be deducted from the Salary of the Concern Staff or Officer.

### ***Write off of losses***

The irrecoverable losses shall be written off from the accounts only after obtaining the approval of the Executive Committee.

## **5.4 EXPENDITURE - TRAINING**

- a. BPM will conduct training as per the Approved budget, Quarterly/Annual action plan and delegation of powers.
- b. The powers of different officers in respect of training activity is given below:

Activity Level	Sanctioning Authority	Implementing Authority	Training appraising Authority
BPIU	BPM	Training Officer/ Area Coordinator/BPM	Sector Specialist/PM/DPC

- c. The implementing authority at different levels should ensure strict adherence to the training schedule as per the Action plan. Any delay should be immediately brought to the notice of the respective sanctioning authority & his/ her approval be obtained.

### ***Training at BPIU***

- The Training officer/Incharge Training shall take steps to select training venue, hire resource person, intimate the participants & ensure all other logistics arrangements as per the prescribed guidelines and the Budget estimate.
- The Training officer/Area Coordinator shall submit the budgeted expenditure to the BPM who will cross check the estimate with the budget and sanction it.
- The BPM shall forward the approval to the Accountant who shall check the approval, prepare the payment voucher, sign it and disburse the advance and update the advance register.
- The Accountant shall pass an accounting entry recording the amount as advance to the Training officer/Area Coordinator and crediting Cash/Bank account.
- Once the training has been completed, the Training officer/Area Coordinator shall prepare a training report & submit it to the BPM.
- The Training officer/Area Coordinator shall also prepare an Expenditure Settlement Statement detailing the expenses incurred for conducting the training along with the supporting documents as below-
  - ✓ Attendance sheet with Signature of the participants duly authenticated by the implementing authority
  - ✓ Two Photographs
  - ✓ Expenditure Vouchers duly authenticated by the Implementing Authority
  - ✓ Training Report duly authenticated
  - ✓ Recommendation of the Training Incharge along with the Comments on the quality of the Training.
  - ✓ Name of the Resource persons
  - ✓ Budgeted and Actual Expenditure Head wise.
  - ✓ Further explanation if any.

- Appropriate explanations must be given in the Expenditure Settlement Statement if the actual expenses exceed the estimate.
- The Training officer/Area Coordinator shall submit the Expenditure Settlement Statement to the BPM who shall check the documents, ensure compliance with the rules and quality and send to Account section for verification.
- Accountant shall verify the expenditure vouchers compare with the budget and sent to BPM for approval.
- The BPM may, if required, obtain clarifications from the BPM /Training In charge. The BPM shall make his remarks (if any) in the Expenditure Settlement Statement and approve it with his signature, directing the Accountant to book the expense under specified account heads and pay/receive balance to/from the Training officer/Area Coordinator .
- Accountant shall update the advance register and account the transaction under the appropriate expense heads and debit/credit Cash/Bank account.

## **5.5 EXPENDITURE – CIF GRANT BPIU**

- a. The CIF Grant shall be released to the SHG in phases based on graduation indicators.
- b. BRLP shall maintain separate bank account for CIF at BPIU level in the name of "BPIU-(name of the Block)-CIF"
- c. In the beginning CIF grant for initial Capitalisation/Seed Capital shall be released to Community based institutions like SHG/VO/BLF after three months of the formation of SHGs on receipt of request in prescribed form from SHG/VO/BLF subject to fulfillment of Community Operational manual and sanction and approval by the BPIU.
- d. CIF grant for livelihoods and other related activities may be released as per the Community operational manual which entails to attaining the Graduation indicators to access 2<sup>nd</sup> tranche of CIF has been met and expected outputs in respect of initial 1<sup>st</sup> CIF have been achieved.
- e. The BPIU shall submit the requisition to SPMU on quarterly basis as per the action plan. The requisition shall preferably be received at SPMU in the 1<sup>st</sup> week of the ending month of the quarter and this requisition shall be for consecutive quarter.
- f. The Sanctioning authority may authorize it with his signature and forward the same to the Chief Finance Officer for release of the specified amount as transfer of fund to the BPIU. The BPIU shall transfer the funds to the concern SHG/VO/BLF.
- g. The Chief Finance officer shall forward the approval to the Accountant who shall check the approval, prepare the payment voucher, sign it, release the CIF fund.
- h. The Accountant shall pass an accounting entry recording the amount as fund transfer to the BPIU and crediting Cash/Bank account.

- i. The Accountant shall prepare a payment voucher, obtain the signatures of the authorized signatories on the cheque and disburse the amount.
- j. A minimum of three member committee formed for the purpose shall appraise and sanction the demand for CIF at the BPIU. The Committee shall be chaired by the BPM and shall comprise of members drawn from ACs and CCs (as per the Guidelines issued in this regard by the SPMU from time to time). Committee will forward the appraisal /sanction note to concern SPM/PM/DPC for final sanction.
- k. At SPMU, the CIF Committee formed by the CEO will do the post review of some of the SHG proposal and its utilization.
- l. The SHG will submit the utilization certificate within 30 days from the date of receipt of loan from VO/BLF/BPIU to VO/BLF/BPIU. The VO will submit the utilization certificate within 30 days from the date of receipt of loan from the BLF/BPIU and the BLF will submit the Utilisation Certificate within 60 days from the date of receipt of the Grant from the BPIU.
- m. The Utilisation Certificate will be submitted in the prescribed format which will be signed by office bearer of SHG/VO/BLF.
- n. The Utilisation Certificate will be compiled periodically and will be approved by the BPIU CIF Committee and BPM. After approval the amount will be adjusted against the advance CIF.
- o. BLF/VO/SHG has to make application along with the following documents for sanction and release of CIF.
  - Application in prescribed format
  - Micro Credit Plan of the VO/SHG
  - Resolution for making application of the CIF along with the amount required.
- p. Till the formation of BLF CIF will be released to VO /SHG which has to do the same formalities done by BLF.
- q. CIF release to BLF shall be treated as a grant to BLF .The BLF will give loan to VO who will give loan to SHG and SHG will give loan to the members.
- r. If CIF is given directly to the VO due to non formation of BLF than it will also be treated as loan to VO on behalf of proposed BLF VO has to refund the loan as per the CIF guidelines once the BLF has formed.
- s. The members of the appraisal Committee will meet in every fifteen days for appraisal and recommendation .Meeting may be called in shorter duration after giving suitable explanation in the files.
- t. After the sanction the Accountant will be responsible for the documentation for the disbursement of the CIF.
- u. Following documentation has to be done before the Disbursement of the CIF-

- CIF Loan committee Register
  - Application in prescribed format
  - Application in prescribed Format
  - Micro Credit Plan of the VO/SHG
  - Resolution for making application of the CIF.
  - Amount Required
  - Agreement with the VO/BLF along with the terms and condition about the use of CIF and disbursement Schedule.
  - Compliance of the terms of Sanction if any.
- v. Once documentation is completed than Accountant shall prepare a separate file and keep the documents in one file.
- w. For every VO /BLF, BPIU should maintain a separate file.
- x. Accountant shall forward the file to BPM for disbursement that will approve the disbursement.
- y. The BPIU can also sanction and disburse CIF simultaneously after following the above procedures.
- z. After approval for disbursement the Accountant shall prepare a payment voucher take BPM signature, obtain the signatures of the authorized signatories on the cheque and disburse the amount.
- aa. It shall be the responsibility of the VO/BLF to ensure that the agreed interests as well as principal are recovered as per the schedule.
- bb. Any amount recovered from the SHGs against CIF loan by BLF/VO shall be kept by the BLF/VO.
- cc. It shall be the duty of the committee to ensure that the loan is recovered on time & identify the gaps & take necessary corrective steps.

## 5.6 OTHER EXPENDITURE – BPIU LEVEL

Expenditure other than Salary, Honorarium, Training and CIF which consist of the major part of the expenditure shall be made as per the financial power delegated by the SPMU time to time.

**Movement of File will be made as per the Chart below-**

Heads of Expenditure	File to be Initiated by	Verification /Recommendion	Verification /Recommendion	Approving Authority
Salary & Administrative expenses	Accountant	BPM	-	BPM
Training/Program Expenditure	Training Officer/Incharge	BPM	Accountant	BPM
CIF	Accountant	CIF Committee		BPM



## **5.7 SPMU – DPCU/BPIU ACCOUNT – QUARTERLY RECONCILIATION**

CFO SPMU has to ensure that the account balance of each DPCU/BPIU (as per SPMU books) is intimated to them by the 7th of the month following every quarter end. Account reconciliation has to be carried out by the District Accounts Officer/Block Accountant of every DPCU/BPIU on or before the 7th of the month following every quarter end, after completing the BRS for the respective months.

The reconciliation shall clearly bring out the difference between the SPMU account balance in the DPCU/BPIU books and the DPCU/BPIU account balance in SPMU books. The differences are to be listed and reasons for difference documented. Both SPMU, DPCUs & BPIUs have to pass appropriate rectification entries.

The CFO of SPMU is responsible for checking the correctness of the reconciliation obtained from the districts and District Accounts Officer will be responsible for checking the correctness of the reconciliation obtained from the blocks. CFO shall ask for explanations from the respective District Accounts Officer in case of any clarifications and inform the finalized reconciliation to the Chief Finance Officer and then to the CEO for approval. The District Accounts Officer of the DPCU is responsible for checking the correctness of the reconciliation sent from the districts and the block.

Similar reconciliation shall also be made between the Accounts of BPIU and DPCU.

## **5.8 Preservation of Records:**

The following records should not be destroyed:

- Records connected with expenditure of Project work not completed although beyond the period of limit.
- Records pertaining to cases in which litigation is in progress.
- Records connected with claims to service and personal matters affecting persons in the service.
- Orders and sanctions of permanent nature revised.

The following record should be preserved for the period specified:

Sl. No.	Description of record	Period of Preservation in complete years
1	Pay bills and a quittance rolls	As per the state Govt. Norms
2	Cash Book	As per the state Govt. Norms
3	Service Book	As per the state Govt. Norms
4	Leave Accounts	As per the state Govt. Norms
5	TA Bills & a quittance rolls	As per the state Govt. Norms
6	Account of service postage stamps	As per the state Govt. Norms
7	Register of Dead stock articles	As per the state Govt. Norms
8	Annual Report on dead stock	As per the state Govt. Norms
9	Stationary & forms Register	As per the state Govt. Norms
10	Vouchers	As per the state Govt. Norms
11	Account of expenditure	As per the state Govt. Norms
12	Charge Reports	As per the state Govt. Norms
13	Casual Leave register & Papers	As per the state Govt. Norms
14	Register of cheques drawn	As per the state Govt. Norms
15	Challans / Receipts	As per the state Govt. Norms
16	Office copies of Provident fund schedules	As per the state Govt. Norms
17	Increment Certificate	As per the state Govt. Norms
18	Sanction to advances	As per the state Govt. Norms
19	Government resolutions	As per the state Govt. Norms
20	Agreement with contractors	As per the state Govt. Norms
21	Comparative Statement of Tenders	As per the state Govt. Norms
22	Measurement books	As per the state Govt. Norms
23	Register of contracts	As per the state Govt. Norms
24	Register of Deposits / Advances	As per the state Govt. Norms
25	Tender documents	As per the state Govt. Norms

- The sanction of CEO should be obtained for destruction of any of the records of the Project.
- No account or other record, which is subject to audit by the Accountant General or any other Authority, should be destroyed unless the audit of the period for which record is maintained is completed and the audit objections are settled.
- The above list of preservation of record is not exhaustive. Any other record not required for further use might be destroyed on the order of the CEO.

# Financial Monitoring of Project

## Chapter 6

### 6.1 REQUISITES OF FINANCIAL REPORTING

Financial reports should be prepared to facilitate timely decision-making and achievement of project objectives. The financial reporting system shall cover the following areas, both at the SPMU, DPCU & BPIU:

- i. Budgeting,
- ii. Accounting,
- iii. Monitoring of Expenditure,
- iv. Procurements,
- v. Disbursement,
- vi. Handling of Contracts and
- vii. Other Financial Statements/Reports for monitoring the progress

The reports shall be classified as follows:

#### **i. Financial Statements**

- a. The financial statements shall reflect the fund-wise utilization status as well as the balance available in each fund in order to match the financial and operational information requirements of BRLP.
- b. The budgeting/reporting format shall present the project's financial and physical information in terms of fund components/sub components as prescribed by World Bank.
- c. The financial statements shall be prepared such that it facilitates easy tracking of their revenues, expenditures, assets and liabilities on the basis of the major project fund components.
- d. Financial Statements shall fall under the sub categories of Main reports and subsidiary reports. Main reports include the Receipts and Payments account, Revenue and Expenditure Account and Balance Sheet. Subsidiary reports include BRS and Inter Unit reconciliation.

**ii. Financial MIS**

- a. Management Information System shall capture information to facilitate decision-making in the facets of Planning, Process Monitoring and Completion reporting.
- b. MIS relating to finance shall comprise of reports under these three categories.

The Financial Statements and MIS to be prepared at various levels:

Report Particulars	SPMU	DPCU/BPIU
<b>Financial Statements – Main</b>		
Balance Sheet	✓	
Income and Expenditure	✓	✓
Receipts & Payments a/c	✓	✓
<b>Financial Statements – Subsidiary</b>		
Trial Balance	✓	✓
BRS	✓	✓
<b>Financial MIS</b>		
Procurement Plan	✓	✓
Budget	✓	✓
SOE (World Bank)	✓	--
Procurement Monitoring (Goods, Works and Consultancies)	✓	✓
Fund Monitoring	✓	✓
Fund disbursement status	✓	✓
Community Investment Fund	✓	✓

## 6.2 PERIODICITY OF REPORTING – SPMU

The SPMU shall provide the following reports to the Government and the World Bank as per the periodicity given below:

Report to be sent by SPMU to	Name of Report	Deadline	Periodicity
Government of Bihar (Deptt. of Finance)	Budget proposal	November	Annual
	Statement of physical and financial progress	Within 45 days of end of the quarter	Quarterly
	Audited Statement of Accounts with audit report and Utilisation Certificate	Within 6 months of closure of financial year	Annual
World Bank	1) Annual Work Plan	February End	Annual/
	2) Financial statements	within 45 days following the quarter	Quarterly Annual
		Every 18 months	
	3) Procurement Plan	Within 45 days following the quarter	Quarterly
	4) Expenditure by Annual Work Plans	----- Do-----	
	5) Expenditure by procurement method	-----Do-----	Quarterly
6) Sources and application of funds		Quarterly	
GOI	Claims Statement (SOE)	45 days from end of quarter	Quarterly

### 6.3 PERIODICITY OF REPORTING - DPCU

The DPCU shall provide the following reports to SPMU as per the periodicity given below:

Report to be sent by DPCU/BPIU to	Name of Report	Deadline	Periodicity
SPMU	Budget proposal	October End of the Previous Financial Year	Annual
	Utilisation Certificate (Annual)	Within 30 days from the end of the Financial Year	Annual
	Audited Statement of Accounts	Within 30 days from the end of the financial year	Annual
	Annual Work Plan	Mid March of the previous Financial Year	Annual
	Procurement budget	Mid March of the previous Financial Year	Annual
	<b>Monthly Accounts :</b> <ul style="list-style-type: none"> <li>• Receipts &amp; Payment a/c</li> <li>• Monthly Trial Balance</li> <li>• Monthly BRS</li> </ul>	Within 7th of next month	Monthly
	Quarterly Requirement of Funds	Within 7th of next month following the Quarter	Quarterly
	Statement of expenditure (SOE)	Within 7th of next month	Monthly
	Statement of physical and financial progress	Within 7th of next month following the Quarter	Quarterly

#### 6.4 PERIODICITY OF REPORTING - BPIU

The BPIU shall provide the following reports to SPMU /DPCU as per the periodicity given below:

Report to be sent by BPIU to	Name of Report	Deadline	Periodicity
DPCU/SPMU	Budget proposal	October end of the previous financial Year	Annual
	Utilization Certificate	Within 45 days from the end of the Financial Year	Annual
	Audited Statement of Accounts	Within 45 days from the end of the Financial Year	Annual
	Annual Work Plan	Mid March of the previous Financial Year	Annual
	Procurement budget	Mid March of the previous Financial Year.	Annual
	<b>Monthly Accounts :</b> <ul style="list-style-type: none"> <li>• Receipts &amp; Payment a/c</li> <li>• Monthly Trial Balance</li> <li>• Monthly BRS</li> </ul>	7 <sup>th</sup> of the next month	Monthly
	Quarterly Requirement of Funds	7th of next month following the Quarter	Quarterly
	Claims Statement (SOE)	7th of next month	Monthly
	Statement of physical and financial progress	7th of next month following the Quarter	Quarterly

# Banking Arrangements & Transactions

## Chapter 7

### 7.1 AUTHORIZATION OF OFFICERS TO OPERATE BANK ACCOUNTS

1. Only the officers of SPMU/DPCU/BPIU authorized by the Executive Committee of the State Society shall operate the bank accounts of SPMU/DPCU/BPIU.
2. Banks of SPMU, DPCU and BPIU will be operated jointly by minimum two signatories
3. All Cheques relating to Project Fund Account of SPMU shall be signed jointly by the CEO & any one among AO, Finance officer and CFO. The CEO may delegate the power of Signing of the Cheque to two officer upto a certain limit.
4. In respect of the DPCUs, all Cheques relating to the Project Fund account shall be signed jointly by minimum two Officers i.e. District Project Coordinator and Finance Officer/ Incharge or any other officer duly authorized by the Executive committee.
5. In respect of the BPIUs, all cheques upto the amount prescribed time to time - relating to the Project Fund account shall be issued jointly by the BPM and Area Coordinator/Accountant at BPIU as approved by the Executive Committee/CEO.

### 7.2 OPERATION OF PROJECT FUND BANK ACCOUNT

1. Funds shall not be transferred from the Project Fund Bank Account to Project fund bank Accounts without the specific written approval of the CEO
2. All proposals for transfer of funds shall be put up by Chief Finance Officer to the CEO at SPMU level and through Finance Officer/Incharge to the DPM at district level and designated Area Coordinator/Accountant to the BPM in the Blocks.
3. After approval of the proposals, the Accountant shall prepare necessary BPV and the cheques shall be drawn with the joint signatures.
4. The transaction shall be entered in the payment side of the Bank book of the Project.



### **7.3 FUNDING AND BANKING ARRANGEMENTS**

SPMU/DPCU/BPIU shall have a Project fund accounts with a bank located near its office. All moneys received from the Govt. /SPMU and other agencies in connection with the implementation of the BRLP shall be credited in Project Fund account and all transfers of moneys to the DPCU/BPIU/BLF/VO/SHG shall be done from this bank account.

The CEO will be authorized to open more than one bank Account if required for the project purposes.

SPMU/DPCU shall have a letter of arrangement with the bank for the following services:

1. The bank shall provide volumes of pay-in-challans and shall acknowledge the remittance of cash, DD and Cheque in the counter foil of the pay in challans. Under no circumstances the Cheque/DD due to the SPMU/DPCU/BPIU shall be deposited in drop boxes in the bank branch.
2. The bank shall give credit for DDs and cheques on the date of deposit.
3. The bank shall arrange for transfer of funds from Project Fund Account to short term deposit Account, as per instructions from the project Units/offices.
4. The bank shall arrange for transfer of funds to various DPCU/BPIU/BLF/VO/SHGs at par.
5. The bank shall not charge any commission for issuing DD with few exceptions with justifications.

### **7.4 CHEQUE BOOKS**

1. Cheque Books shall be obtained from the banks, for the accounts operated by SPMU/DPCU/BPIU by the Chief Finance Officer/ Finance Officer/ Accountant respectively.
2. On receipt of the cheques books, the Chief Finance Officer/ Finance Officer/ Accountant shall ensure that they are carefully examined and counted.
3. A Register of Cheque Books shall be maintained and details about the date of bringing the cheque book into use shall be recorded in the above register.
4. Advance action shall be taken to get additional cheque books in order to avoid disruption in the issue of cheques.

## **7.5 CUSTODY OF CHEQUE BOOKS**

The cheque books shall be kept under lock and key in the custody of Chief Finance Officer/ Finance Officer/ Accountant. When such officer is relieved from duty, the relieving officer and the relieved officer shall record the number of cheque books/cheque leaves available on the date of relief in the respective cash book along with their signatures.

## **7.6 LOSS OF CHEQUE BOOKS / CHEQUE LEAVES**

The Loss of a cheque book or blank cheque leaves shall be notified by Chief Finance Officer/ Finance Officer/ Accountant to the bank immediately to stop payment and a stop payment certificate shall be obtained from the bank.

## **7.7 CROSSING OF CHEQUES**

All cheques drawn in favour of an individual (other than the officers and employees of SPMU/DPCU/BPIU), a firm, a company, statutory body etc., for services rendered or supplies made, shall be 'crossed' with the addition of the words "Account payee only" between the crossings.

## **7.8 CANCELLATION OF CHEQUES**

1. When a cheque is written wrongly, the same should be cancelled under attestation by an officer authorized to sign the cheque.
2. Any cheque remaining unpaid as of 31<sup>st</sup> March due to any reason, for a period exceeding six months from the date of issue of the cheque shall be cancelled and the value of the cheque shall be written back in the accounts.
3. The fact of such cancellation shall be recorded in the original voucher and also in the cash book, against the respective voucher number.

## **7.9 VALIDITY PERIOD OF CHEQUES/ REVALIDATION OF CHEQUES**

A cheque shall be payable at any time within six months from the date of issue or as provided in the Negotiable Instruments Act.

## **7.10 TIME BARRED CHEQUES – ISSUE OF FRESH CHEQUES**

When a time barred cheque is presented by a party for revalidation, the Chief Finance Officer/ Finance Officer/ Accountant shall cancel the cheque over his signature and issue a fresh cheque treating the cancelled cheque as a voucher with the approval of CEO/DPC/BPM. The fresh cheque shall be signed by the officers competent to sign the cheques as on the date of issue of fresh cheque. A note regarding the issue of fresh cheque shall be made in the cash Book against the respective original voucher by the cashier.

## **7.11 ISSUE OF FRESH CHEQUES FOR CHEQUES LOST**

When a party to whom a cheque was issued by the SPMU/DPCU/BPIU reports about the lose of Cheque and requests the issue of a fresh cheque, such request shall be entertained only if the request is made within a period of six months from the date of original cheque. On receipt of such a request, the Chief Finance Officer/ Finance Officer/ Accountant shall send intimation to the bank about the loss of the cheque and advise the bank to stop payment if the cheque reported as lost is presented for payment thereafter. If the validity of the cheque has not expired, the bank shall record a 'stop payment order' and intimate the CEO/DPC/BPM.

Thereafter the Chief Finance Officer/ Finance Officer/ Accountant shall enquire by verifying bank scrolls/Statement that the above cheque has not been paid by the bank; request the party to produce an indemnity bond on non judicial stamp paper of sufficient value if necessary. On production of such bond, the Chief Finance Officer/ Finance Officer/ Accountant shall arrange to issue fresh cheque for the value of the original cheque. A suitable note regarding the issue of fresh cheque shall be made in the counter foil of lost cheque and original voucher. Entries shall also be made in the cash/Bank book.

# Delegation of Financial Powers at SPMU

## Chapter 8

### 8.1 DELEGATION OF SANCTIONING POWERS

1. The Executive Committee of the Society shall, delegate powers to the CEO and with the Consultation of the CEO to the officers in the SPMU/DPCU/BPIU depending upon the nature of expenditure and the requirements of the project.
2. The delegation of powers may be classified in terms of sanction/approvals, incurring of actual expenditure per payment and entering into contracts on behalf of the BRLPs.
3. While the power to enter into Contract shall rest with Executive Committee, the same in specific instances shall be delegated as per the need.
4. The Executive Committee has full powers with regard to sanction and approvals.
5. The Executive Committee shall, may amend these delegations of powers as required for implementation of the project. The Executive committee may authorize the CEO to amend the financial powers of any class of officers at the State, District or block level.
6. The Executive Committee will approve the Annual Action Plan and Annual Budget on quarterly basis.
7. The delegation of the power will be within the overall limit of the Annual Action Plan and Annual Budget. Prior Approval of the Chairman and Post facto approval from the Executive Committee has to be taken for the activities which are not approved in the Annual Action Plan and Budget.
8. The CEO will issue circular on time to time for any amendment in the Administrative and Financial rules and Delegation of powers.

### 8.2 Sanction Process

1. In all sanctions for expenditure, the amount of expenditure shall be expressed in words and figures. The amount sanctioned shall be deemed to include local Value added Tax /sales tax / service tax.
2. All sanctions shall, unless expressly provided in the sanction order, take effect from the date of sanction order.

3. A sanction for any fresh expenditure accorded by any authority or officer of BRLP shall lapse, if it has not been acted upon within a period of 6 months from the date of sanction. After such lapse fresh sanction is necessary for incurring the expenditure.
4. A sanction is deemed to have been acted upon if payment in whole or in part has been made in pursuance of the sanction within a period of 6 months from the date of sanction.
5. However, if there is a condition in the sanction order that the expenditure should be met from the budget provision of a specified financial year, such sanction shall lapse on the expiry of the specified financial year. In the case of purchase of stores, the sanction shall be deemed to have been acted upon if tenders have been accepted or indents have been placed for stores within 6 months from the date of sanction, irrespective of the date of settlement of the claims.
6. The Following Powers have been delegated to various officials under BRLP: (If in any case, actual expenses in any district offices/ State Society are likely to exceed the limits mentioned below, prior approval of the Executive Committee concerned is to be obtained immediately)



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