

Chapter –1

INTRODUCTION

- 1.1 These rules and regulations may be called the '**Financial & Administrative Rules & Regulations**' of the **Madhya Pradesh Society for Rural Livelihoods Promotion (MPSRLP)**, hereinafter called as the 'Society' for the **Madhya Pradesh Rural Livelihoods Project (MPRLP)** hereinafter called as the 'Project'.
- 1.2 These rules and regulations shall come into effect from 06.07.04 after approval by the Executive Committee. They shall be placed before the General Body for ratification at its next meeting.
- 1.3 The General Body shall decide any other issue of the Society having financial and/or administrative implications and not covered under these rules and regulations.

Chapter –2

DEFINITIONS

Unless the context requires otherwise words and expressions, used in these regulations but not defined, shall have the meanings assigned to them under Rule 6 of the Society.

Administrative approval

means formal acceptance by the competent authority of the proposals for incurring expenditure on a work.

Bank

at State, District and Sub-district level means a nationalised public sector bank or its subsidiary institution, where the funds of the Project may be kept in current/savings account or medium to long-term deposit accounts. At the district and sub-district level, where a branch of a nationalised public sector bank is not available, Bank means the District Central Cooperative Bank or Kshetriya Gramin Vikas Bank of the District.

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 which 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 whom powers to accord approval or sanction of expenditure vests or has been delegated.

- At the State Programme Management Unit the authority is the Project Coordinator
- At the District Project Support Unit the authority is the CEO, Zila Panchayat.

State Finance and Administrative Coordinator

means an officer of the Project at the State Project unit designated so by the Project Coordinator for dealing with all financial and accounting matters of the Project. He will support the Project Coordinator for dealing with finance, accounts and employee and office administration functions; banking, funds management and financial reporting to donors, other stakeholders including AGMP; formulation and compliance with financial policies and internal controls; maintenance, consolidation and audit of accounts; budgetary control; procurement; employee appointments and administration; etc.

Head of Office and Drawing & Disbursing Officer

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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.

District Finance & Administration Officer

means Finance & Administration Officer in the District Project Support Unit.

District Project Officer

means District Project Officer of the District Project Support Unit of the Project who has been appointed so.

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 sector of component programme provided in the budget with the object of classifying the income and expenditure of the Project.

Head of Office

means the Coordinator (Administration) at the State level and an officer declared so under an order issued by the Project Coordinator at the district level.

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.

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Regulations

mean the financial and administrative regulations of the Project framed under Rule 34 of the Rules of the Society.

Revenue Expenditure

means expenditure other than Capital and debt 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 dept 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 Madhya Pradesh Society for Rural Livelihoods Promotion with registration No. 01/01/01/13802/04 dated July 06, 2004 of Registrar Firms & Societies, Bhopal.

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 duty away from his head quarters.

Travelling Allowance

means a compensatory allowance granted to an employee to cover the actual travelling expenses which he incurs in the interest of MPRLP. It is so regulated that on the whole it is not a source of profit to the recipient.

Chapter –3

SERVICE MATTERS

3.1 CREATION OF POSTS AND APPOINTMENT

3.1.1 The set-up for the project has been sanctioned by the State Government. All employees to the project will be taken on deputation from various Govt. departments. Wherever the services required cannot be provided from the existing staff of various departments, the services can be taken on contract basis. The Project Coordinator shall have full powers to recruit staff sanctioned by the State Government or the Society.

3.1.2 The State Government has constituted a five member Committee to decide the qualifications and selection procedure for the project posts.

3.2 SERVICE CONDITIONS

3.2.1 The service condition of the deputation officers will be governed as per rules of their parent organisation while for private hire they will be governed as per the contract agreement.

3.3 PAY RULES

3.3.1 Officers on Deputation

3.3.1.1 As per the decision taken by the cabinet, the government servants coming to the project on deputation will be given a 10% incentive pay on the basic salary that they were drawing in their parent department.

3.3.2 Contract Employees

3.3.2.1 As per the decision of the Chairperson of the Society the project has the following pay scales:-

State Coordinators including Livelihoods Forum Coordinator	12000 – 375 – 16500
District Project Officers	10000 – 325 – 15200
Assistant Manager (Finance & Administration), Assistant Manager (Communication & Documentation), District Finance & Administration Officer, District Monitoring & Learning Officer, District Gender Equity Officer, District Information & Communication Officer	8000 – 275 – 13500
District Training & Capacity Building Officer, Accountants, PFT Coordinators	5000 – 150 – 8000
Office Assistant cum Computer Operators, PFT Members	4000 – 100 – 6000

3.3.2.2 The Project Coordinator shall have full powers to fix the initial basic pay as per the above pay scales depending on the last gross emoluments drawn by a contract employee.

3.3.3 Rules on Pay and Allowances.

3.3.3.1 The pay and allowance of all employees of the Project should be drawn in such form as prescribed by the Project Coordinator. All statutory requirements shall be fulfilled.

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- 3.3.3.2 The Pay and allowance and arrears thereof as sanctioned and revised by the Government of Madhya Pradesh for its employees from time to time shall only be applicable to the employees of project who are on deputation.
- 3.3.3.3 The pay bill should be supported by increment certificates signed by the project coordinator or the Head of Office when the increments of the employees are to be drawn. For employees on deputation, the increment certificate shall be issued by the head of the office where their service book is being maintained. Similarly, their L record shall be updated in their service books at the point of maintenance. A certificate to that effect shall be issued by the competent authority where their service books are being maintained. Similarly for contract employees, the necessary documents as decided by the Head of Office should accompany the pay Bill when leave salary or first duty pay and allowances are to be drawn.
- 3.3.3.4 All other accompaniments, such as recovery schedules, in the proper form should be correctly prepared in respect of GPF/ CPF, recovery of advances, etc.
- 3.3.3.5 DDOs should ensure timely disbursement of Pay and Allowances. The pay day for the project employees shall be the same as that of State Government employees.
- 3.3.3.6 In the first week of the month next to that for which the pay and allowances are drawn, the DDOs should ensure that the deductions made in respect of each employee from the pay bill are sent by cheques or in cash as the case may be to the respective officer/institutions/ bank concerned with a forwarding letter where necessary and with schedules of recovery. The receipts of acknowledgement of the offices to which amounts are remitted should be kept on record. An account of all such deductions made from the pay bills should be maintained.
- 3.3.3.7 If a claim of pay and allowances of an employee is drawn for part of a month or omitted from the monthly pay bill due to leave being not sanctioned or for any other reason, such claim as soon as it becomes due for payment, may be drawn in the next month's regular bill.
- 3.3.3.8 When an employee dies, his pay and allowances up to the date of his death should be paid to his legal heirs without considering the time of this death or whether he attends office or not on the date of death.
- 3.3.3.9 All bills received or prepared and subsequently passed for payment should be entered in Bill Register to ensure their payments and tendency.
- 3.3.3.10 The details of individual employees, their scale of pay, provident fund and other deductions should be maintained in the Project in the Pay Bill Register.

MPSRLP - Financial & Administrative Rules And Regulations

3.3.4 Arrear Claims

3.3.4.1 Normally no claim against the Project should remain in arrears for more than one year from the date it is due for payment. The claims up to one year old may be paid after sanction is accorded by the Competent Authority under the delegation of powers.

3.3.4.2 The claims which have not been within one year for one reason or the other shall be paid only with the special sanction of the Project Coordinator. The officer preferring the claim of more than one year should satisfactorily explain the reasons for delay to the sanctioning authority and give a certificate that the claim was not preferred and paid previously. The DFAO should satisfy himself from the records that no payment was made previously and take proper precautions to ensure that there is no entertainment of double claim in future on same account.

3.3.4.3 The one year mentioned above should be reckoned as follows: -

- In case of travelling Allowance bills from the date of return to head quarters.
- In the case of pay on promotion, from the date of order sanctioning the promotions.
- In the case of leave salary, the date of order granting the leave.
- In other cases, from the date on which the claim becomes due.

3.3.4.4 The claims barred by time under the law of limitation or any other law would not be entertained.

3.3.5 Refund

3.3.5.1 If any amount is credited to Projects account on account of excess recovery of rent or any other charges etc., the refund of such amount to the person concerned shall be made with the prior sanction of the Project Coordinator / District Project Officer.

3.3.5.2 Before a remission or refund is allowed the original receipt and entries in cash book and other accounts should be traced and a note of refund should be taken against original entries, so as to avoid entertainment of double claim in future.

3.3.6 Advance to employees for official purpose

3.3.6.1 Advance for official purpose such as advance of travelling allowance on tour advance for purchase of certain articles/ material from the market may be granted to the employees of the Project. Bill of such advances should be preferred in prescribed form, separately for travelling allowance claim and contingent expenditure during the tour. The advance to be granted should be restricted to the probable expenditure likely to be incurred by the employees on the object and further to the amount required for one month only.

3.3.6.2 The employees to whom these advances are given should furnish a detailed account of expenditure incurred duly supported by vouchers or by refunds as may be necessary to the sanctioning authority through DFAO within 30 days from the date of sanctioning advance or a shorter duration as specified by the DFAO. Normally no further advance should be granted unless and until the first advance is adjusted/recovered or account is submitted. Powers of

MPSRLP - Financial & Administrative Rules And Regulations

sanctioning advances for personal purpose will be regulated as per the administrative order of the Project Coordinator.

3.3.6.3 It is the personal responsibility of the employee to whom the advance is granted to follow the prescribed procedures in incurring expenditure. He will be responsible for safe custody of balance amount with him.

3.3.6.4 The powers to sanction second advance when first advance is outstanding, in exceptional circumstances, are delegated to the Project Coordinator in case of SPMU and District Project Officer for DPSU within the limit as specified in administrative order in this behalf. DPO will report such sanctions to the SPMU.

3.3.6.5 The advances granted but not adjusted within maximum period of one month from the date of sanction are liable to be recovered from the pay of the employees concerned.

3.3.6.6 The DFAO should keep a proper watch over adjustment of such advances by keeping a register of advances. A list of advances remaining outstanding for more than one month should be submitted by him to the Project Coordinator in the first week of each month.

3.3.7 Deposits

3.3.7.1 Deposits received by the Project should be accounted for in prescribed form allotting separate pages for each kind of deposit, if necessary.

3.3.7.2 Refund of deposit should be made on the application itself on the sanction of authority that ordered the acceptance and on the receipt of the person entitled to receive it.

3.3.7.3 The refund of deposit should as far as possible be supported by original receipt issued to the depositor. Of the deposit given in the Bank fixed deposit or any other certificate form, the discharges should be given on the receipt or certificate itself.

3.3.7.4 Before refund is allowed, original entry of receipt in the Deposit Register should be traced and note of refund against the entry should be made.

3.3.7.5 An abstract of Deposits pending as on 31st March each year should be drawn, indicating reference of entry in Deposit Register, date of receipt of deposit and amount.

3.3.8 Lapsed Deposits

3.3.8.1 Deposits due but not claimed by the parties within three complete account years should be treated to have been lapsed and will form part of Project fund.

3.3.8.2 Refund of lapsed deposits should not be made except with sanction of Project Coordinator.

MPSRLP - Financial & Administrative Rules And Regulations

3.3.8.3 The procedure as in the case of deposits should be followed for refund of lapsed deposits also. The bill should be prominently marked on the top in red ink "Refund of lapsed deposit" to avoid misclassification in accounts.

3.3.9 Transfer of charge

3.3.9.1 When an employee of the Project entrusted with the charge of cash, store, stationary, valuable articles or any other property, is transferred or has to relinquish his charge due to transfer, retirement, resignation or for any other reason, the full charge thereof should be given by him to his successor. The following points should be observed: -

3.3.9.1.1 The cash book, imprest account and other accounts as the case may be, should be closed on the date of transfer and a note recorded in each of them over the signature of both the relieved and relieving employee, showing the cash balance, number of unused cheques, blank receipt books, balance of postage stamps made over and received in transfer by them respectively.

3.3.9.1.2 In case of stores and stationery, a list of articles handed over giving reference of page of the Stock Register where the articles in balance are recorded should be prepared and signed by the respective employees after examination and counting.

3.3.9.1.3 The relieving employee in reporting to Project Coordinator /District Project Officer that the transfer of charges has been completed should bring to his notice any shortage or irregularity noticed during the taking over of charge.

3.3.9.1.4 In the absence due to death or any other reason, the relieved employee is not present to hand over the charge, the employee who is asked to take over charge, should examine the accounts/ Registers concerned and take action as above in 3.3.9.1.1 to 3.3.9.1.3

3.3.10 Security Deposits

3.3.10.1 Employees of the Project who are handling cash and entrusted with custody of cash, store, stamps, or any other property shall be required to furnish **security of the following amount:**

		Deposit (Rs.)
(1)	Cashier	5000.00
(2)	Stores and Stationery Clerk	2000.00
(3)	Any other employee	Amount will be decided by the Project Coordinator.

3.3.10.2 In lieu of Security deposit as above the security in the form of fidelity Guarantee, Policies from the Public Sector Insurance with a bond to be executed by employee may be obtained at the cost of the project.

3.3.10.3 A Register of security deposits of employees showing name, designation of employee, amount of security prescribed, particulars

MPSRLP - Financial & Administrative Rules And Regulations

of security furnished and their further disposal may be maintained by the Accounts Officers.

3.3.10.4 All documents in respect of security should be kept in the personal custody of Accounts Officers.

3.3.11 House Rent Allowance

3.3.11.1 An employee of MPRLP (whether contractual or on deputation) shall be entitled to house rent allowance at the rate of 20% of his basic pay subject to the following conditions:-

3.3.11.1.1 This allowance shall not be payable to the employee who are provided with residential accommodation procured by MPRLP or to those who are staying in houses allotted to them or to the members of their families by the Government of M.P. or its subsidiary organizations.

3.3.11.1.2 An employee who has been allotted a house by MPRLP shall be required to furnish a declaration that no member of his/her family staying in the house with him/her is receiving house rent allowance from MPRLP or any other government or semi-government organization for the same house.”

3.3.11.1.3 Explanation: For the purpose of the above condition –

- (1) “Pay includes basic pay, deputation pay, special pay and personal pay”.
- (2) “Family” means the employee and his/her dependents that include wife/husband, father, mother and children.

3.3.12 House Rent Recovery

3.3.12.1 Employees who are on deputation to MPRLP and are in possession of Government accommodation will be required to pay rent in accordance with the terms of their deputation.

**Madhya Pradesh Society for Rural Livelihoods Promotion (MPSRLP)
DECLARATION**

I..... (Name)

.....
(Designation and Office) declare as under: -

a) that I reside in a hired house located at
..... full postal address) belonging to Shri /Smt./Ku
..... (Name and full postal
address) The house has been hired by me/my
father/mother/wife/husband/son/daughter for which house rent is being paid @
Rs..... per month. I have been residing in this house since
..... till date.

MPSRLP - Financial & Administrative Rules And Regulations

OR

- a) That I reside in a house located at
..... (full postal address) belonging to me/my father/mother/wife/husband/son/daughter.
- b) That no person who is an employee of MPRLP or any other employee resides with me.
- c) That the following persons are employees of MPRLP or other employers e.g. Central Govt. or State Government or their subsidiary organization or banks etc. reside with me:-

S. No.	Name of person	Office/Organization where employed	Relation with MPRLP employees	Whether receiving house rent or not
1	2	3	4	5

The particulars given above are true to the best of my knowledge.

Signature

Name

Date

3.4 TELEPHONE REIMBURSEMENT

3.4.1 The Project involves extensive travelling by officers and staff and they are required to be in touch with each other and with their district and head offices. Therefore the project will reimburse telephone / mobile charges other than at office. The limit (excludes Taxes & Surcharges) for the reimbursement will be as follows:-

Project Coordinator	Rs. 5000 Per Month
State and LFC Coordinators at SPMU level	Rs. 2000 Per Month
DPOs, Manager Finance & Admn and Documentation Manager of Livelihoods Forum	Rs. 1000 Per Month
PAs, Accountants, DPSU Employees (Excluding DPOs, OACOs)	Rs. 650 Per Month
Private Assistants	Rs. 650 Per Month
Private Secretary to PC	Rs. 1000 Per Month
PFT Coordinators & all OACOs	Rs. 300 Per Month
Any other Staff Member as per exigency	To be approved by the Project Coordinator

3.4.2 In case the reimbursement claim exceeds the limit in a particular month, it should be set off against the preceding or succeeding months in such a manner that the annual reimbursement shall not exceed 12 times of the monthly limit

MPSRLP - Financial & Administrative Rules And Regulations

assigned above. For the purpose of annual reimbursement, the fiscal year shall be taken into account. For those who join the project between a fiscal year, part of year shall be considered on a pro-rata basis. Reimbursement shall be made on actual basis on production of a bill / voucher of the service provider and the telephone / mobile should be essentially in the name of the officer or spouse. In case the claim exceeds the annual limit, the Project Coordinator shall have the power to allow upto a maximum of 15% over and above the overall annual limit for all cases including his own.

3.4.3 REIMBURSEMENT FOR NEWS PAPER AND PERIODICALS-

Coordinators of SPMU are entitled for reimbursement for purchase of news papers and periodicals, subject to the maximum of three newspapers and one periodical per month.

3.5 MEDICAL ALLOWANCE

3.5.1 The medical allowance will be applicable to all. An amount, of 10% of the basic pay shall be paid to the employees of the Project on a monthly basis. Employees on deputation shall have the option to avail of medical rules of their parent organization or opt for the MPSRLP rules and avail of such allowance.

3.5.2 A uniform group mediclaim policy shall however cover all the employees and their families for indoor hospitalization.

3.6 CASH ALLOWANCE

3.6.1 Accountants shall be paid cash allowance of Rs. 500.00 Per Month (five hundred only) for handling cash imprest.

3.6.2 Accountants of SPMU shall be paid a cash allowance of Rs. 1000.00(Rs One thousand only) Per Month for handling cash imprest.

3.7 LEAVE RULES

3.7.1 **For staff on deputation** – Staff on deputation shall be entitled to CL/EL/ and any other leave as per their service condition in the parent organization

3.7.2 **For private hire** – 2 days for each completed month. Leave shall be accumulated for a calendar year and shall be carried forward for the contract period. Approved leave without pay can be adjusted against credit of leave to the employees account at the end of each calendar year. Leave shall be a privilege to the employees and not a right.

3.8 TRAVELLING RULES

3.8.1 **Applicability:** These rules shall apply to all employees of MPRLP including persons on deputation to MPRLP.

3.8.2 **Change in Rules:** Any new rule or alteration of existing rules shall be ratified by the Executive Committee.

3.8.3 **Grades of Officers :** For the purpose of calculating travelling allowance and daily allowance for journeys other than journeys abroad, the employees of the project shall be divided into the following grades, as per circular No F-415/2002/Rule-Four dated 30.8.02 issued by Finance Department, GoMP

MPSRLP - Financial & Administrative Rules And Regulations

Grade A-	All State Coordinators of SPMU, DPOs and Officers with “basic pay” of Rs. 10650/- or above
Grade B-	Officers with “basic pay” from Rs. 6500 to 10649/-
Grade C	Officers with “basic pay” from Rs. 5000 to 6499/-
Grade D-	Employee with basic pay below Rs. 5000/-

3.8.4 Daily Allowance

3.8.4.1 Employee who is required to go out on tour shall be entitled to draw daily allowance of his grade from the time of his departure from headquarters till the time of his arrival to his headquarter as follows.

3.8.4.2 If boarding and lodging arrangements are made by the office/ organization, only ¼ of DA will be permissible.

3.8.4.3 The time spent on journey will also count for daily allowance out of district: -

- Less than six hours- No daily allowance.
- Between Six and Twelve hours- Half daily allowance
- Above Twelve hours - Full daily allowance

Employees (PFTs Only) who is required to go out on tour with in district shall be entitled to draw daily allowance from the time of his departure till the time of his arrival to his headquarter as follow-

More than 4 hrs and upto 8 hrs.	Half daily allowance.
More than 8 Hrs.	Full daily allowance.

3.8.4.4 Within the district the DPSU officials (and PFT Staff outside their cluster and within the district) shall be entitled to Rs. 100 per day field allowance provide the tour is for more then eight hours. No field allowance shall be paid in case the tour is less then eight hours.

3.8.4.5 Full daily allowance shall be granted for each completed block of 24 hours. For calculation of DA at special rate and ordinary rate, first the no. of DA will be calculated on the basis of total absence from the head quarter. From this the total no. of DA on special rates will be deducted and the remaining no. of DA will be calculated at ordinary rates.

3.8.4.6 For purpose of calculating actual duration of journey while on tour, the actual departure time of departure and arrival by airplane/train/bus will be considered, and not the scheduled time of departure/arrival. Calculation for the DA will start from the time of start of journey. There will be no Headquarter allowance and other allowance besides DA & camping allowance for tour within the District.

3.8.4.7 For actual duration of halt at places outside the State for which special rates of daily allowance are admissible, the amount of daily allowance shall be worked out on the basis of rates of daily allowance applicable to those places. For the time spent in journey only ordinary rate of daily allowance will be admissible.

3.8.4.8 An employee/officer who performs journeys on tour by a conveyance provided by the Project will be entitled to one fourth of head quarter allowance in addition to daily and special halt allowance of his grade for journeys outside district.

3.8.4.9 Within the cluster PFT coordinators / members shall be entitled to a lump-sum amount of Rs. 750 pm. as field conveyance allowance. The DPOs, however, in specific cases, can sanction the conveyance allowance above Rs. 750 per

MPSRLP - Financial & Administrative Rules And Regulations

month upto the maximum of Rs. 1500 per month based on the spread & distance of cluster villages from HQs in which coordinator / member is posted. Identification and grading of such clusters would be DPOs' responsibility. To avail this benefit, average travel by coordinators / members should be more than 500 KM per month. Field allowance may be fixed on following slabs:-

- (a) Rs. 750 PM being minimum fixed amount.
- (b) Rs. 1000 PM
- (c) Rs. 1500 PM

No tour expenses shall be allowed if the tour out side the cluster is undertaken without prior written or verbal approval of DPO.

In case of verbal approval, a formal written approval will has to be sought after the journey.

3.8.4.10 In addition, actual fare shall be reimbursed in case of journey is performed by a public transport. For journeys performed by own vehicle, Rs.3/- per Km mileage may be charged for which log book has to be maintained. Night halts in clusters are strongly encouraged and hence **DPSU staff** shall be paid camping allowance of Rs.100/- per night in addition to the above. Camping allowance is not admissible for halt outside the cluster (project) villages. In case of stay in hotel, stay charges shall be paid as per TA/DA entitlement. No other traveling allowance / reimbursement are admissible.

3.8.4.11 If two or more employees travel together in a conveyance belonging to one who would claim the normal mileage allowance for the journey, the others will be entitled to daily allowance only.

3.8.4.12 A tour programe shall be submitted in advance by all DPSU staff and got approved from the DPO in advance. The tour programe of the DPO shall be approved by the incharge officer of SPMU on email / through RAS. DPO will inform in advance about the approved programe to CEO ZP. In case of more than 20% departure from the tour programe the DPSU staff / DPO explain the departure to the satisfaction of DPO / SPMU incharge, failing which the matter would bring to the notice of Project Coordinator.3.8.4.13 **Outside the district for PFT and DPSU officials, regular TA and DA shall be admissible as per 3.8.5 & 3.8.6.3.8.5 Rate of Daily Allowance:** The rates of daily allowance admissible on tours will be as specified in the table below:-

Grade	Within State Ordinary rate (in Rs.) per day	Bhopal, Indore, Jabalpur, Gwalior	Outside State Special rate (in Rs.) per day
1	2	3	4
A basic pay” of Rs. 10650	200	250	300
B Rs. 6500 to 10649/-	160	200	240
C Rs. 5000 to 6499/-	120	150	180
D Rs. 5000/-	60	75	90

MPSRLP - Financial & Administrative Rules And Regulations

3.8.6 Lodging Charges: Ceiling for lodging charges actually paid by an employee while on tour shall be reimbursed to the extent indicated below on production of actual receipts:

Grade	Within the State		Outside the State
	Bhopal, Indore, Jabalpur, Gwalior	Others	
A (SPMU & LF)	Actual	Actual	Actual
A (DPSU)	Rs. 890	Rs. 690	Rs. 1000
B&C	Rs. 690	Rs. 590	Rs. 750
D	Rs. 400	Rs. 300	Rs. 500

Note:

- (1) For places where MP Tourism hotel or motels are located, category A (DPSU), B and C employees if staying in an MP Tourism hotel or motel shall be entitled for, non air conditioned single room. However, only room tariff and taxes etc. shall be reimbursable to them that can be claimed in their TA Bills. In case MP Tourism accommodation is not available they shall be entitled to stay in a private hotel subject to the upper limit of MP Tourism non air conditioned single room tariff in that town.
- (2) The above rates indicate maximum limits up to which actual charges incurred shall be reimbursable on the basis of receipts. The claim for lodging charges must be supported by printed receipts, duly serial numbered and dated. The receipts should indicate the date of arrival and departure from the hotel/lodge.
- (3) First Preference for lodging should be Govt. /Semi Govt. Managed accommodation.
- (4) Actual would be reimbursable except accommodation in 5 star luxury hotels for Grade A (SPMU).
- (5) Project Coordinator is the competent authority to authorize/permit an employee to stay in a higher class of accommodation than his eligibility during official tour.

3.8.9 Conveyance

3.8.9.1 An employee who while on tour outside the State incurs expenditure on hiring a conveyance for movement within the city of halt, may draw actual charges paid by him for the distance travelled subject to a maximum Rs.1000/- per day, in capital cities and Rs. 750/- per day for other cities.

3.8.9.2 Coordinators of SPMU and Livelihood forum can hire local taxis while on tour and may charge the same with the consent of the Project Coordinator.

3.8.9.3 Employees of SPMU and livelihood forum (other than mentioned in 3.7.7.2) and that of DPSU can charge local conveyance (three wheelers, autos) on actual basis in the city of journey.

3.8.9.4 Employees claiming charges vide para 3.7.7.1 and 3.7.7.2 above shall be required to furnish a declaration / receipt with detailed account of journeys undertaken and expenditure incurred by them. This expenditure shall be allowed with concurrence of the Project Coordinator.

3.8.9.5 Local conveyance to officers/Staff of SPMU shall be paid at a flat rate of Rs. 1000/750 per month.

MPSRLP - Financial & Administrative Rules And Regulations

3.8.9.6 Local conveyance to employees of DPSU shall be paid at a flat rate of Rs. 500 per month.

3.8.10 Entitlement to Travel:

3.8.9.1 The eligibility to travel by the various modes while on tour will be as follows

Grade of Officer	By Air	By Rail	By Bus
Grade – A (SPMU& LF)	Economy Class	Any class	Any Class
Grade A (DPSU) and Grade – B	-	AC II.	-do-
Grade – C	-	AC III	Exp. Bus
Grade D	-	Sleeper Class	Exp. Bus

3.8.10.2 Project Coordinator is the competent authority to authorize/permit an employee to travel in a higher class than his eligibility during official tour.

3.8.10.3 The actual fare paid includes.

- (a) Service Charges collected by travel agency and deductions made by it on cancellation of travel arrangement, when the cancellation of journey is solely due to official reasons.
- (b) Any service charges / surcharge levied by the IRCTC (MoR) when the booking is made on the internet.
- (c) Tatkal charges levied by the Indian Railways in case journey was planned and approved two days in advance.

3.8.10.4 The Project Coordinator may authorize any employee to undertake journeys by special means of conveyance, the cost of which should not exceed travelling expenses, which would otherwise be admissible. Employees claiming the actual cost of transport for such journeys will, however, furnish a certificate to the effect that the use of the special means of conveyance was necessary in the interest of official work and was authorized by the Project Coordinator.

3.8.11 Journey by Own conveyance:

3.8.11.1 An employee who undertakes journey on tour by his own vehicle he will be entitled to road mileages as follows:-

Mode of conveyance	Rate per Kilometre
Motor Car	Rs. 7.00
Motor Cycle/ Scooter	Rs. 3.00

However prior approval should be obtained from competent authority for using own conveyance on official tour.

3.8.11.2 Toll charges, if levied on roads shall be reimbursable on production of actual receipts.

MPSRLP - Financial & Administrative Rules And Regulations

3.8.11.3. If two or more employees travel together in a conveyance belonging to one who would claim the normal mileage allowance for the journey, the others will be entitled to daily allowance only.

Journey on a course of training/ study

The grant of travelling expenses to an employee selected to undergo a course of training/study will require sanction of the competent authority.

If the lodging and boarding arrangements have been made by the training organization then 1/4th daily allowance would be permissible. If the organization makes only lodging arrangement then daily allowance as per para 3.7.5 would be permissible.

Interpretation: These rules shall be interpreted by the Project Coordinator whose decision shall be final and binding.

Chapter – 4

FINANCIAL MATTERS

- 4.1 **BUDGET & ANNUAL ACTION PLAN:** The Society will prepare and submit an annual budget to the General Body as per the requirement of the rules 14(d) of the MPSRLP.
- 4.2 **FLOW OF FUNDS AND MAINTENANCE OF ACCOUNTS:** The project shall be funded by the Government of Madhya Pradesh through budgetary allocation in the annual State Budget of the Department of Panchayat and Rural Development. Department for International development (DFID) of the Government of UK will reimburse the expenditure on the project as a grant through the Government of India.
- **The project shall be implemented by the following project offices**
 - State Project Management Unit (SPMU)
 - District Project Support Units (DPSU)
 - **The project activities shall be facilitated by:**
 - Project Facilitating Teams (PFT)
 - Village Development Committees (VDC) – Gram Sabha and the Gram Vikas Samiti
 - Livelihood Promoters (LP)
- 4.2.1 **Financial And Accounting Policies:** The financial and accounting policies for the project with respect to funding as well as the payments related to the project will be as follows-
- 4.2.2 Method of accounting**
- 4.2.2.1 As the reimbursements of funds by the DFID are based on actual cash expenditure in respect of the project activities, accounting shall be done on cash basis i.e. a transaction shall be accounted for at the time of receipt and payment only. No reimbursements can be claimed for accrued liabilities.
- 4.2.2.2 The limit for cash payment is Rs. 15000 per transaction, (to be used sparingly) excluding statutory liabilities and imprest. However the limit at SPMU may be fixed at a higher level based on situation.
- 4.2.2.3 DPSUs are authorised to maintain cash balance of maximum of Rs. 3000 (Rs at any point of time. The limit at SPMU shall be Rs. 15000 (Rs. Fifteen Thousand Only). *(add with imprest)*
- 4.2.2.4 All payments shall be charged off to the relevant expense account head at the time of making the payment.

MPSRLP - Financial & Administrative Rules And Regulations

4.2.3 Treatment of project allocation

4.2.3.1 Project Allocation is defined as money given against approved budget. Payment shall be made only for specific project activity and against substantial and measurable outputs.

4.2.3.2 Mobilization amount of a maximum of 20% of the total cost of the project will be considered for activities, which involves upfront payment e.g. Purchase of tools, etc. Stage payments should be considered against delivery of substantial outputs. The mobilization amount will be adjusted against the last and final payment. A minimum of 30% payment should be kept against the final payment.

4.2.3.3 No advances to suppliers/vendors for procurement of goods and services will be made under normal circumstances.

4.2.3.4 Security deposits will be treated as money spent, however at the end of the arrangement and on return of the amount, there will be 'contra entry' in the accounts. All such security deposits shall be maintained in a register.

4.2.4 Preservation of Records:

4.2.4.1 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 character until revised.

4.2.4.2 The following record should be preserved for the period specified:

Sr. No.	Description of record	Period of Preservation in complete years	Remark
1	Pay bills and acquittance rolls	Permanent	
2	Cash Book	Period of the project	Until final audit is performed and submitted
3	Service Book	3	After death or retirements which ever is earlier
4	Leave Accounts	3	After death or retirements which ever is earlier
5	TA Bills & acquittance rolls	3	
6	Account of service postage stamps	3	
7	Register of Dead stock articles	4	
8	Annual Report on dead stock	1	Till the Audit of all Stakeholders
9	Stationery & forms Register	3	
10	Vouchers	3	

MPSRLP - Financial & Administrative Rules And Regulations

Sr. No.	Description of record	Period of Preservation in complete years	Remark
11	Account of expenditure	3	
12	Charge Reports	1	
13	Casual Leave register & Papers	2	
14	Register of cheques drawn	3	
15	Challans / Receipts	3	
16	Office copies of Provident fund schedules	3	
17	Increment Certificate	3	
18	Sanction to advances	3	
19	Government resolutions	Permanent	
20	Agreement with contractors	4	
21	Comparative Statement of Tenders	4	
22	Measurement books	4	After the date of completion of work
23	Register of contracts	4	
24	Register of Deposits / Advances	4	
25	Tender A-1 or A-2 form	5	

4.2.4.3 The sanction of Project Coordinator should be obtained for destruction of any of the records of the Project.

4.2.4.4 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.

4.2.4.5 The above list of preservation of record is not exhaustive. Any other record not required for further use may be destroyed on the order of the Project Coordinator.

4.2.5 Fixed assets

4.2.5.1 Assets acquired under the project shall be valued at cost including all direct costs (i.e. purchase price, transportation expenses, installation charges, transit insurance and other expenses incurred for bringing the fixed asset in working condition) incurred prior to its first use.

4.2.5.2 No depreciation shall be charged on fixed assets in the project financial statements. Depreciation shall not be provided in view of the following:

- Depreciation is charged on the fixed assets with the object of providing funds for replacement of assets. The project is a cost-incurring project and there is no provision for replacement of assets in the project. No funds in respect of depreciation shall be released to SPMU.
- The project is a non-revenue earning project. Therefore, there is no revenue against which depreciation can be set off.

MPSRLP - Financial & Administrative Rules And Regulations

4.2.5.3 The assets acquired/created by the PFTs for the project activity shall not be capitalized since the ownership of the assets so acquired shall belong to the gram Sabha and would continue to remain with them beyond the life of the project. Such assets would not be owned by the Society.

4.2.6 Funding of project activities

4.2.6.1 The project activities shall be funded by DFID on a reimbursable basis. However salary of the government staff on deputation will be the contribution of the State.

4.2.6.2 A Memorandum of Understanding (MOU) shall be entered into by the Society with the NGO PFTs for execution of the projects.

4.2.7 Beneficiary Contribution

4.2.7.1 In case of individual beneficiary work, the contribution shall form a part of the cost of the project and shall be received in the form of cash or kind (material and/or labour). The Gram Sabha will decide the contribution percentage.

4.2.7.2 At the time of facilitating the project proposals, the PFTs will have to build in the beneficiaries' contribution as well as maintenance cost of any permanent asset. The beneficiary contribution will not be charged to the project. Contribution in cash shall be accounted for as cash received from beneficiaries.

4.2.7.3 The asset maintenance which will not exceed 10% of the project cost will be part of the project cost. This amount will be kept in the Gram Sabha sub-account. At the end of the project activity, the amount will be transferred to the Gram-Sabha main account.

4.2.7.4 Contribution in the form of labour shall be valued as per the State Government wage rates applicable for contractual labour.

4.2.7.5 Contribution in the form of material shall be valued as per the rate at which the project would have otherwise purchased those materials. If such rate is not readily available then the valuation should be done at the prevailing market rate.

4.2.8 Expenditure that would be charged to the project

4.2.8.1 All direct costs relating to project activities would be charged to the project.

4.2.8.2 No expenditure which has already been charged to any other project should be charged to this project.

4.2.9 **Classification of expenditure to be charged under different disbursement categories:** Broad items of expenditure which shall be included under the different disbursement categories are given below:

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4.2.9.1 Project activities as proposed by the Gram Sabha and approved by the PFTs shall be submitted to the DPSU for financial approval.

4.2.9.2 Goods, including equipment, material and vehicles (excluding community investments)

4.2.9.3 Local expenditure Direct Cost (Ex-factory cost): This shall include the cost of purchases made directly from the manufacturers. Cost will exclude transportation, duties and taxes, etc.

4.2.9.4 Local expenditures for other items procured locally: This shall include all costs for purchases of goods, equipments, materials and vehicles, inclusive of all charges (e.g. transportation, duties & taxes) provided in the supplier's invoice. However, transportation, handling, storage etc. paid separately would not be included.

4.2.9.5 Consultant's services: This will include:

4.2.9.5.1 All direct costs relating to training such as cost of trainers, travel expenses, cost of conducting trainings, workshops, printing of brochures, honorarium, etc. The training costs shall also include the amount paid to external agencies engaged for imparting above services.

4.2.9.5.2 All charges for technical assistance and consultancy services including hiring of services of outside agencies. Consultancy charges normally paid against contract with consultants will be included under this head. All direct expenditure reimbursed to the consultant would also be included under consultancy.

4.2.9.5.3 The contract with outside agencies shall be mainly in the nature of service contracts. The payments shall mainly be linked to the output/ deliverables. Therefore payments released to outside agencies shall generally be on account of payments and not in the nature of advances.

4.2.9.6 Study Tours and Exposure Visits: This will be a cost against creating awareness and capacity of the staff and beneficiaries facilitated and organised by the project.

4.2.9.7 Incremental operating costs: This would include costs of operation and maintenance of additional buildings, equipments, vehicles, and salaries of additional staff incurred for the purposes of carrying out project activities.

4.2.10 **Reimbursement of claims from DFID:** The process of fund flow from DFID on a reimbursable basis will be as per procedures laid down by the DEA.

4.3 ACCOUNTING SYSTEM INCLUDING INTERNAL CONTROLS

The accounting system is discussed under the following broad heads:

- Accounting centres
- Chart of Accounts

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- Accounting and financial procedures (including formats of books and records)
- Linkages of financial and physical activities.
- Daybooks and ledgers
- Accounting Entries

4.3.1 **Accounting Centres:** The accounting centres for the project shall be as follows:

- State Project Management Unit (SPMU): The overall project monitoring office
- Livelihoods Forum
- District Project Support Unit (DPSU): The project implementation office at the district level

4.3.1.1 The accounting centres are the offices where the basic accounting in respect of expenditure on the project activities shall be carried out. These accounting centres shall be responsible for maintaining the relevant books of account and shall account for all the financial transactions entered into by each of them. The above accounting centres shall maintain computerised accounts.

4.3.1.2 The NGO PFTs shall enter into contract for execution of project activities with Madhya Pradesh Rural Livelihoods Project. The accounting in respect of them shall be done at DPSU level as accounting of contractors. Though the NGO PFTs are not accounting centres, still the books of account shall be maintained by them to ensure proper utilization of project funds. They may prepare these accounts manually in format provided by the project. These formats will capture the accounting requirements of the project.

4.3.1.3 The expenditure for the other PFTs shall be directly accounted for by the DPSU. Therefore, they will also not act as centres of accounting.

4.3.2 **Chart of Account (CoA):** The GoMP accounting procedures follow six step numbers like Demand No., Major Head No., Major Sub-heads, Schemes, etc. Though the Society will not replicate the whole accounting system, but will try to adopt part of the system in terms of maintaining the same code nos. with respect to administrative budget of the project. The purpose for this is so as not to have a complex system and also to be able to reflect the GoMP accounting system at the lower levels.

4.3.2.1 **Objectives:** The main objectives of the chart of accounts for the project are:

- To facilitate consolidation of accounts
- To facilitate capturing of data by: -
 - Accounting Head
 - Activity Code: -
 - (i) component
 - (ii) sub-component
 - (iii) main activity
 - (iv) activity
 - (v) category (investment and recurring cost)

MPSRLP - Financial & Administrative Rules And Regulations

- MPRLP disbursement category
- To confirm that the data captured is in accordance with the cost tables prepared for the project so as to facilitate project monitoring and comparison of budgets with actual achievements.

4.3.2.2 **Accounting head:** The account heads represent the general ledger account heads for the project. Account heads for the project shall be designed to facilitate preparation of accounts based on Government heads of accounts as per the budgetary allocation. Each account head shall be allotted an account code. **The account code** shall be a maximum of four digit code structured as follows:

- a) The first digit of the account code shall represent the major head as per the general classification of accounts based on the nature of account heads e.g. Sources of funds, Utilisation of funds, etc.
- b) The second digit of the account code shall represent the minor head. The minor head is a further analysis of the major head, e.g. the major head for Utilisation of Funds shall be divided into the minor heads, like Expenses, Fixed Assets, Advances, etc.
- c) The third and fourth digit of the account code shall be called the sub-head, e.g. the minor head Expenses under a major head Utilisation of Funds shall comprise various account heads, each representing a different kind of expenditure within the minor head, like salaries, wages, etc.
- d) All four digits of the account code taken collectively shall represent the account code. The accounting of project related transactions should be done using these four-digit codes.

4.3.2.3 **Activity Code:** The activity codes shall represent the activities as per the cost tables of the project. The activity codes are proposed to be introduced so as to capture and retrieve the project expenses by:

- a) Component
- b) Sub - component
- c) Main activity
- d) Activity.

4.3.2.4 **Disbursement Category:** Disbursement categories shall represent the categories approved by DFID under which the project authorities shall claim disbursement of funds. The disbursement categories applicable to this project shall be as follows:

- Project Activity
- Goods (including equipment), materials and vehicles (excluding community investments)
- Consultants services (including NGOs services), training, workshop
- Study Tours and Exposure Visits
- Incremental operating costs.

4.3.2.5 To facilitate the generation of disbursement category wise information from the computerized system, the disbursement categories shall be linked to the activities. The various disbursement categories are provided in the project document.

MPSRLP - Financial & Administrative Rules And Regulations

4.3.3 **Accounting And Financial Procedures:** This accounting of various accounting centres shall be done based on cash basis of accounting. Thus, the accounting transactions shall mainly comprise receipt and payments. The funds shall flow to the various accounting centres as described previously. The proposed accounting and financial procedures are discussed in the subsequent paragraphs under the heads detailed in following paragraphs.

4.3.3.1 Accounting at accounting centres:

- a) Accounting at SPMU, LF, and DPSUs
- b) Accounting at PFTs (Non Accounting Centre)
- c) Accounting at Gram-Sabha level
- d) Consolidation of accounts at SPMU and DPSU
- e) Guidelines for closure of books of account
- f) Statement of Expenditure
- g) Linkage of financial and physical activities

4.3.3.2 **Accounting at SPMU, LF and DPSUs:** The accounting procedures at the SPMU, LF and DPSUs are outlined under the following heads:

- Receipt accounting
- Payment accounting
- Accounting of bank transfers
- Bank reconciliation
- Accounting of mobilization payment
- Accounting of fixed assets
- Correction of entries

4.3.3.2.1 **Receipt Accounting**

- a) The funds shall be made available to the SPMU by the Government of Madhya Pradesh in the form of grant.
- b) The LF and DPSU shall receive funds from SPMU for project activities. The funds shall be received at periodic intervals in the form of cheque/ DD/ Bank transfers.
- c) There could be other receipts on account of interest on bank account, receipt of security deposits, receipts of earnest money deposits, etc.
- d) The receipts would generally be in the form of bank receipts. There could be cash receipts also, e.g. settlement of advance by an employee in cash, etc. Based on the mode of receipts, the receipt transactions shall be classified as bank and cash receipts.
- e) On receipt of funds a bank/ cash receipt voucher shall be prepared. The voucher shall be prepared through the computerized system. At the time of receipt, all details of the receipt transaction shall be fed into the computerized system.
- f) On authorization of the voucher by the competent authority, the voucher shall be updated in the computerized system. The system shall then generate a voucher number and voucher date.
- g) The posting of the voucher shall update the bank / cash receipt day book, bank/cash book/ cheque register and general ledger.
- h) In case of receipt of security deposits/earnest money deposits, the entry shall be made into the Register of security deposits/earnest money. The

MPSRLP - Financial & Administrative Rules And Regulations

register of security deposits/ earnest money shall contain voucher wise details of the following:

- Opening balance of deposit
 - Amount received during the period
 - Amount refunded during the period
 - Closing balance of deposit
 - Expected date of refund of deposit.
- i) The project offices shall periodically review the register for security deposits/earnest money deposits to keep track of deposits nearing date of maturity and deposits overdue for payment.
- j) In case the security is in the form of bank guarantee then no accounting shall be done for the same. However record of such security shall be kept in the 'Register of Bank Guarantee'

4.3.3.2.2 **Payment Accounting:** The payments shall mainly be in respect of the following:

- Release of funds by SPMU to LF and DPSUs
 - Release of funds by DPSU to NGO PFT
 - Release of funds by DPSU to other PFTs
 - Payments made by DPSU to Gram Sabhas
 - Other payments both at SPMU and DPSUs (such as payment for goods and services, preparation/procurement of training material/publications, payment to consultants, exposure visits, payment for operational expenses, refund of security deposit/ EMD, etc.).
- a) The payments would mainly be made through cheques/DD/bank transfers. However there could be cash payments also, e.g. payment of daily wages, repairs and maintenance, etc. The accounting for payments shall be done as per the mode of payment i.e. bank payment or cash payment.
- b) All bank payments shall be accounted for through Bank payment voucher and details of the payment shall be recorded in a Cheque register. All payments made through cash shall be accounted for through Cash payment voucher.
- c) The voucher shall be prepared through the computerized system. At the time of making the payment, all the details of the payment transaction shall be fed into the computerized system.
- d) In order to avoid preparation of cash payment voucher for petty expenses, an advance shall be given to an administrative official of the office for the purposes of meeting the office expenses of a routine nature and small amounts (nature and amount to be specified by the competent authority of the project). At regular intervals the official shall submit a statement of expenditure incurred, classifying the expenses according to the general ledger code classifications.
- e) After authorisation of expenses by the competent authority, a cash payment voucher shall be prepared to account for the expenses as per the statement of expenditure and the amount shall be reimbursed to the concerned official. On posting of the voucher, system shall update bank/ cash payment day book, bank/ cash book and general ledger.

MPSRLP - Financial & Administrative Rules And Regulations

- f) **The payment to NGO PFTs** shall be made as per the terms of the MOU entered into between MPRLP and NGO PFTs for the project activities as per the agreed stage payments against substantial and measurable outputs.
- g) The first instalment in the form of a mobilization amount shall be released by DPSU at the time of entering of the MOU with the NGO PFTs. This payment shall be charged to the respective head of account at the time of release itself. However, the moment an entry will be made in the register a mobilization amount to be adjusted at the time of the final payment.
- h) Before the release of next instalment DPSU shall ensure that NGO PFTs have delivered the previous milestone as per the agreement.
- i) DPSUs shall maintain a register to monitor proposals received from NGO PFTs for the project activity. Any delay in processing the proposal for payment by DPSU shall be reported to SPMU monthly in the format of the register. The DPSU will process all proposals and claims on a first-come-first-serve basis and will maintain a register with date of receipt and disposal of all proposals and claims.
- j) **Release of funds to NGO-PFTs:** The DPSU shall release funds to NGO - PFT for facilitating the various project activities as per the terms of the contract.
- k) Accounting for release of funds shall be done as 'Payment Accounting' discussed above.
- l) The expenditure of NGO – PFT shall be accounted for through bank payment. At the time of release of funds to the NGO-PFT the activities against which the funds are released shall also be accounted for.
- m) The NGO – PFT shall maintain the books and records to account for the expenditure as per the system of accounting prescribed in the contract. The NGO – PFT shall submit Statement of Expenditure (SOE) on monthly basis to the DPSU to facilitate monitoring of the expenses.
- n) **Accounting of Village Fund (Gram Kosh):** Contribution against the maintenance of the collectively owned assets will be kept at the Gram Kosh sub-account. This will be transferred to the Gram Kosh main account at a later stage.

4.3.3.2.3 Accounting of Bank Transfers (i.e. accounting for contra entries)

The accounting of bank transfers i.e. cash deposited in bank and cash withdrawal from bank shall be accounted for as contra entries. The accounting in respect of bank transfers shall be done through Bank transfer voucher. On posting of the bank transfer voucher the system shall update the cash book and bank book. The cash deposited into bank shall update payment side of cash book and receipt side of bank book. Similarly, cash withdrawn from bank shall update receipt side of cash book and payment side of bank book.

4.3.3.2.4 Bank reconciliation

4.3.3.2.4.1 The SPMU and DPSUs shall reconcile bank balance as per the bank statement and the bank book on a monthly basis and prepare a monthly Bank Reconciliation Statement by 7th of the succeeding month. For this purpose, the bank statement shall be entered into the system. The system

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shall match and compare the bank statement and bankbook and will generate a list of unmatched transactions. The unmatched transactions would be grouped under the following heads:

- Cheque deposited but not credited
- Cheque issued but not presented
- Excess/ less amount debited / credited by bank
- Bank interest
- Bank charges

- 4.3.3.2.4.2 Debits against standing instructions like payment of telephone bills, electricity bills etc., if any. The project office shall pass appropriate correction entries wherever necessary for the differences in the bank statement and bank book.
- 4.3.3.2.4.3 The bank reconciliation statement shall be regularly reviewed for cheques issued but not presented for payment for more than 6 months. These cheques shall be treated as stale cheques. The project offices shall prepare a bank receipt voucher, crediting stale cheques account, to account for stale cheques. No activity shall be credited at the time of passing such entry.
- 4.3.3.2.4.4 The project offices shall maintain a Stale Cheques Register for the purpose of control over the stale cheques in the books of account.
- 4.3.3.2.4.5 A fresh cheque shall be issued on demand from the party and necessary entry shall be made in the books of account and in the stale cheques register. On issue of the fresh cheque the project authorities shall debit the stale cheque account. The activity shall not be debited / credited on issue of fresh cheque.
- 4.3.3.2.4.6 If a cheque is reversed by the project authorities and no fresh cheque is issued against it for a period of three years from the date of issue of the original cheque, then the project authorities shall debit the stale cheques account and credit the other income account in the books of account.
- 4.3.3.2.5 Accounting for mobilization payment**
- 4.3.3.2.5.1 The project offices shall release mobilization as per the agreement for the project activity. The mobilization payment will be considered as spent for accounting purpose, but will be entered into the mobilization register. The release of the mobilization payment shall be done through payment voucher. The adjustment of amount shall be done through the journal voucher. The expenditure account head shall be charged only on posting of journal voucher through which the expenditure shall be recorded. On posting of the journal voucher the system shall update the Journal book and the General Ledger.
- 4.3.3.2.5.2 In respect of this payment the main activity and the activity for which the mobilization amount has been given shall be mentioned on the payment voucher. (This shall facilitate claiming of these mobilization payments for disbursement).

MPSRLP - Financial & Administrative Rules And Regulations

- 4.3.3.2.6 **Analysis of mobilization payment:** The outstanding for the project shall be analysed at the end of each month to monitor for long period. An “Age-wise analysis of mobilization amount” shall be prepared and the reasons for mobilization, which have been outstanding for long periods, should be ascertained and should be reported by DPSUs to SPMU.
- 4.3.3.2.7 **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.
- 4.3.3.2.7.1 **Fixed assets register:** The fixed assets register shall be maintained only by SPMU and DPSUs for assets acquired by the SPMU, DPSUs, and PFT. For assets acquired by PFT the record shall be maintained by respective DPSUs. 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

4.3.3.2.7.2 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.

- 4.3.3.2.7.3 **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 DPSU 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

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the discrepancies noticed during 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.

4.3.3.2.8 **Correction of entries**

4.3.3.2.8.1 Once an entry is authorised 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.

4.3.3.2.8.2 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.

4.3.3.2.8.3 The voucher shall be prepared using the computerised system. At the time of preparation of voucher all the details of the transaction shall be fed into the computerised 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.

4.3.3.2.8.4 On authorisation 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.

4.3.3.3 **Accounting at PFTs**

4.3.3.3.1 The accounting at the offices of the PFTs shall be done to ensure proper record for utilisation of funds of the project and as per the terms and conditions of the MOU. The accounting at PFT shall be carried out for the project activity where the PFT executes the activity. PFTs shall maintain separate account for the project. They shall maintain the **following books**:

- Cash/ bank book providing details of amounts received into the project bank account from DPSU and funds received from beneficiaries towards the cost of project activity and details of payments made.
- Register of contributions received from members in cash, labour and materials towards the cost of the project activity.
- Register of material purchased using project funds and material utilised.
- PFTs shall also maintain the bills/ supporting documents for various payments (serially numbered). These bills/ supporting documents shall also act as vouchers for the payments made.

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- 4.3.3.3.2 PFTs shall prepare a **report** each month and submit it to DPSU which would indicate:
- Amount received from DPSU, amount spent on various items and balance in the bank account or cash.
 - The details of work being carried out (activity to be completed, cost), the work completed and the work to be done by the next month.
- 4.3.3.3.3 The PFTs shall present this report to the Gram Sabha to be displayed on the notice board of the Gram Vikas Samiti.
- 4.3.3.3.4 In addition, the books / registers and bank statements would be brought to the meetings of the PFTs and Gram Sabhas and be open for scrutiny by members.
- 4.3.3.3.5 Accounting at DPSUs would not be based on this statement. DPSUs would monitor the regularity of submission of this statement. Upto date submission of these monthly reports would be required before release of subsequent instalments. This report would not be used at the district either for accounting or for determining the amount of money to be released to the PFTs. It's main objective would be to inculcate a sense of ownership and responsibility in the Gram Sabha for regular updating of accounts.

4.3.3.4 Accounting of Village Funds (Gram Kosh) at Gram-Sabha level

- 4.3.3.4.1 The funds received in the Gram Kosha from the project shall be deposited by the VDC in a separate bank account. PFTs shall facilitate this process and for maintenance of the books of accounts.
- 4.3.3.4.2 VDC shall maintain following books for accounts:
- Cash/ Bank book providing details of amounts receipt and payments made.
 - Gram Kosh Register to account for the beneficiaries contributions towards the Gram Kosh. This register shall track the contributions made to Gram Kosh.
 - VDCs shall also maintain the bills/ supporting documents for various payments (serially numbered). These bills/ supporting documents shall also act as vouchers for the payments made.
 - VDCs shall submit a statement of collections made towards Gram-Kosha, from beneficiaries, to DPSU for information.

4.3.3.5 Consolidation of Accounts

- 4.3.3.5.1 The consolidation of accounts for the project shall be done at all levels on a monthly / quarterly and annual basis.
- 4.3.3.5.2 The DPSU shall consolidate the accounts of the NGO PFTs with the accounts of the DPSU, and
- 4.3.3.5.3 The consolidated accounts prepared at all the DPSUs shall again be consolidated at the SPMU. For consolidation, the trial balance for each DPSU shall be transferred to the SPMU. The system shall provide the following options for consolidation at SPMU:

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1. Through Floppy/E-mail and hard copies: The DPSUs shall generate the computer file for transfer to the SPMU. In case E-mail is available at both the locations, the file may be mailed to the SPMU using E-mail.
 2. The SPMU shall load the information received from DPSUs into the system. The balances shall automatically be consolidated by the system. At the time of consolidation it shall be ensured by SPMU that inter – unit control accounts are reconciled.
- 4.3.3.5.4 On consolidation, the following trial balances shall be generated for the project as a whole:
- Trial Balance by GL Head wise
 - Trial Balance by project component
 - Trial balance by sub-component
 - Trial balance by main activity
 - Trial Balance by activity
 - Trial balance by subsidiary ledger
 - Trial balance by disbursement category

4.3.3.6 Guidelines for Closure of books of accounts at DPSUs

- 4.3.3.6.1 All DPSUs under this project shall close their books of account by April 7th of the succeeding financial year on a provisional basis. Adjustments subsequent to provisional closure of books shall be made by journal vouchers, which shall update the trial balance. On finalisation of accounts the provisional balances will be adjusted accordingly.
- 4.3.3.6.2 For the purposes of closure of accounts on a provisional basis, a provisional trial balance shall be generated and all the ledger accounts shall be taken to the final accounts. A provisional balance sheet, income and expenditure account, receipts and payments account and relevant schedules, which shall form part of the annual accounts, shall be prepared.
- 4.3.3.6.3 A copy of the provisional accounts so prepared shall be sent to the SPMU for consolidation latest by April 15 of the succeeding financial year.
- 4.3.3.6.4 After the finalisation of audited accounts, a copy of the final trial balance, income and expenditure account, receipts and payments account, balance sheet and schedules shall be sent to the SPMU for consolidation.

4.3.3.7 Guidelines for Closure of books of accounts at SPMU

- 4.3.3.7.1 The same procedure that is being followed at the DPSU shall be followed at the SPMU for account closing purposes.
- 4.3.3.7.2 The SPMU shall receive the provisional accounts from DPSUs by April 15 of the succeeding financial year and it shall generate its own provisional accounts and the provisional accounts for the project as a whole by April 30.

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4.3.3.7.3 After getting copies of final accounts from the DPSUs, SPMU shall prepare the final accounts for the project as a whole in the manner provided in the consolidation of accounts section of this report.

4.3.3.8 Statement of Expenditure (SOE)

4.3.3.8.1 The system shall maintain a linkage of the activity codes of the project with the disbursement categories. These linkages shall facilitate the generation of information, disbursement category wise as per the prescribed format of Statement of Expenditure (SOE).

4.3.3.8.2 The DPSU shall prepare the SOE for itself and shall forward it to the SPMU for consolidation.

4.3.3.8.3 SPMU shall prepare the SOE for itself and consolidate the SOE received by it from various DPSUs working under it with its own SOE in the same format as mentioned above for the project as a whole.

4.3.3.9 Linkage Of Financial And Physical Activities: The linkage between the actual physical achievements and the financial expenditure on activities shall be maintained in the system to facilitate their comparison with the budgeted targets. In the financial accounting system discussed above, the expenditure shall be recorded for each activity. The process of recording physical activity and its linkage with financial expenditure is discussed in the subsequent paragraphs.

4.3.3.9.1 Each project office shall maintain a work register to record the work performed against each activity (The work register shall be manual). The work register shall contain GL head wise financial expenditure incurred on an activity and the number of completed units of an activity.

4.3.3.9.2 The project offices shall mark the activities that have been completed through the “Achievement details” input screen based on the work register. The achievement details input screen shall be filled by the user as and when activity is completed.

4.3.3.9.3 On posting of achievement details, an output monitoring register shall be updated. An Output Monitoring register shall be prepared by each of the project office in respect of completed activities.

4.4 AUDIT OF ACCOUNTS

4.4.1 The fiduciary risks of the project will be mitigated against through a careful auditing process. The auditors shall be selected from a panel of auditors appearing in the CAG panel. The auditors thus selected, shall be competent to audit the records and accounts at the SPMU and DPSU.

4.4.2 Internal Audit: An internal audit of the DPSU will be performed by the team of SPMU which may include officers from SPMU and DPSU (other than those whose accounts are being audited). Similarly, an internal audit of the SPMU will be done independently by the team of DPSU officials, specially nominated for such purpose. Services of qualified Chartered Accountants will also be hired for internal audit, if necessary. They will help the SPMU/DPSU.

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- 4.4.3 At the initial stage of the implementation of the project, an internal auditor will be auditing the accounts of the SPMU and DPSU on **quarterly basis**. After a year of the implementation of the project the frequency of the audits will be reviewed.
- 4.4.4 To inculcate a sense of responsibility in the PFTs, VDCs, for regular updating of accounts, DPSU and SPMU will conduct six monthly audit on the basis of a sample test. The VDCs/SHGs/CIGs and Gram Sabha will be selected randomly.
- 4.4.5 Surprise spot checks will be carried out by the SPMU or/and DPSU.
- 4.4.6 **Statutory Audit:** GoMP financial guidelines require that Panchayat and Gram Sabha accounts be audited by the prevailing audit regime as a condition for further disbursements. The Panchayat accounts are essentially to be audited by the Commissioner, Local Funds Audit. The Comptroller and Auditor General of India through its State agency of Accountant General Madhya Pradesh will audit all Project expenditure and submit Annual Audited Statements for each financial year within one year of the close of the financial year. DFID may request these statements to be supplemented by independent audits, particularly of PFTs and the relevant accounts of Gram Sabha and associated committees.

Chapter – 5

GUIDELINES FOR PROCUREMENT OF GOODS & SERVICES

5.1 INTRODUCTION

5.1.1 Procurement activity covers both the purchase of goods and contracting for either service alone or capital works which themselves entails both goods and services. This guideline will apply to the activities funded from the Project's Running Cost Budget from the Financial Aid from DFID. The project has diverse procurement needs. Best procurement practices are established on the following premises:

- The Objective is achieving Best Value for Money (VFM)
- Open Decisions are usually the best decisions
- Separation of Functions is vital in achieving VFM and transparency
- Use of teams should not be to hide responsibilities
- Use the simplest solution while making contracting strategies

5.1.2 Some of the procurement would occur outside conventional market places. In such instances, for example the procurement of services from NGOs and institutions whose objectives coincide with that of the Project, but which frequently operate under unusual conditions, innovative procurement methods may be required.

5.2 PURPOSE

5.2.1 There are two main purposes behind this guidance. First is to build consultancy capacity locally. The second is to engage the most appropriate consultants we can. As per the project agreement, major kinds and types of procurement envisaged are as under:

5.2.1.1 Human Capital Procurement – at state and district level for implementation support to the programme;

5.2.1.2 Some minor livelihood enhancement related procurement for village level improvements- this will be undertaken based on the need identified by the district planning process and VDC/ Gram Vikas Samiti;

5.2.1.3 Capital items procurement for Mission office including goods equipment and vehicles;

5.2.1.4 Services procurement for the day-to-day functioning of Mission office- including maintenance, house keeping, security, etc.;

5.2.1.5 Technical assistance for district planning will be procured directly by Districts;

5.2.1.6 Procurement of professional inputs for capacity building

5.2.1.7 Consultancies, reviews, evaluation and impact assessment, etc.

5.3 EXPECTED OUTCOMES:

Anticipated benefits through this thrust on defined procurement process include:

5.3.1 increased efficiency in the procurement process, contributing to improved implementation of projects and better control of costs;

5.3.2 greater value for money for the Programme;

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- 5.3.3 improved transparency in procurement recognised as such by outside organisations;
- 5.3.4 more effective use of staff time, for example through avoidance or speedier resolution of disputes;
- 5.3.5 improved quality of delivery to primary stakeholders;
- 5.3.6 more efficient management of risk by assignment to those best placed to support it.

5.4 ORGANISATION OF CONTRACTING ACTIVITIES

5.4.1 As there are sufficient number of contracts a full time contracts officer should be appointed to take responsibility for drafting and signing all contracts. State office structure would engage an independent **Procurement and Contracting Consultant (SCPC)** with experience in development sector. Specific functions of the Specialist will be:

- 5.4.1.1 Overall support to project in all procurement and contract matters;
- 5.4.1.2 Introduce time and cost-effective procurement processes;
- 5.4.1.3 Draft and circulate tenders/ bid requests;
- 5.4.1.4 Conduct/ facilitate the commercial evaluation of tenders/ bids;
- 5.4.1.5 Provide timely advice on procurement and contracting issues, etc.
- 5.4.1.6 Prepare TORs for the procurement of services at all levels in the project.
- 5.4.1.7 Carry out supervisory functions on all procurement from Districts;
- 5.4.1.8 Capacity building for procurement at District level;
- 5.4.1.9 Undertake/organise Procurement Audit at appropriate intervals.

5.4.2 One of the main tasks of the SCPC will be ensuring best practices are followed for procurement at all levels. In order to allow appropriate strategies for contracting of single source nomination and competition, keeping in view the best VFM that can be achieved, following Value cut-offs are suggested for District and State Level procurement:

5.4.2.1 District Level

Goods	Process of Procurement
Upto Rs. 5000	No Competition, after ratification by Purchase Committee of District.
Rs. 5001 Rs 50,000	Three Quotations, Should be approved by Purchase committee.
Rs 50,001 to Rs. 500,000	Restricted Tender, Specifications and supplier list to be approved by SPMU. SCPC to be member of the selection committee. Technical evaluation team should have 3 members. SCPC to take the lead
Above Rs 500,001	Open Tender through press adverts
TA Services	Process of Procurement
Call down Consultancy services for upto ten days of inputs	With the approval of SPMU; from the panel established with the help of state office and using pre agreed fee schedule that reflects the local market.
Longer Term Consultants	Through open selection and should invite proposals, Purchase committee to take the lead in setting up subject specific evaluation committees. Technical evaluation committee should have 3 members.

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Studies, evaluation contracts, etc. valued upto Rs 200,000	Through limited tendering within district/region. Purchase Committee to take the lead
Contracts above Rs 200,001	ToRs to be cleared by SPMU and selection on the basis of open competition. SCPC to take the lead

State Level Procurement

Goods	Process of Procurement
Upto Rs. 5000	No Competition, on approval by PC and by SCPC.
Rs. 5001 Rs 50,000	Three Quotations, SCPC to take lead, should be written or faxed.
Rs 50,001 to Rs. 500,000	Restricted Tender, Specifications to be developed by task team and supplier list to be approved by SPMU. SCPC to be member of the selection committee. Technical evaluation team should have 3 members. SCPC to take the lead.
Above Rs 500,001	Open Tender through press adverts
TA Services	Process of Procurement
Call down Consultancy services for upto 30 days of inputs	SCPC to develop a thematic panel of Consultants established with the help of respective Task teams in the state office. Should be based on pre agreed fee rates for different categories of consultants.
Longer Term Consultants	Through open selection and should invite proposals, SCPC to run the process and take the lead in setting up subject specific evaluation committees. Technical evaluation team should have 3 members.
Institutional Contracts upto the value Rs. 150,000	Single source negotiated route, SCPC to lead the contracting process. Unit Rates on fees and expenses to be according to the schedule developed by SCPC.
Studies, evaluation contracts, etc. valued upto Rs 300,000	Through limited tendering within district/region. SCPC to take the lead
Contracts above Rs 300,000	ToRs to be cleared by Project office and selection on the basis of open competition.

5.5 FEE SCHEDULE FOR CONSULTANTS ENGAGED LOCALLY

5.5.1 A schedule of fees based on market conditions in Bhopal and other similar markets in Madhya Pradesh is given below. SCPC would update this and develop other unit costs on travel, accommodation, communication, reports and documentation etc. that will be used uniformly when single source contracts are issued or negotiations are undertaken for agreeing to proposals. While competitive selection is carried out, market responses would be recognised while carrying out commercial evaluations and decisions.

5.5.2 Following fee rates are recommended for Consultants engaged on a daily and monthly rate. If the contributions of a consultant exceed 20 or more days per month during the life of the contract which should be a minimum of 3 months, monthly rates should be offered, as it offers economies of scale for the Project.

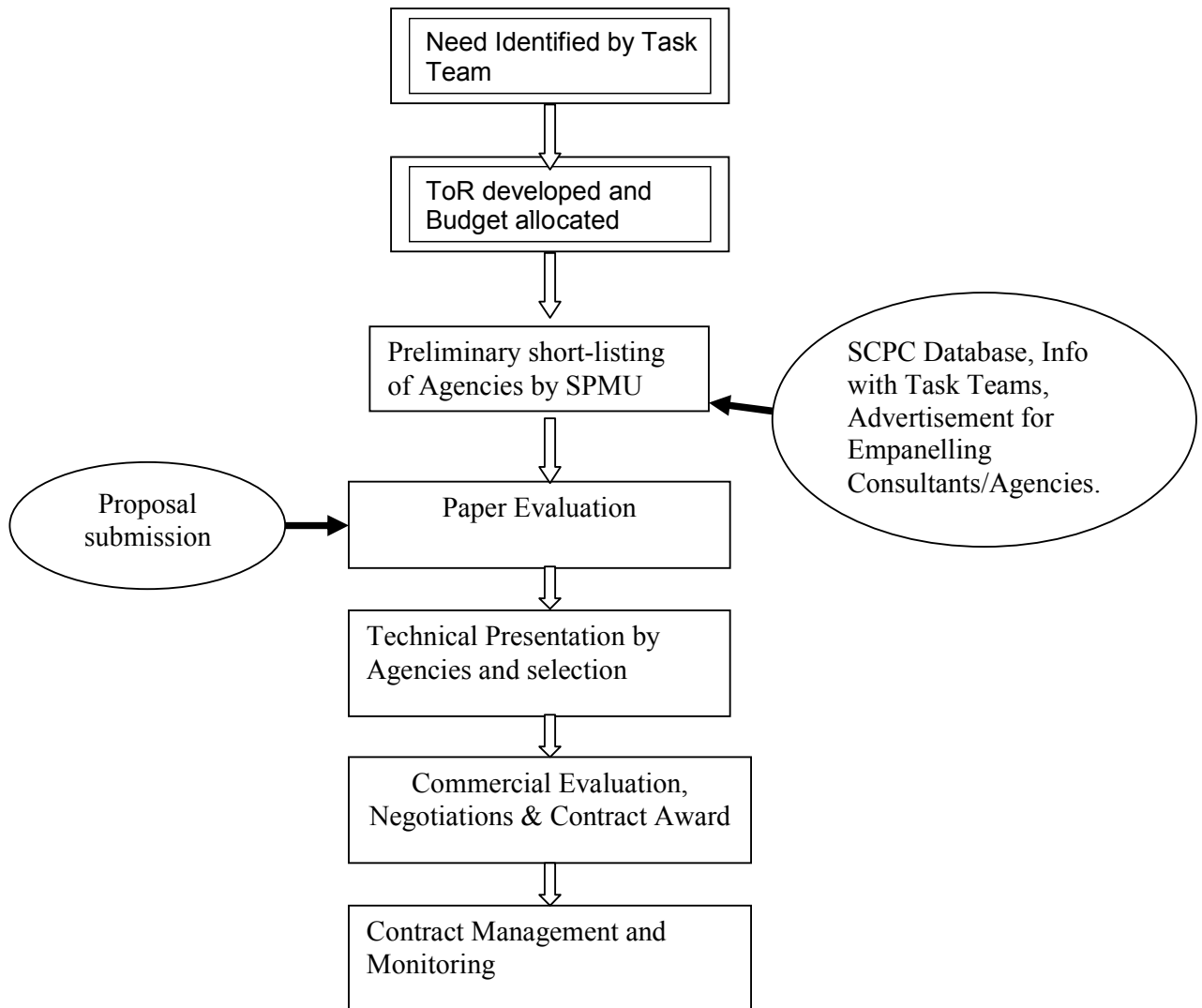
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Level	Maximum per day for upto 20 days and less than 3 months	Maximum monthly fee if over 20 days and more than 3 months
Professional hired for resource support, workshop support, assisting a lead advisor or a team in collecting in-depth and serious secondary or primary data. Education: Graduate/Post Graduate of discipline Experience: Three to Five years at lower management level with good institutions	400.00	7,000.00
Professional with middle level experience in relevant sector/function Education: Graduate/Post Graduate of discipline Experience: Five to seven years at middle management level with good institutions; has some consultancy experience.	800.00	13,500.00
Professional with middle level experience in relevant sector/function Education: Graduate/Post Graduate of the discipline Experience: Seven to Ten years at middle management level with good institutions Exposure: Worked with state or national level agencies; 1-2 years of Consultancy experience	1,200.00	20,000.00
Professionals with high level of specialisation and experience Education: Masters/Doctorate in the discipline and from an eminent institution Experience: Five to seven years at top management level with good institutions 3-5 years of Consultancy exposure to International NGOs/ Donors and other similar organisations.	2,000.00	30,000.00
Professionals with high level of specialisation and experience Education: Masters/Doctorate in the discipline and from an eminent institution Experience: Seven to Ten years at top management level with good institutions	2,500.00	40,000.00

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Level	Maximum per day for upto 20 days and less than 3 months	Maximum monthly fee if over 20 days and more than 3 months
Exposure: Worked with State/National Govt./ International NGOs or Donor agencies Practising Consultant for 5-7 years to International Organisations		
Eminent Professionals Education: M Phil/PhD/Post Doc. in the discipline and from an eminent institution and at top management level Experience: More than Ten years in the sector or with good institutions Exposure: Worked with International agencies Practising Consultant for Minimum ten years for International organisations	3,500.00	60,000.00

5.6 ENVISAGED FLOW OF PROCUREMENT OF SERVICE PROVIDERS



5.6.1 STEPWISE PROCESS OF CONTRACTING

5.6.1.1 Authorisation and Verification Stage

5.6.1.1.1 SCPC receives an Authority to Engage (ATE) from the spending section with a TOR and suggested list of Consultants. ATE will confirm availability of funds. *An ATE should be authorised at least by a Task Manager for state level and the District Programme Co-ordinator for district level.*

5.6.1.1.2 If four or more Consultants are not identified in the ATE, SCPC should invite Expressions of Interest (EoI) either through newspaper advert or writing to a large number of institutions from the state level Database and other sources. In the EoI, Consultants are asked to submit brief Capability Statement of not more than 5 pages and from the expressions, a shortlist of 4 to 8 Consultants is identified.

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5.6.1.1.3 Generally, it is not ideal to suggest a competition with more than 5 Consultants, as it reduces the probability of winning from the Consultants perspective.

5.6.1.1.4 SCPC would review the request and Consultants suggested mainly ensuring that no other competent Consultant is missed out and the commitment levels of suggested Consultants allow them to take on more work. If the value is significant, i.e. above Rs 10 lakh, SCPC would look at the financial viability and size of the organisation as well.

5.6.1.1.5 Special care would be made to ensure that repetitive use of consultants is avoided.

5.6.1.2 **Invitation to Tender**

5.6.1.2.1 SCPC invites technical and financial proposals in separate envelopes from the short listed consultants. Specific time and date would be mentioned and in high value cases generally offer 21 to 30 days time. The pack should include:

- acknowledgement letter ,
- proposal instructions on how to submit Envelope 1 and 2,
- a standard format of letter to be submitted along with the proposals ,
- TOR,
- general contact points and
- a format for submitting financial proposal.

5.6.1.3 **Tendering Stage**

5.6.1.3.1 SCPC would specifically mention in the letter of invitation that all communication during the bidding process will be with the Contracts Officer.

5.6.1.3.2 In the first week, SCPC ask them to write to him/her about any queries on the TOR, SCPC then should refer these to the technical team and depending upon the need, a pre-bid meeting be conducted. Bidders would attend these at their costs. If there is no need for a meeting, SCPC circulate common responses to every bidder in the competition.

5.6.1.4 **Bid Opening and Evaluation**

5.6.1.4.1 All bids would be placed in the Tender Box and the Tendering Committee (at least two members) should open the bids on the designated date and time. Values should be recorded in the Tender Register and technical bids referred to the technical evaluation team with a format for recording scores as per the evaluation criteria agreed in advanced and circulated to bidders. Technical evaluation marked by all individual members of the committee should be on those pre agreed criteria. A minimum of 20% and maximum of 35% weight should be earmarked for the commercial proposal.

5.6.1.4.2 Commercial evaluation would be carried out by SCPC. SCPC while doing this should raise any queries on person days suggested, travel, etc. with the technical team as these are part of the scope and method suggested. SCPC review of unit cost on fee, travel, subsistence, etc. would be based on norms developed and applied similarly on all contracts.

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5.6.1.5 Selection Process

- 5.6.1.5.1 A meeting should be called by SCPC of the technical evaluation team and individuals written scores should be compared in that meeting to arrive at preferred bidders. Commercial evaluation scores should be revealed only after the technical evaluation by individual members is completed and an agreed ranking is identified. The committee will have the right to reject any bids, if they are of an opinion that the service provider would not be able to deliver the desired quality. Commercial proposals of such bids will not be considered further.
- 5.6.1.5.2 During the technical discussions, members will have the right to appropriate any scores they have previously allotted, however, any changes should be made before the commercial scores are added.
- 5.6.1.5.3 The above demonstrates that the selection is not on L1 (lowest bid) basis. The technical evaluation ranks the preferred bidder and SCPC review of rates brings up the best VfM offer. Based on the final ranking, SCPC should be able to list the preferred bidders and start negotiations if the prices are not conforming to the technical selections.
- 5.6.1.5.4 If needed, presentations by the short listed Consultants should be organised. As the costs of participation and preparation will be borne by Consultants, it would be ideal to restrict the presentations only from the top two or three preferred consultants.

5.6.1.6 Contract Award and Management

- 5.6.1.6.1 On successful negotiations, the SCPC should enter into a written agreement with the consultant. Any clarifications or improvement on the proposal from the technical team should be settled before both parties sign the contract.
- 5.6.1.6.2 All unsuccessful Consultants should be notified of the outcome and an opportunity to seek feedback from the SCPC.
- 5.6.1.6.3 Responsibilities for managing the technical aspects of the contract should rest with the technical team that leads in the conduct and a person should be identified and notified in the Contract who would issue all technical instructions in the project. If any changes or revisions in scope, personnel, costs, timings, etc. are required during the implementation of the contract TOR, the SCPC or the signatory should issue a Contract Amendment in writing forthwith.
- 5.6.1.6.4 All payments should be released only against a valid Invoice from the consultant. The SCPC should receive the invoice and check the validity of the claim against a live contract. The technical team should then certify the progress and admissibility of the claim on account of satisfactory delivery of the service until the period of the claim. The release of the amount will then be made by the Accounts section of the project.

5.7 PURCHASE COMMITTEE:

The project would use standard purchase committee to compare and give advise and proper recommendation to the competent authority regarding the quality and cheapness of goods to be procured. The purchase committee shall comprise of at least three members, including a technical member, if required.

Chapter – 6

DELEGATION OF ADMINISTRATIVE AND FINANCIAL POWERS

- 6.1 The powers of the General body, President, Executive Committee, Chairperson and Project Coordinator have been defined respectively under rule 15, 16, 24, 26 and 27 of the MPSRLP Rules.
- 6.2 In the absence of the President, the Vice-President of the society will exercise his/her powers on his/her behalf.
- 6.3 As per following orders of GoMP, Department of Panchayat & Rural Development, the under mentioned officers of MPRLP have been declared a Head of the Department, Head of Office and Drawing and Disbursing officer:-

Order No	Designation in MPRLP	Declared Status
825/803/fo.5/22/Estt.	Project Co-ordinator	Head of Dept.
825/803/fo.5/22/Estt	Co-ordinator (Admin.)	Head of Office
825/803/fo.5/22/Estt	Co-ordinator(Finance)	DDO
825/803/fo.5/22/Estt	DPO	Head of Office

- 6.4 Hence the above officers of MPRLP will utilise the powers given to officers of State Govt. in similar capacity as mentioned in “Book of financial powers” and “MP Stores Purchase Rules” in respect of MPRLP
- 6.5 The exercise of the delegated powers in Appendix – I (Annexed to these rules and regulations) shall be subject to the observance of MPSRLP Rules & Regulations. These will be subject to the conditions that a specific budget provision exists for meeting the expenditure in the financial year in which it is proposed to be incurred.
- 6.6 The Project Coordinator will exercise all the powers given in Appendix –I. If the appendix is silent about any power, Project Coordinator will enjoy powers of the head of the Department of the State Government.
- 6.7 In case the designated authority in Appendix-I is absent and an immediate decision is required, a team of three relevant officers will decide on behalf of the designated authority. All such decisions will be communicated to the designated authority at the first opportunity.
- 6.8 The powers delegated to a lower authority can be exercised by a higher authority.
- 6.9 Further detailed regulations and procedures will be laid down by the concerned authorities/specific committees as may be constituted under the project.
- 6.10 Unless otherwise decided by the Executive Committee, in matters where detailed rules and procedures with regard to the incurring of expenditure are not laid down, DFID rules and procedures will be followed.
- 6.11 Authority to which powers are delegated in Appendix-I can be further sub-delegated to lower Authorities with concurrence of Project Coordinator.

ANNEXURE – I

DELEGATION OF POWERS

S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
1	Contractual appointment of staff against sanctioned post.	Project Coordinator	Full Powers
2	Fixation and revision of qualifications and pay scale	Project Coordinator	Full Powers
3	To sanction annual and advance increment and withhold annual increment	Project Coordinator	Full Powers
4	To fix salary, wages, and draw advances and other allowances to staff	Project Coordinator	Full Powers
5	Recoveries from pay	Project Coordinator	Full Powers
6	To approve tour programme and to accord approval and sanction for Tour advances at SPMU	Project Coordinator	Full Powers
7	To sanction claims of employees with regard to travel and medical at SPMU.	Project Coordinator	Full Powers
8	To sanction earned leave to employees on deputation at SPMU	Project Coordinator	Full Powers
9	To propose DE, suspension, minor punishment and cash penalties for staff appointed for MPRLP.	Project Coordinator	Full Powers
10	To accord administrative approval and financial sanction for procurement of goods (as defined by procurement guidelines). This does not include vehicles.	1. Chair Person	Full Powers
		2. Project Coordinator	Up to Rs. 20 Lakh
11	To accord administrative approval and financial sanction for procurement of services (as defined by procurement guidelines).	1. Project Coordinator	Full Powers
12	To accord administrative approval and financial sanction for printing / purchasing books, journals and news letters	1. Project Coordinator 2. DPO	Full Powers
			Upto Rs. 5000
13	To accord administrative approval and financial sanction for petty construction in nature of repairs, and maintenance/ repairs of goods, equipment, furniture and supplies	1. Chair Person 2. Project Coordinator	Full Powers
			Up to Rs. 20 Lakh

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S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
14	To accord administrative approval and financial sanction for purchase of consumable stores and fuel, oil and lubricants and repairs/maintenance of vehicle.	Project Coordinator	Full Powers
15	To accord administrative approval and financial sanction for field visits and attending trainings / seminars / workshops within the state and outside state	Project Coordinator	Full Powers
16	To accord administrative approval and financial sanction for attending trainings/ seminars/ workshops and study/exposure tours abroad	Project Coordinator	Full Powers
17	To grade eligibility of experts/resource persons/members of EC for purposes of MPSRLP T.A. Rules.	Project Coordinator	Full Powers
18	Cheque Signing Authority for MPSRLP SPMU Livelihood Forum DPSU	DDO M (F&A) LFC & M (F&A) DFAO and DPO DFAO and CEO ZP	Full Powers Upto Rs. 25000/ Above Rs. 25000 upto Rs. 50000/- above Rs.50000/-
19	To accord administrative approval and financial sanction for hosting lunch/dinner or invite VIPs, experts and delegates attending meetings.	1. Chair Person 2. Project Coordinator	Full Powers
20	To Approve Village Micro Plan	Gram Sabha	Up to Rs. 2 Lakh
21			Full Powers
22	To Revise / Amend Village Micro Plan	Gram Sabha	To the extent of 30% of the financial implication of the original approved Plan
23	To Approve a District Level Programme Proposal for the Village Community.	1. SPMU 2. DPSU	Full Powers Upto Rs. 25,000. per program per village with a maximum of Rs. 1,00,000 PA.

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S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
24	Approval of Unanticipated activities undertaken by the PFTs (whether NGO or MPRLP) by means of advance accorded to the PFTs.	1. SPMU 2. DPSU	Full Powers Upto Rs. 25,000. per PFT with a maximum of Rs. 1,00,000 PA.
25	Signatories at 1. SPMU 2. Livelihood Forum 3. DPSU 4. DPSU	1. State Coordinator F&A 2. M (F&A) 3. LFC & M (F&A) 4. DFAO 5. DPO 6. CEO-ZP	As per the sanction by the competent authority

Note – Wherever the limit other than full powers has been mentioned in the above tables it should be interpreted as per case.

SECTION – II
FINANCIAL POWERS UNDER MADHYA PRADESH FINANCIAL CODE

While the CEO Zila Panchayat shall act as “Controlling Officer”, the DPO shall act as “Head of Office” as defined by the Government of MP.

S.No.	S.No. as per Book	Reference to existing rules etc.	Description	Authority competent to exercise the powers	Extent to delegation	Condition
1			Act as Controlling Officer Power of Head of office	CEO Zila Panchayat DPO	Full Powers Full Powers	DFAO will act as Head of Office in absence of DPO
2	11	MPFC Vol.-II Appendix-6-60	(i) Sanction renting of ordinary office accommodation	Project Coordinator	Full Powers	Subject to a certificate of reasonability of rent from SDO (Revenue) upto Rs. 2000 and Collector for over Rs. 2000 and non availability of Government building from Executive Engineer or CEO Zila Panchayat consent being obtained.
2	19	MPFC Vol.-I Rule – 268	Sanction advance of travelling allowances, etc. to officers and staff of the DPSU, excluding DPO.	Head of Office	Full Powers	In case of advances to the DPO, the powers vest with the CEO, ZP.

MPSRLP - Financial & Administrative Rules And Regulations

S.No.	S.No. as per Book	Reference to existing rules etc.	Description	Authority competent to exercise the powers	Extent to delegation	Condition
3	21	M.P. Travelling Allowance Rules, FD Memo No. D 698/2611/88/R-I/IV. dt. 30-11-88 and FD Memo No. F-A-1-1/94/R-1/IV dt. 3-8-94	Sanction reimbursement of cancellation charges for rail / air tickets.	Controlling Officer	Full Powers.	When cancellation is made in the interest of Govt. or when cancellation is made on account of circumstances beyond the control of the Govt. servant.
5	28	FD Memo No. G-3/2/94/C/IV dt. 9-1-95	To permit travel by air on medical advice in exceptional cases.	Project Coordinator	Full Powers	(i) Subject to the recommendation of the committee setup by the Public Health and Family Welfare Department Memo No. 1-15/94/15/Med-4 dt. 21-11-94. (ii) Permission to travel by Air for Medical treatment would also be granted to those who are entitled to travel by Air.
6	31	Note 3 below SR 115 of MPTC Vol. I	Power to grant permission for presentation of TA bill after one year from the date on which it became due.	Project Coordinator	Full Powers	These powers are to be exercised in exceptional cases where delay is caused by circumstances beyond the control of the claimant.

MPSRLP - Financial & Administrative Rules And Regulations

7	36	MPFC Vol.-I Rule-141	Write off of Unserviceable articles of dead stock.	(i) Project Coordinator (ii) Controlling Officer (iii) Head of Office	Rs. 2.00 Lakhs Rs. 1.00 Lakh up to Rs. 25000.00	Provided the item has outlived its life. usage, and or is damaged beyond repair. Its nonservicability should be certified by a committee comprising the Head of office and a technical expert nominated by the Controlling Officer.
8	37	MPFC Vol.-I Rule-54	Write off of petty losses or irrecoverable value of stores due to theft where the police recommend classification as undetected.	(i) Project Coordinator (ii) Controlling Officer (iii) Head of Office	Upto Rs. 2.00 Lakh in each case. Upto Rs. 1 Lakh in each case. Upto Rs. 10000.00	
9			Telephone bill of DPSU office	DPO CEO-ZP	Upto Rs. 2000 Above Rs. 2000	

**SECTION – III
POWERS DELEGATED IN RESPECT OF CONTINGENT EXPENDITURE**

S.No.	S.No. as per Book	Reference to existing rules etc.	Description	Authority competent to exercise the powers	Extent to delegation	Condition
1	6		Sanction recurring contingent expenditure.	DPO	Full Powers	
2	6A	-	Sanction non-recurring contingent expenditure (not specified elsewhere)	Project Coordinator CEO ZP DPO	Full Powers Upto Rs. 1,00,000 Up to Rs. 50000 per case.	This does not include office furniture, room coolers, water coolers, air conditioners, computers and peripherals and other capital expenditure
3	6B	-	Sanction of Capital Expenditure	Project coordinator CEO Zila Panchayat DPO	Full Powers 100000 20000.00	When the advance can be adjusted within one week.
4	9A		Sanction expenditure on organization of trainings, workshops, exposure visits, seminars, exhibitions etc.	Project coordinator CEO ZP	Full Powers. Upto Rs. 1,00,000	
5	11		(i) Sanction expenditure on taxi fares for officials use when the need for hiring of taxi arises. (ii) For the use of distinguished visitors for want of a staff car.	DPO Project coordinator	Upto Rs. 50,000 Full Power	For field visit of staff, No taxi should be hired for local running exclusively.
6	12	MPFC Vol.-I Rule-100	(i) Sanction installation of one office Telephone (ii) Sanction intercom and PABX in office.	DPO Project Coordinator	Full Powers Full Powers	

MPSRLP - Financial & Administrative Rules And Regulations

S.No.	S.N0. as per Book	Reference to existing rules etc.	Description	Authority competent to exercise the powers	Extent to delegation	Condition
7	15.	MPFC Vol.-II Appendix-6 (32)	(iii) Sanction purchase of telephone instruments (including cordless phones) (iv) Sanction re-connection charges for disconnected telephones. (a) To sanction expenditure on purchases of hot weather equipment. (i) Fans (ii) Khas tatties (iii) Purchase of Water/Air Cooler	DPO CEO Zila Panchayat	Full Powers Full Powers	
8	35	MPFC Vol.-I rule-100	Take furniture for office on hire.	DPO	Full Powers	Justification for hiring should be recorded in the sanction order.
9			Sanction TA Bill & Tour Programme of Officers and Staff at the DPSU, except DPOs own bill.	DPO	Full Powers	For travelling of DPOs the approval shall be issued by CEO for within State,
10			Sanction of TA for travelling out of State for employees at the DPSU	Project Coordinator	Full Powers	Subject to prior approval of tour program from Project Coordinator.

**ANNEXURE I-B
DELEGATION OF POWERS FOR LIVELIHOODS FORUM**

S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation As per Policy
26	Act as Controlling Officer Power of Head of office	1. Project Coordinator 2. Livelihoods Forum Coordinator	
27	To approve tour programme and to accord approval and sanction for Tour advances of employees of Livelihoods Forum To approve tour programme of Livelihoods Forum Coordinator. To Approve tour advance of Livelihoods Forum Coordinator.	1. Livelihoods Forum Coordinator 2. Project Coordinator 3. Livelihoods Forum Coordinator	Full Powers (In Absence of LFC tour advance can be sanctioned by MFA) Full Powers Full Powers.
28	To sanction claims of employees with respect to salary, allowances, tour and travel (including booking and cancellation of Tickets), Local Conveyance etc and other expenses relating to office running including monthly/ periodical payments like office rent, electrical charges, watch & ward, insurance charges etc. To sanction claims of tour and travel expenses (including cancellation of Tickets) and other expenses pertaining to Livelihoods Forum Coordinator.	1. Livelihoods Forum Coordinator 2. Livelihoods Forum Coordinator	Full Powers Full Powers (subject to entitlements as per policy)
29	To sanction leave of employees of Forum To sanction leave of Livelihoods Forum Coordinator	1. Livelihoods Forum Coordinator 2. Project Coordinator	Full Powers Full Powers
30	Power to grant permission for presentation of TA bill after one year from the date on which it became due.	Project Coordinator	Full Powers

MPSRLP - Financial & Administrative Rules And Regulations

S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
31	To accord administrative approval and financial sanction for procurement of goods for running Forum office (as defined by procurement guidelines)	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000
32	To accord administrative approval and financial sanction for procurement of services (as defined by procurement guidelines).	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000
33	To accord approval for journals and news letters	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 25000
34	Purchase of Books, Periodicals, Film CD's, Other Resource Materials etc. for resource centre and publishing of report/ books/ journals news letter etc.	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000
35	To accord administrative approval and financial sanction for petty construction in nature of repairs, and maintenance/ repairs of goods, equipment, furniture and supplies	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 25000
36	To accord administrative approval and financial sanction for purchase of consumable stores and fuel, oil and lubricants and repairs/maintenance of vehicle.	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 25000
37	Sanction recurring contingent expenditure and expenses of routine nature	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 25000
38	Sanction of non-recurring contingent expenditure (not specified elsewhere)	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000

MPSRLP - Financial & Administrative Rules And Regulations

S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
39	To accord administrative approval and financial sanction for attending trainings / seminars / workshops within the state and outside state for Forum Employees	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 25000
40	Sanction of expenditure on conducting forum workshops, trainings, exposure visit, holding consultation, seminars, exhibitions etc.	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 100000
41	Commissioning studies, action research & evolution, documentation & publication, film making etc (As per the procurement norms defined in policies)	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000
42	Sanction of Capital Expenditure including furniture fixture, Office Equipments, Air Conditioner, Computer and Peripherals, Software etc	1. Project Coordinator 2. Livelihoods forum Coordinator	Full Powers Upto Rs. 50000
43	(i) Sanction expenditure on taxi fares for officials use when the need for hiring of taxi arises (ii) For the use of distinguished visitors for want of a staff car.	1. Livelihoods forum Coordinator	Full Powers
44	(i) Sanction installation of one office Telephone (ii) Sanction intercom and PABX in office. (iii) Sanction purchase of telephone instruments(including cordless phones) (iv) Sanction re-connection charges for disconnected telephones.	2. Project Coordinator Livelihoods forum Coordinator Livelihoods forum Coordinator Livelihoods forum Coordinator Livelihoods forum	Full Powers Full Powers Full Powers Full Powers Full Powers

MPSRLP - Financial & Administrative Rules And Regulations

S. No.	Nature of Power	Authority to whom the Powers delegated	Extent of Delegation
	(v) Official Telephone bill of Forum (Rs. 4000 per month per telephone) (vi) Down loading charges under broadband (Down loading of Resource materials)	Coordinator Livelihoods forum Coordinator Livelihoods Forum Coordinator	Full Powers Full Power.
45	Take furniture for office on hire.	Livelihoods forum Coordinator	Full Powers
46	Cheque Signing Authority for Forum	MFA In absence of MFA	Upto Rs. 25000 (Singly) LFC Upto Rs. 25000 (Singly)
47	Signatories at	MFA & LFC 1. LFC 2. MFA	Full Powers (Jointly) As per the Limits of Delegation Policy

Note:

1. Expenses which are not covered above shall be referred to Project Coordinator for approval.
2. Delegation of power shall be governed by Finance & Administration rules and procurement policy of the society.
3. Limits specified above are per transaction..