



Finance Manual For Implementation of Sector Reform Pilot Project



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**DEPARTMENT OF DRINKING WATER SUPPLY
MINISTRY OF RURAL DEVELOPMENT
GOVERNMENT OF INDIA
2001**

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Finance Manual

For

Implementation of Sector Reform Pilot Projects



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**Department of Drinking Water Supply
Ministry of Rural Development
Government of India**

2001



Foreword

Sector Reforms in the Rural Drinking Water Supply Sector were introduced in the country during the Ninth Five Year Plan period with a view to institutionalising community participation and demand-driven strategy for improving the sustainability of water supply systems and sources, besides ensuring effective implementation of schemes. Revised Guidelines for Implementation of Rural Water Supply Programme issued on 24th August 2000 deals comprehensively with the Sector Reforms. In continuation of the said Guidelines, this Finance Manual is being brought out to assist the State, District and Village level functionaries to implement the Sector Reform Pilot Projects more effectively, efficiently and in a transparent manner.

Suggestions for improving the Manual are welcome.

Sd/-
S.K. TRIPATHI
Secretary
Department of Drinking Water Supply
Ministry of Rural Development
Government of India

New Delhi
June 27, 2001



Preface

Consequent to the introduction of reform in the Rural Drinking Water Supply sector, it has been decided to implement the reform process on a Pilot basis in 63 Pilot Districts identified by the State Governments across the country. Awareness, participation, transparency and accountability are four cardinal principles on the basis of which implementation of these Sector Reform Projects will succeed. This Finance Manual has addressed these principles in great detail to assist all stakeholders. During the implementation process, this Manual will be an effective tool for reference on financial procedures and accounts. This Manual attempts to clarify, to large extent, various doubts arising and difficulties being faced in implementation of these projects.

I am confident that this would be helpful to all those participating in the Drinking Water Sector Reform Project implementation in the country. I also solicit suggestions to improve the contents of the Manual.

Sd/-
RAMESH CHANDRA PANDA
Joint Secretary & Mission Director
Rajiv Gandhi National Drinking Water Mission
Department of Drinking Water Supply
Ministry of Rural Development
Government of India

New Delhi,
25th June, 2001

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CHAPTER I

INTRODUCTION

1.01 Introduction:

The strategies of Rural Water Supply Programme hitherto adopted revolve around the basic premise that provision of safe drinking water is the responsibility of the Government. Increased outlay by the Government, particularly in the last one decade and, a change in technology focus to handpumps fitted on tube wells and bore wells, had resulted in an impressive increase in the total rural water supply coverage. However, the availability of potable drinking water in rural areas, especially during the summer months, is still not satisfactory. Even though about 1 lakh habitations are covered every year, the number of problem habitations has not declined proportionately.

Water is today perceived by the rural public as a social right, to be provided free by the Government, rather than as a scarce resource which must be managed locally as a socio-economic good in order to ensure its effective use. This perception has grown out of the fact that the present rural water supply systems are designed and executed by the Department/Boards and, imposed on end-users. Demand preferences of the people are not taken into account while executing the schemes. In other words, rural water supply programme till now has been adopting a supply driven approach. Experience has shown that the present approach has led to the failure of a large number of water supply systems/schemes due to poor operation and maintenance.

Now that substantial investment has been made in the sector and huge infrastructure and systems built up, it is paramount that they are made functional to a great degree to achieve sustainability. There is a general recognition that a transformation from a target based, supply-driven approach which pays little attention to the actual practices and/or preferences of the end users, to a demand-based approach where users get the service they want and are willing to pay for is urgently required. Implementation of a participatory demand driven approach will ensure that the public obtain the level of service they desire and can afford to pay. Further, full cost recovery of operations and maintenance and replacement costs will ensure the financial viability and sustainability of the schemes

The conditions under which people would be willing to maintain and operate water supply schemes are:-

- If they own the assets,
- If they have themselves installed the handpump, or being actively involved throughout,
- If they have been trained to do simple repairs,
- If they know the Government will not maintain the asset,
- If they have sufficient funds for maintenance, and
- If they have to pay for O and M.

Hence, it is possible to institutionalise community based rural drinking water supply programme if the Panchayati Raj Institutions/local communities are empowered to generate resources and are trained and equipped to plan, implement, use, maintain and replace water supply schemes themselves in coordination with the Government agencies/Private Sector/NGOs. In this context, the Sector Reform Pilot project is conceived and will be implemented in selected 63 districts throughout the country. The concept of community participation is already tested in the sector in some of the externally aided projects in the state of Maharashtra, Karnataka and Uttar Pradesh. The rural water supply and environmental sanitation project of Uttar Pradesh namely the Swajal Project, is pioneer in the field of community empowerment, involvement of women in the process and community contracting. The present project owes a lot from all these projects.

1.02 Definitions:

1. **"Accounting Year"** or "year" means the Financial year.
2. **"Accounts Officer"** of the project means an experienced accounts personnel who shall supervise the financial accounting and procurement issues of the project.
3. **"Capital Expenditure"** is the expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which the business may be carried on, or for the purpose of increasing the efficiency of the project.
4. **"Core Group"** means the group of officers/officials, appointed by DWSC with the approval of DWSM for execution of the project.
5. **"Competent Authority"** is a person who is deemed fit, efficient, proper and assigned with an authority to undertake some special work, to discharge routine work or other responsibilities by way of an authorisation which can be made legally enforceable.
6. **"Community"** means a distinct identifiable rural community residing in a defined geographical entity. It can be a habitation, revenue village, Gram Panchayat, group of revenue villages or GPs or even a Block Panchayat.
7. **"Double Entry System"** means the recording of two fold effect of every transaction.
8. **"DWSM"** means District Water and Sanitation Mission, a registered society under relevant State Act, constituted or existing setup of Zilla Parishad for monitoring and implementing the project at the district level.
9. **"DWSC"** means the executive committee of DWSM.

10. **“Financial Year”** means the period of twelve months commencing from 1st of April of any calendar year to thirty first March of the next calendar year.
11. **“Governing Body of DWSM”** means all the members of the DWSM with its Chairman to decide all matters relating to DWSM.
12. **An “Item of Expenditure”** means the goods, services or works required for execution of the project. The expenditure on it can be revenue or capital in nature. The effect of such a procurement of the 'item' can be recurring or non-recurring.
13. **“Line Item”** means the activity of the scheme for which separate account is to be maintained by the SO, DWSM and SWSM.
14. **“Portfolio Manager”** means an officer of DWSM who is responsible for a given scheme. An officer can be Portfolio Manager for more than one scheme.
15. **“Project Manager”** means the senior most officer in the Core Group of DWSC, who shall function as Member Secretary.
16. **“RGNDWM”** means Rajiv Gandhi National Drinking Water Mission under the Department of Drinking Water Supply, Ministry of Rural Development, Government of India.
17. **“Revenue Expenditure”** is item of expenditure whose benefit expires within the year, or expenditure which merely seeks to maintain the project or keep assets in good working condition. An expenditure which may be capital in nature, shall be treated as revenue if the individual cost of the item is below Rs. 1000/-.
18. **“Sanitation Guidelines”** means Revised Central Rural Sanitation Programme Guidelines issued by RGNDWM, Ministry of Rural Development, GOI 1998.
19. **“Scheme”** means a water supply and/or environmental sanitation scheme designed for a community.
20. **“Service Agencies (SA)”** means a professional organization or individual used to build overall capacities, provide training, audit the accounts of SO, DWSMs, SWSM, monitoring and evaluation of project activities and to provide other specialized services and expertise.
21. **“State Government”** means the State of Union Republic of India or an Union Territory under the Government of India.
22. **“Support Organization (SO)”** means an organisation engaged to provide the technical assistance to the community.
23. **“Sub Contract”** means a portion of a Contract entrusted to another party.

24. **“SWSM”** means the State Water and Sanitation Mission, a society registered under relevant State Act, constituted to monitor, coordinate and manage the implementation of the Project.
25. **“The Project”** means the Rural Water Supply and Sanitation Sector Reform Pilot Project assisted by the Rajiv Gandhi National Drinking Water Mission.
26. **“The Team Leader of SO”** means the representative of Support Organisation who will manage the affairs of scheme, and enter into the contract on behalf of SO.
27. **“TOR”** means the terms of reference of a given contract or agreement.
28. **“VWSC”** means the Village Water and Sanitation Committee, a Committee under State Panchayat Raj Act, formed by the community to plan and implement the scheme.
29. **“Water Supply Guidelines”** means Guidelines for implementation of rural water supply programme issued by Rajiv Gandhi National Drinking Water Mission, Ministry of Rural Development, Government of India.

1.03 Authority to define:

All rights to define any subject matter stated in this manual are reserved with Rajiv Gandhi National Drinking Water Mission.

1.04 List of abbreviations used in this Manual:

AG	Accountant General
CAG	Comptroller and Auditor General of India
CAP	Community Action Plan
CDO	Chief Development Officer
CEO	Chief Executive Officer
DWSC	District Water and Sanitation Committee
DWSM	District Water and Sanitation Mission
GOI	Government of India
GOS	Government of State/Union Territory
GP	Gram Panchayat
GPs	Gram Panchayats
HSL	Household Sanitary Latrines
IEC	Information, Education and Communication
InP	Institutional Phase
IP	Implementation Phase
NGO	Non Governmental Organisation
NYK	Nehru Yuvak Kendra
O and M	Operations and Maintenance
PHED	Public Health Engineering Department
PLA	Personal Ledger Account in District Treasury
PP	Planning Phase
RWSP	Rural Water Supply Program
SA	Support Agencies
SAC	Staff Appraisal Committee
SIP	Sensitisation and Identification Phase
SO	Support Organization
SWSM	State Water and Sanitation Mission
TSC	Total Sanitation Campaign
UT	Union Territory
VWSC	Village Water and Sanitation Committee
ZP	Zilla Panchayat / Zilla Parishad

CHAPTER II

INSTITUTIONAL SETUP

2.01 Institutional Arrangements:

The State Government and its lead sector institution viz. PHED/Water Supply and Sanitation Boards/Nigams/Authority would be the coordinating agency for the project. However, their role in the project would primarily be that of a facilitator rather than that of an implementer. An exclusive institutional structure consisting of State-level and district-level and grass root level units would be set up for project implementation. The salient features of the institutional framework are as under :

The new institutional framework would:

- (a) promote adoption of a demand driven and participatory approach to service delivery through maximum empowerment of villagers in decision making on the choice of service levels;
- (b) provide Government at State, district and village level (PHED or Water Supply and Sanitation Boards, Zilla Panchayat and Gram Panchayat) with a facilitating role in scheme selection, and effective monitoring and evaluation mechanisms to ensure a high-quality of construction and sustainability of investments;
- (c) ensure the effective integration and co-ordination of project components at the village and district level;
- (d) have sufficient autonomy to take decisions and implement them promptly;
- (e) have an incentive structure conducive to hiring and retaining highly qualified staff;
- (f) have a good mix of professionals from private sector, NGOs and Government and reflect an adequate gender balance; and
- (g) be replicable for district-wide and eventually statewide transformation of service delivery system.

2.02 Constitution of Water and Sanitation Mission (SWSM) at the State Level:

Ideally there should be a single department in the States/UTs looking after both water and sanitation. As a first step towards achieving this objective, it is proposed to have a Water and Sanitation Mission at the State/UT level. It shall be a registered society under the aegis of the Department/Board/ Nigam/ Authority/Agency implementing rural water supply programme in the State. It will be providing the operational flexibility to the States/UTs, so that the desired thrust is made available for an integrated implementation of institutionalising community participation under Rural Water Supply Programme and Total Sanitation Campaign (TSC) under the Rural Sanitation Programme. The State level Water and Sanitation Mission shall consist of (i) an Apex Committee and (ii) an Executive Committee as indicated below:

- i. An Apex Committee headed by the Chief Secretary/Additional Chief Secretary and Secretaries in-charge of PHED, Rural Development (RD), Panchayati Raj (PR), Finance, Health, Education, Information and Public Relations (IandPR) as members. Secretary (PHED) (or the Department concerned with rural water supply) shall be the nodal Secretary responsible for all the Mission activities and for convening the meetings of the Apex Committee. The Apex Committee shall meet atleast twice in a year.
- ii. An Executive Committee shall be constituted by the Apex Committee and shall be headed by an officer of PHED (or the Department concerned with rural water supply), not below the rank of Joint Secretary, who shall be its Executive Officer. Officers from the Departments of Rural Development, PHED (Chief Engineer), Panchayati Raj, Health, Education, Social Welfare, Information and Public Relations shall be nominated by the respective State Departments and shall be the ex-officio members of the executive committee. Experts in the field of IEC, HRD, MIS, Media and NGOs not exceeding six, may be co-opted as members. It may be ensured that the strength of the Executive Committee does not exceed 15. The State HRD cells, IEC cells and MIS shall work within the State Water and Sanitation Mission.
- iii. However, the States may continue with their existing institutional set up or constitute appropriate institutional set up as deemed fit, to supervise the implementation of the pilot projects at the State level, so as to demonstrate implementation of community based rural water supply programme in the pilot districts with a view to encourage PRIs to take up similar initiatives in other districts in conformity with the principles envisaged in the 73rd Constitutional Amendment.

2.03 Role of State level Water and Sanitation Mission (SWSM):

The SWSM would be responsible for the following:

- (i) overall policy guidance;
- (ii) liaison and coordination with various concerned departments of the State Government and other partners in the sector;
- (iii) monitoring and evaluation of the project implementation;
- (iv) ensure coordination among various pilot districts;
- (v) ensuring of audit by competent authority; and
- (vi) interaction with the Central Government.

2.04 Constitution of Water and Sanitation Mission (DWSM) at the District Level:

The District Water and Sanitation Mission (DWSM) constituted at the district level shall be called as "PRAKALP", which shall be a registered society under the respective State laws and should function under the supervision, control and guidance of Zilla Parishad subject to the following:

- (i) Wherever Panchayati Raj Institutions are firmly in place and are ready and willing to take up the responsibility of effective implementation of Sector Reform Project and the PRIs are strong enough to do so, they may be allowed to implement the project in those districts instead of the DWSM. In such districts constitution of DWSM may not be mandatory. However, the districts need to ensure that separate bank account in State Bank of India or any of its Associate Bank is opened to receive the central funds. These funds are not mixed up with other funds provided to the Panchayati Raj Institutions for carrying out other activities. Such districts may ensure proper and accurate monitoring and utilisation of the funds and intimate the mechanism to the Department of Drinking Water Supply, Government of India.
- (ii) Districts which do not have a proper PRI set up in place and desire to supervise the working of the DWSM through alternative mechanism, may prepare a detailed proposal explaining the mechanism through which the project is intended to be supervised and submit the same to the RGNDWM for consideration.
- (iii) Chairperson of Zilla Parishad shall invariably be the head of the Governing Body. In Districts where Zilla Parishads have not been constituted and there is no Chairperson in place, the Chairperson of the District Planning Committee or the District Collector/Deputy Commissioner, as may be decided by the State Water and Sanitation Mission / State Govt / institutional set up created at the State level (as the case may be) will be the Chairperson of the Governing Body. The members would be – all MPs, MLAs and MLCs of the District; Chairperson of the Standing Committees of the Zilla Parishad; District Collector/Deputy Commissioner, District Officers of Education, Health, Panchayati Raj, Social Welfare, ICDS, PHED, Information and Public Relation; Project Director, DRDA. CEO of the Zilla Parishad would be the Member Secretary. The Governing Body shall meet atleast twice a year. In case of MPs, MLAs, MLCs of the district who are also Ministers in Central/State Governments, they may be allowed to depute one representative each on their behalf to the Governing Body of the District Water and Sanitation Mission.

2.05 Constitution of District Water and Sanitation Committee (DWSC):

The actual implementation of institutionalizing community participation in rural water supply programme and TSC at District level would be done by the CEO of ZP/District Collector, as the case may be, and shall be the chairperson of the District Level Water and Sanitation Committee (DWSC), comprising of the Executive Engineer of PHED/Executive Engineer, ZP; District Education Officer, District Health Officer (Civil Surgeon), Project Director DRDA, District Panchayati Raj Officer, District Social Welfare Officer, Community Development Project Officers (CDPOs of ICDS) and District Information and Public Relations Officer. NGOs (not exceeding 3 in number) shall be identified by the District Water and Sanitation Committees and co-opted into the Committee as members with the prior approval of the Government of India. The Executive Engineer of PHED/District Engineer of the ZP shall be the Member Secretary and

Drawing and Disbursing officer. The Member Secretary shall ensure utilisation of the existing infrastructure with him for administrative support for day-to-day functioning. No additional post shall be created for this purpose. The Member Secretary shall also be the Project Manager of the Core Group.

2.06 Constitution of Core Group:

The DWSC may utilize services of line departmental staff posted in the district, their official premises, equipment, vehicle, telephone etc. for their routine/secretarial activities. The recurring costs like propulsion charges of vehicles, telephone bills etc. can be met from the project cost. However, if DWSC feels necessary, a Core Group may be constituted to assist the DWSC for day-to-day activities. The Core Group shall essentially have officers selected from PHED, Panchayati Raj and Rural Development and an Accounts Officer. The Core Group with the approval of DWSC can engage not more than three consultants of various disciplines (Health and Hygiene Specialist, Community Development Specialist, Environmental Specialist, IEC Specialist etc.) from open market on contract basis. The contract shall be renewed annually. To attract good officers on deputation to the core group, the DWSC may provide additional fringe benefits like honorarium, project allowance etc. in addition to their salary, which shall be drawn from their parent department. The fringe benefit shall not exceed 25% of the emoluments. The expenditure on fringe benefits shall be met from the project cost.

2.07 The role of District Water and Sanitation Mission (DWSM)/Core Group:

- (i) Formulation and management of project implementation in the district and ensuring that the project development objectives are achieved in the district.
- (ii) Receipt of central funds for the project and its management for effective implementation of the project.
- (iii) Selection, of private sector agencies and/or NGOs on a competitive basis, and signing MOU with them for project implementation and overall supervision.
- (iv) Sensitizing the Panchayati Raj functionaries, related Govt. officials, local opinion makers, and politicians regarding the merits and modalities of the community managed programme.
- (v) Formation of Village Level Water and Sanitation Committee (VWSC) at every Gram Panchayat (GP) level after generation of demand for any particular scheme as per the sector reforms concept.
- (vi) For taking up the scheme under this programme there should be a bi/tripartite agreement between VWSC, GP/Block Level Panchayat Samiti as the case may be and the DWSM. Contract documents may be prepared by DWSM in consultation with the VWSC and GP.
- (vii) Should tie up with key institutions for imparting training on all aspects of the programme with special emphasis on community managed programme implementation to all levels of stakeholders.
- (viii) Carrying out IEC (awareness) campaign and Training (HRD) activities.
- (ix) Interaction with Government of India.

2.08 Constitution of Village Water and Sanitation Committee (VWSC):

- (i) To be set up after the demand for any particular water supply scheme is generated as per the sector reforms concept explained above.
- (ii) To be set up in each Gram Panchayat for implementation of Water Supply Scheme of their own choice with active participation of the villagers. In case the scheme covers more than one GP, such Committee may be constituted by involving representatives from all concerned Panchayats.
- (iii) The membership of a VWSC may consist of about 6 to 12 persons, comprising members of Panchayat. Women, SC/STs and poor sections of the village may be given due representation in the VWSC. Provision may also be made for co-option of other stakeholders, subject matter specialists, etc.
- (iv) This Committee shall function as a committee on Water and Sanitation of the Gram Panchayat. In case a scheme encompasses more than one GP, a similar Committee may be constituted under the Block level Panchayat Samiti. These committees should be an integral part of the Village Panchayat / Block Panchayat for which, if necessary, appropriate amendments in the State Panchayati Raj Acts / Rules / Byelaws may be made.
- (v) The composition and functions of the VWSCs can be regulated by a set of by-laws under the State Panchayati Raj Act.
- (vi) Till such time as States make suitable amendments in accordance with the above for composition and functions of VWSCs, suitable Government orders to that effect may be issued.

2.09 Role of Village Water and Sanitation Committee (VWSC):

The role of VWSC will be:

- (i) ensuring that the GPs take up the issues related to this programme in each Gram Sabha meeting;
- (ii) ensuring community participation and decision making in all scheme activities;
- (iii) arranging community contributions to capital costs, in cash or kind (land, labour or materials) or both;

- (iv) Opening and managing bank accounts for depositing community cash contributions and for management of project funds that may be solely channeled through them;
 - signing on behalf of the community, various agreements with the DWSM;
 - planning of water and sanitation activities;
- (v) procuring construction materials/goods and selection of contractors for construction activities related to RWS and Sanitation sectors;
- (vi) supervision of construction activities related to RWS and sanitation sectors;
- (vii) signing off on all completed works and community development activities;
- (viii) commissioning and eventual takeover of completed water supply and sanitation works through a joint inspection with DWSM;
 - creating hygiene awareness;
 - collection of funds through a tariff system for O and M of water supply and sanitation works;
- (ix) managing and financing of O and M of the services, on a sustainable basis;
- (x) empowering of women of the villages for day to day O and M of the scheme; and
- (xi) participation in HRD and IEC activities in other villages after completion of the scheme in own village.

2.10 NGO Networking:

The three NGOs selected to be members of the District Water and Sanitation Committee shall be responsible for implementation of social mobilisation and institutionalisation of community participation in RWSP and TSC in the villages, through the networking of volunteers (motivators). Wherever good and active NGOs are not available in a district, the District Water and Sanitation Committee shall identify appropriate alternative mechanisms involving PRIs, youth, Anganwadis, NSS, Nehru Yuvak Kendras, NCC, Bharat Scouts and Guides etc.

2.11 Sequencing Project Activities

Scheme Cycle

During project preparation, a detailed project implementation schedule would be developed for a three-year project implementation period. The project would follow a scheme cycle not exceeding 36 months consisting of four distinct phases and a post project completion phase:-

2.11.1 Institutionalisation Phase – Not more than 3 months:

This comprises of -

- (i) formation of SWSM, DWSM and DWSC and establish linkages with PRIs;
- (ii) opening of bank accounts for receipt of funds from the RGNDWM;
- (iii) generation of base line data;
- (iv) identification of NGOs/ training institutes, etc. for various activities;
- (v) monitoring mechanism to be put in place (familiarizing the proforma, questionnaire for obtaining information from the field and submitting information to the Government of India); and
- (vi) initiate action for amendment of State Panchayati Raj Acts/Rules/Bylaws for constitution of VWSC.

2.11.2 Sensitisation and Identification phase - Not more than 12 months:

This would involve –

- (i) Sensitisation and awareness creation among implementers (Government functionaries/ political representatives/PRIs/NGOs/etc.) at all levels through various communication channels about the programme
- (ii) Assessment and analysis of the existing water supply and sanitation systems (village-wise) through primary data collection
- (iii) Analysis and identification of the villages to be taken up in the various phases depending on demand by the beneficiaries and the available resources:
 - (a) **For Water Supply** – each phase may comprise of construction of new schemes, augmentation and/or rejuvenation of the existing systems and handing over of the complete (acceptable) systems to village Panchayats.

- (b) **For Sanitation** – The phase may comprise of setting up of RSM/Production Centre (PC) as an alternate delivery mechanism - Habitations where implementation is to commence immediately to be identified (preferably NC/PC habitations and those where the success rate is likely to be fast, higher and sure) and intimated to the Government of India;
- (iv) Agencies for IEC, HRD to be identified and intimated to the Government of India along with explanation of HRD and IEC strategy;
- (v) IEC campaign for awareness creation and demand generation;
- (a) IEC campaign should clearly give the following messages:
1. The beneficiaries will own the assets created;
 2. The Government will not maintain the assets created;
 3. This is the one time investment in the district;
 4. On completion of the project, the district will be considered fully covered;
 5. Two or more alternative technologies suitable to a particular area along with information regarding its capital cost, the beneficiary share, the O and M cost, the replacement cost etc. in respect of each technology;
 6. Full O and M and replacement cost and part capital cost is to be borne by the beneficiaries;
 7. Importance of water quality monitoring and surveillance;
 8. Importance and benefits of water recharging activities;
 9. Possible technologies for water recharging activities in the area;
 10. Importance of sanitary latrines; and
 11. Any other local issues pertaining to the area.
- (b) Various IEC modules to be prepared accordingly giving the above information.
- (c) IEC modules to be prepared in the local language also.
- (d) Agencies for preparation of the above modules and carrying out IEC activities to be identified.
- (vi) Training activities to equip the villagers for implementation and operation and maintenance and management of schemes of their choice. Training to be given at the following levels:
- 1. Department Level**
- a) Behavioural sciences – interaction with the villagers.
 - b) Sociological aspects.
 - c) Importance of traditional schemes – needs to be propagated.
 - d) Trainers' training to train villagers for installation, O and M, water quality testing, water recharging and harvesting technologies.

2. District Level and NGOs

- a) Management and supervision of project implementation.
- b) Identification and selection of agencies for various activities of the project.
- c) Recruitment (on contract basis) of experts as per the requirement.
- d) Monitoring of physical and financial progress – collection of data and submission to the Govt. of India.
- e) Various IEC campaigns to be carried out and related behavioural sciences – interaction with people.
- f) Record keeping and documentation of project implementation – both progress and process activities.

3. Village Level (VWSC)

- a) Record keeping – financial management, transparency, maintenance of minutes of proceedings of VWSC meetings, developing bye-laws.
- b) Communication with villagers – IEC activities
- c) Technical matters like installation, specification of various components, procurement procedures, contracting procedures, etc.
- d) Matters related to O and M, replacement of the schemes, water quality monitoring, water harvesting structures etc. (during and after implementation of the chosen scheme)
- e) Collection of funds – capital cost share, monthly O and M cost, maintaining its records
- f) Crisis/conflict management
- g) Social audit through Gram Sabha.

4. Villagers (selected/interested villagers)

- a) Technical matters like installation, specification of various components, procurement procedures, contracting procedures, etc.
- b) Matters related to O and M, replacement of the schemes, water quality monitoring, water harvesting structures etc. (during and after implementation of the chosen scheme)
- c) Collection of funds – capital cost share, monthly O and M cost, maintaining its records
- d) Crisis/conflict management

The technical activities will also include the preparation of manuals/modules for the above training in the local language and identification of agencies for the above and getting it done.

- (vii) Getting the schemes of their choice identified by the villagers (decision making process).
- (viii) Creation of Village Water and Sanitation Committee (VWSC) and opening their accounts.

2.11.3 Scheme/System Planning - Not more than 9 months:

This comprises of -

- (i) rough design and estimation of the water and sanitation schemes/units based on the community's choice.
- (ii) consensus on the most appropriate scheme based on affordability and technical feasibility.
- (iii) promote awareness and training campaigns for collection of people's contribution and its deposit in VWSC account.
- (iv) collection of part (percentage to be decided by DWSM in consultation with the VWSC) of the beneficiary's contribution for starting detailed planning and designs of the water supply schemes. In case of sanitation, it may be as per the Restructured CRSP guidelines (TSC).
- (v) detailed designing, planning, estimation and seeking approval of the competent authority as decided by the DWSM. In case of household latrines, it should be as per the beneficiary's choice and affordability.
- (vi) identification of the contractors and assigning the job for implementation.
- (vii) release of Government share from DWSM to VWSC account.

2.11.4 Implementation and Commissioning/Handing over-12 months:

This comprises of –

- (i) Collection of the balance beneficiary contribution in terms of cash or kind or both (contribution in terms of labour and kind should be quantified and treated as the cash contribution of such contributors and a proper record of the same must be maintained).
- (ii) Procurement of materials – the VWSCs shall purchase the materials. No centralized purchasing be done. However, in exceptional cases and as the situation demands with regard to certain items, centralized purchasing may be resorted but only with due consultation with the VWSCs. The DWSM shall guide and assist VWSCs to ensure that standard quality of materials is purchased.
- (iii) Execution of work – actual implementation of the scheme chosen by the villagers.
- (iv) Supervision by VWSC and DWSM for water supply and community based sanitation schemes. In case of household latrines, joint supervision by the NGO and the beneficiary is necessary.

- (v) Completion, commissioning and handing over of completed scheme to the villagers/PRI/ VWSCs for its continued O and M and replacement.
- (vi) Awareness and training campaigns for water quality monitoring and surveillance.
- (vii) Development of data base with updating mechanism.
- (viii) Training to VWSC and selected villagers for O and M, etc. as explained earlier at sensitizing stage.
- (ix) Monitoring and evaluation of the scheme by the VWSC.
- (x) Participation of the VWSC whose scheme has been completed, in awareness and training campaigns in other parts of the district.
- (xi) A continuous process of monitoring and evaluation, review and mid-course correction (if any required) will be carried out by the DWSM, SWSM/State Government, RGNDWM and implementing agencies.

All the above four stages may co-exist at the same time at any given point of time in various places within the same district.

2.11.5 Concurrent activities during and post project implementation (Operation and Maintenance Phase):

This would involve the following activities –

- (i) Introduce community based appropriate water quality monitoring and surveillance;
- (ii) Development of data base with mechanism of updating;
- (iii) Monitoring and evaluation of all aspects of the project;
- (iv) Analysis of the data base generated and taking up corrective measures, if required;

2.12 Once the strategy of the reforms is demonstrated successfully in the pilot districts, the responsibility for implementation of this innovative concept in other districts can directly be discharged by PRIs in conformity with the principles envisaged in the 73rd Constitution Amendment.

CHAPTER III

FINANCIAL RULES FOR SWSM, DWSM AND DWSC

3.01 Types of Fund

There are two types of cost involved in implementing the project:-

1. **Scheme Cost:-** This will include the project related cost e.g. consultancy charges, community development component of the project, construction work related to the project and expenses of service agencies, consultants and contractors and support organisations.
2. **Over Head/Cost:-** All the remaining expenses other than scheme cost shall be called overhead expenses. The establishment expenses of SWSM and DWSMs/DWSCs shall come under this head.

3.02 Fund transfer

The diagram of fund flow is at **Annex-FM-1**. Activities, along with the trigger for each activity, related with the flow of funds, are given at **Annex-FM-2**.

The RGNDWM will transfer 30% of funds to DWSM no sooner the Mission sanctions the project and the subsequent funds will be transferred depending upon the progress of implementation based on the recommendations of the experts visiting the projects.

The funds received by the DWSM shall be kept in a savings bank account in State Bank of India or its associates. Only single bank account shall be operated for the project, account number of which shall be available with RGNDWM. The funds shall further be utilized for the activities through VWSC, SO and Service Agencies.

3.03 Annual Work Plan

- (i) The Annual Work Plan shall necessarily contain the Budget Estimates, Revised estimates to the transactions connected with the Project along with Physical targets for various phases of the project.
- (ii) The different stages involved in obtaining funds for the project execution for ensuing year are mentioned below:-
 - a. Preparation of Annual Work Plan (AWP) of activities by the Core Group [7 th Nov]
 - b. Submission of AWP to DWSC [20th Nov]
 - c. Submission of funds requirement by DWSC to RGNDWM [30th Nov]
 - d. Sanction of funds by RGNDWM to DWSC [31st March]
 - e. Readjustment of budget estimates by DWSC after sanction of funds by RGNDWM [15th April]

- (iii) In formulating the Annual Work Plan, the following points have to be kept in mind:
- (a) the Project completion schedule as laid down in the guidelines;
 - (b) each activities should be subjected to critical analysis and realistic targets fixed for the year with reference to the various components;
 - (c) the annual work plan should highlight the critical work as well as delays, if any. The annual work plan for the District shall be approved by the DWSC;
 - (d) the Core Group shall prepare the budget estimates for ensuing year which shall be an integral part of annual work plan. The budget estimates will have actual expenditure upto 30th September, revised budget estimates for current financial year and budget estimates for the next financial year. The format to be used for preparing budget estimates is given as **Annex-FM-3**.
 - (e) The Annual Work Plan approved by the DWSC shall be sent to RGNDWM.
 - (f) To ensure the smooth fund flow, the DWSC shall prepare monthly/quarterly cash flow statement for next year in advance.
- (iv) Reappropriations of Budget:
- (1) The Core Group shall be authorised to reappropriate an amount up to 20% of original allotment against each line item in each main item.
 - (2) Any appropriation from a line item exceeding 20% of original allotment shall be approved by DWSC.
 - (3) The DWSC shall hold right to reappropriate any amount from one to another subject to the availability of main item funds.

3.04 Accounting System:

- (i) The accounting system is based on double entry book keeping system.
- (ii) A receipt and payments account should be prepared on the basis of cash transaction as recorded in the cash book and posted in the ledger, under various heads of accounts.
- (iii) Monthly expenditure statement shall be prepared from the ledgers maintained. Annual Income and Expenditure account and Balance sheet shall be prepared.
- (iv) The main objective of this system is to provide uniformity among different DWSCs and to exercise adequate and appropriate control over all the expenditures and assets acquired as well as to ensure the protection and proper use of assets and the correct recording of financial transactions in the

appropriate books and records. In addition, this system aims to safeguard assets against wastage, fraud and misappropriation by ensuring accuracy and reliability in the records maintained by employees at different level of the organization structure.

3.05 Delegation of Powers:

- (i) For effective control over expenditure, it is essential to determine the number and status of persons authorized to approve expenditures and sign cheque, the limitation of their authority, and the minimum number of signatories required for operation of bank accounts.
- (ii) The DWSC shall have full powers to sanction an item of capital or revenue expenditure which can be recurring or non-recurring in nature subject to overall guidelines given by the RGNDWM/SWSM/DWSM. The Chairperson of DWSC shall have powers to approve an item of expenditure subject to maximum of Rs. 5 lakhs and subject to the monthly ceiling of Rs. 10 lakhs. Such approvals by the Chairperson shall be placed before the DWSC for information.
- (iii) The Member Secretary shall be authorized to sanction an item of expenditure not exceeding Rs. 1.00 lakh subject to monthly ceiling of Rs. 10 lakhs.
- (iv) The community with the assistance of SO will prepare the design and estimates of its scheme(s), which will be submitted alongwith other plan of community development activities. The Portfolio Manager will forward the same to the Core Group with his comments. The Engineer of the Core Group shall get checked the design and estimates and other plans himself or through SA for engineering designs and drawings and offer his comments for any improvement and shall specifically give his comments on cost of the scheme vis a vis standard rates and prices, duly approved by the DWSC. For finalising the rates, the PHED schedule rates linked with cost index or market rates whichever is lower, should be taken into consideration. The efficacy of plan for Community Development Activities and its financial aspect shall be examined by the Core Group. The Core Group shall provide its technical approval on the engineering and Community Development plan of the Community. After the technical approval, the administrative and financial approval shall be accorded by the DWSC. It is advisable for DWSC to finalise norms for checking of the engineering and Community Development plans of the Community. The DWSC should review these norms every year. The representative of SO and Community must be involved while finalising the norms.
- (v) The DWSC shall also approve the formats of the contracts/agreements/MOUs, which are essential for execution of the project.
- (vi) The Project Manager shall sign these contracts/agreements/MOUs on behalf of the DWSM.

3.06 Authorization of Payments:

- (i) All cheques shall be issued with the joint signatures of Member Secretary, DWSC and Accounts Officer. Issuance of cheques under a single signature is not advisable.
- (ii) All payments must be supported by documents such as bills, receipts and cash memos. Form in **FM-4** should be prepared based on the bills, receipts and cash memos.
- (iii) Payments exceeding Rs. 1000/- shall always be made by crossed cheque.
- (iv) In the case of payment by cheque, the word: "CASH" should be deleted from the top of the voucher. Similarly, the word "Bank" should be deleted for cash payments and both cash and bank should be deleted for journal voucher.
- (v) After receiving all the supporting document for a payment the Accounts Officer of DWSM shall prepare voucher in form **FM-4**. He should sign the form, obtain the approval of the competent authority before the payment is made. Accounts Officer should make the confirmation of budget balance of the concerned line item before effecting payment.
- (vi) When disbursing the payments, the Accounts Officer should obtain the signature of the payee or his authorized representative acknowledging receipt of the cheque or cash as the case may be. This signature must be affixed in the appropriate space on format of voucher.
- (vii) Prior to payment a copy of the purchase order should be obtained from the person responsible for such receipt, and should be attached to the voucher.
- (viii) Accounts Officer should also ensure before passing the payment of any supply of materials/ assets that those items have been entered in store ledger/ stock register and folio no. of such ledger / register should be mentioned in the goods receipt note. The measurement and quality of those items should be approved by Project manager on goods receipt note.
- (ix) Prior to payment for services, a copy of the order authorizing the engagement of the person concerned for a particular job or assignment, details of the person like address, work background, etc., and a statement of the completion of the job or assignment should be obtained and attached to the voucher. When a cheque payment is made to any firm an official receipt should be obtained. The receipt should be attached to the voucher.
- (x) Counterfoils of cheques issued should bear the payee's name, amount, the date of issue, voucher no. and initials of the signatories.

- (xi) Cheque book / money should always be kept under lock and key under the safe custody of the Accounts Officer.
- (xii) Cancelled cheques should be retained with the cheque books. The corners of the cheque should be torn off as a measure of safeguarding against any misuse in the future. The word VOID should be written over the cancelled cheques.
- (xiii) Payment must be posted to cash book daily.
- (xiv) In order to carry out the day to day Petty Cash payment of miscellaneous nature, an imprest of Rs.5000/- should be sanctioned and paid through cheque to a staff member of Core Group. He should be authorised to incur expenditure against approved items by Project Manager. He should be reimbursed the amount spent.
- (xv) The advances paid to SOs for implementation of project will be adjusted at close of every financial year and on satisfactory completion of job and submission of audited accounts to SWSM/DWSM.
- (xvi) The advance to the staff will be sanctioned on his requisition in form FM-15.

3.07 Payment to SOs and SO/VWSC and SAs

- (i) The payment against cost of Sensitisation and Identification phase shall be reimbursed to SO along with the planning phase contract.
- (ii) The payment of planning phase to SO will be done in 3 installments at the rate of 30%, 40% and 30% of total contract amount, and audit of planning phase contract will be carried out after second payment is made.
- (iii) The payment of implementation phase will be given to VWSC. The payment shall be in the installments, which will be in the proportion of the community share collected.
- (iv) The payment of SAs shall be made as per the terms and condition of the contract, however advance will be paid to SAs with proper security.

3.08 Receipts of Money:

- (i) Project will receive funds from Government of India as grant subject to the terms and conditions stated in the Guidelines and sanction letter.
- (ii) All receipts of money must be entered in the cash book on the same day they are received. Cash receipt in favour of the person/ agency from whom the money received, shall be issued. The money (cash or cheque or draft) received must be deposited in bank on the same day or deposited on the next day if money was received after banking hours.
- (iii) The receipt book shall be printed and registered by the DWSC for their use.

- (iv) Confirmation from DWSC as to the total amount actually disbursed as against the budgeted amount should be obtained at the end of the project period for audit purpose. This is required when there is difference between the figure stated in the TOR and the amount actually received by the SOs.

3.09 Cash/Bank Book:

- (i) All receipt and payment vouchers should be posted to the cash book, totalled and balanced daily. After balancing the amount it should be signed by Accounts Officer daily.
- (ii) When the cash book is totalled and the cash balance extracted it should be tallied with the physical cash in hand. The Member Secretary can make surprise check of cash balance.
- (iii) The cash book or cash sheet print out should always be reviewed and signed by the Drawing and Disbursing Officer on the last working day of every week and every month.
- (iv) A proforma of cash book is illustrated in form **FM-5**. The cash book should be printed on both pages, all pages continuously numbered and bound in a book for durability and for serving the purpose of a permanent record.
- (v) The daily transactions (receipts and payments by individual vouchers) should be posted to the General ledger in form **FM-6** from cash book stating the cash book folio and corresponding voucher to the general ledger for cross reference.
- (vi) There may be some debits or credits for bank charges, commission or interest, which will appear in the monthly bank statement. These items should be incorporated in the cash book in the following month so that the cash book balances agree with Bank balances.

3.10 Bank Reconciliation:

- (i) Within ten days following the end of every month, a bank statement should be obtained from the bank.
- (ii) Soon after receiving the bank statement from the bank the balance appearing therein should be reconciled with that shown in the cash book by preparing the bank reconciliation statement illustrated in form **FM-7**.
- (iii) Each month the bank reconciliation statement should be carefully reviewed to investigate long outstanding cheques deposited or issued, or any other item for settlement.
- (iv) All debits charged by bank for bank charges or commissions and all credits for the interest and other that appear in the monthly bank statement should be scrutinized carefully before accepting them as correct and before recording those debit/ credits in the cash book.

- (v) Cheques older than 6 month from date of issue should be written back into the cash book noting the reference number and date of the payment voucher and liability towards concerning Head of Account be created for payment in future.

3.11 General Ledger:

- (i) A general ledger as illustrated in form **FM-6** should be maintained. All transactions (receipts/ payments) are to be posted as and when it incurred to the general ledger wherein a ledger folio should be opened according to the Line items under each head of account as given in form **FM-13**.
- (ii) Posting to the general ledger should be made from the voucher, quoting the date, particulars, Voucher number and amounts. The ledger sheet should show the approved budget for each line item and the day to day transactions (receipt / payment), the cumulative transaction, and the balance available for the future utilization.
- (iii) At the end of each month, ledger sheets should be balanced so that a financial report stating transaction (receipt/payment) can be prepared and submitted to DWSC on the date required.

3.12 Fixed Assets:

- (i) Where fixed assets such as furniture, typewriter, computers, refrigerators, fans, cars etc., are procured and paid for; it will be necessary to keep an accurate account of such assets for physical control and inventory.
- (ii) To meet this requirement a Fixed Asset Register in form **FM-8** should be completed and maintained wherein all particulars of the assets should be posted from the proper accounts immediately after the payment. The fixed assets register should show the details like name of supplier, quantity, make, identification number, value and location of each category of fixed asset held by the project.
- (iii) An identification number for each category and each fixed asset item should be assigned for easy identification of the assets. These identification numbers should be painted on each item, and the numbers should be indicated on the fixed assets register for each asset.
- (iv) The project manager should assign a responsible staff to maintain the fixed assets register and make entries therein from the appropriate accounts immediately after the payment for each item is made by the Accounts Officer. Someone else should be entrusted with the physical maintenance of their numbering and location.
- (v) In order to make the entry in the fixed assets register, the cost and the life of the item must be above Rs. 1000/- and above five years respectively.

- (vi) Appropriate depreciation (preferably as per Income Tax regulations) should be charged to the assets and the same should also be taken in Income and Expenditure Account for each year.

3.13 Stores Accounting:

- (i) An official, other than Accounts Officer, should be entrusted with the job of keeping stock register.
- (ii) The storekeeper of SWSM/ DWSC should maintain a stock ledger for entire receipt and issue of items purchased. The entry should be made in the stock ledger showing the name of supplier, quality, rate and specifications.
- (iii) All stocks received and issued should be posted in the stock ledger on a daily basis. The format for the stock ledger has been given in form FM-9.

3.14 Trial Balance:

- (i) The Accounts Officer must prepare a trial balance for every month within ten days of the closing of the month with the cumulative amount from the first day of financial year from the general ledger and cash book on the form FM-10 showing the entire transactions of the month concerned under main heads of account. The details for all main heads of accounts should also be annexed in a separate sheet.
- (ii) If the trial balance is not tallied, errors due to commission, compensation, omission should be checked and reconciled. Likewise the error of posting in between cash book and ledger should be checked and reconciled.

3.15 Income and Expenditure Account:

- (i) The Income and Expenditure Account shall be prepared in form FM-11 every year.
- (ii) For comparison purpose the figure of previous years shall also be given.

3.16 Balance Sheet:

- (i) The balance sheet must be prepared for every financial year for reporting to the General Body through Executive Committee of SWSM/DWSM in form FM-12.
- (ii) The balance sheet should show all balances of assets and liabilities account at close of the year with the comparative figure for previous period.
- (iii) The Accounts Officer, Member Secretary and the Chairperson, SWSM or DWSM must sign the balance sheet, before forwarding it either for audit or to Executive Committee.

- (iv) The necessary annexes to the balance sheet should be numbered in sequence and attached.
- (v) The annual accounts alongwith balance sheet shall be subjected to audit by a Chartered Accountant appointed under appropriate rule of SWSM.
- (vi) The audited annual accounts alongwith balance sheet and audit report should be placed before the Annual General Meeting of SWSM/DWSM for approval prior to 30th September of next year.
- (vii) The audited annual accounts alongwith audit report after adoption by the Annual General Meeting of SWSM/DWSM shall be sent not later than 31st October of next year, to SWSM/DWSM for information.
- (viii) The DWSC is required to send the audited annual accounts alongwith audit report duly adopted by the DWSM to RGNDWM.

3.17 To ensure the uniformity of bookkeeping at all levels, the Accounting or Budget Codes are developed for Sector Reform Pilot Project, which are given in form **FM-13**. The codes have four digits. The first two digits signify Main Account ("Primary Unit" of expenditure when compared with the Government Budgeting System). The other two digits signify the "Line Item" of expenditure. The expenditure head are upto '42' and Income is '51'. The accounting codes for Assets are from '52' to '84' and Liabilities from '85' to '99' for computerized accounting, the Control Accounting codes are also identified. These control codes are useful in report generation. (For example - the control code 1620 is the total expenditure on Institutional phase for a particular period).

3.18 Procurement Guidelines:

- (i) Procurement is defined as purchase of goods, equipment, materials, hiring of services for specialized jobs like construction supervision, training, IEC etc. and engaging contractors for works. The store entry is needed in the case of purchase of goods and a note of satisfactory service rendered is needed for the services and completion certificate for works is required.
- (ii) Economy and efficiency should be the objectives of procurement procedures. Items/services should be procured within the budget amount, at the competitive market rates.
- (iii) All procurement of goods, equipments etc. should be from bonafide registered firm with the Trade Tax/Sales Tax Department of the State.
- (iv) Any exception to above rule (iii) should be noted with reasons by the Accounts Officer and approved by the Member Secretary.
- (v) Any alterations, additions or deletion of above is subject to the prior approval of the DWSC.

- (vi) The procurement of goods, equipment, material and services shall be done transparently and in the manner prescribed in the purchase laws, rules, codes and procedures of the respective State Government.
- (vii) The contractors for works for regional schemes shall be recruited through competitive bidding procedure.
- (viii) For hiring of consultants or services, following procedure shall be adopted :-
 - (a) A Terms of Reference (TOR), essentially incorporating the output required, input to be provided, manmonths required, duration of assignment, qualification and experience of key personnels shall be prepared;
 - (b) The TOR shall be approved form the DWSC;
 - (c) Bids are invited from the reputed consulting firms in the most open and transparent manner. A database of reputed consulting firms should be prepared for future references;
 - (d) A shortlist of firms, not less than three or more than six, should be prepared based on the pre-determined evaluation criteria;
 - (e) The technical and financial offers be asked from the shortlisted firms by sending them the TOR and draft contract. The technical and financial bids should be called to be filed in two separate covers;
 - (f) The technical offers should be evaluated on the basis of pre-determined criteria;
 - (g) The financial offer of only those firms, who have scored more than 75% marks in technical evaluation, should be opened;
 - (h) The lowest financial offer amongst the technically qualified bidders should be accepted; and
 - (i) For individual consultants, a committee should negotiate the financial offer with the consultant.

3.19 Audit:

- (i) The statutory audit of SWSM/DWSM will be carried out annually by a Chartered Accountant in accordance with appropriate auditing principles consistently applied.
- (ii) The statutory auditor shall be appointed by the DWSM from the panel of Chartered Accountants maintained by Accountant General of the State.
- (iii) The statutory auditor shall audit all the vouchers and related records. He will also examine the accounts in view of rules, decisions of DWSC and SWSM/DWSM.
- (iv) The CAG or Local Fund Audit Department may audit the accounts of SWSM/DWSM.
- (v) SWSM will review the annual audit reports of the DWSM and issue necessary instructions to the respective DWSM. SWSM will submit its annual audit report, along with review notes on the DWSM annual audit report to RGNDWM and the State Governments.

3.20 Financial Report:

- (i) The Financial Report for each quarter by each DWSC in form **FM-14** should reach to RGNDWM on the 5th of first month of the next quarter.
- (ii) An interim Financial report for each advance given to SO or VWSC shall be submitted by the SO or VWSC in the format illustrated in **FM-14**. The Accounts Officer of DWSC should check the report. The following document must be attached with it :-
 - (a) Trial balance for the required reporting period;
 - (b) A bank statement and a bank balance certificate showing the balance in the bank;
 - (c) Cash balance in hand, and
 - (d) A bank reconciliation statement for the period in question.
- (iii) The Accounts Officer should retain copies of all documents listed above for office record. The retention of these documents is necessary for auditing purposes.

3.21 Reporting To State Government/ Government Of India:

The SWSM and DWSM shall be responsible to submit periodical statements as prescribed from time to time by the State Government and Government of India.

3.22 Completion Reports:

On completion of a scheme the VWSC shall submit following documents to DWSM:-

- (i) Completion certificate of scheme.
- (ii) Accounts of the scheme.
- (iii) O and M plan of the scheme for future.

3.23 Release Of Funds And Utilization Certificate:-

- (i) 30% of the funds will be released by RGNDWM immediately after the project is sanctioned and subsequent releases to DWSMs will be as per the Guidelines issued by the Government of India;
- (ii) The DWSM after completing the expenditures from VWSCs and DWSCs shall submit the utilization certificate duly signed by Chairperson and Member Secretary, DWSM to the Rajiv Gandhi National Drinking Water Mission and to SWSM;
- (iii) The DWSM shall retain all records evidencing such expenditure for which the utilization certificate was submitted;

- (iv) The RGNDWM shall release the funds to DWSM after compliance of the following :-
- (a) utilisation certificate for previous releases and audit of accounts by the Chartered Accountant; and
 - (b) report of the team of experts appointed by RGNDWM to monitor the implementation.

CHAPTER IV

FINANCIAL RULES FOR SO and VWSC

4.01 Introduction

- (i) The three years project implementation period has following four distinct phases and a post implementation phase (or Operation and Maintenance phase) :-

- (1) Institutionalizing phase
- (2) Sensitisation and Identification phase (S and I phase)
- (3) Planning phase
- (4) Implementation phase

This is envisaged that the Support Organizations (Non-Governmental Organizations, Nehru Yuvak Kendra, Community Based Organizations, PHEDs, PRIs etc.) will provide technical assistance to the community in S and I, Planning and Implementation phase. The technical assistance may have various components like IEC, identification of villages, community development activities, construction activities, maintenance of accounts by the community in O and M phase etc. The SO will be engaged by the DWSC/VWSC on specific Terms of Reference (TOR) of the contract. The SO shall follow the general accounting principles. The VWSC representing the community shall also be responsible to maintain accounts though on more simplistic fashion. During the implementation phase, for involving the community in the construction process, the account in the name of VWSC shall be operated. This account will be opened during the Planning phase for depositing upfront cash contribution from the community.

- (ii) Funds received from DWSM for a phase shall be deposited in separate saving bank account of SO in nationalized bank / gramin bank. The Project Manager DWSC shall authorize the SO to open a separate account. Separate financial statements shall be prepared and submitted by SO for each scheme/job.
- (iii) Funds received from DWSM for Implementation Phase shall be deposited in the separate bank account in the name of VWSC. Withdrawals from bank for day to day expenses of scheme should be made under the joint signature of the two representatives of the VWSC, one of them will be Treasurer of VWSC. The VWSC shall be responsible for maintaining the books of accounts.
- (iv) Payment exceeding Rs. 1000.00 shall be made by crossed cheque. The payments related to labour shall be made by drawing cash.
- (v) Budget control is a tool of financial management. DWSM will approve the budget for each line item in the TOR. A total variation up to 10% between line items is permissible as long as the total amount for the contract is not exceeded. Any expected variation exceeding the 10% limit must be requested in writing to DWSC and prior approval be obtained in writing from the Project Manager before incurring further expenditure or to create any further liability. All

variations in budget and actual expenses of line items must be fully justified and explained in the financial report submitted to DWSM.

- (vi) The SO or VWSC must report all unutilized scheme funds within specified time limit as stated in the terms of agreement.
- (vii) A bank reconciliation statement for each bank account must be prepared every month within 10 days of following month. Appropriate statements and bank balance confirmation certificate for the closing date of every month should be obtained from the bank and photocopy of the certificate be attached to the Bank reconciliation statement.
- (viii) Financial reports relating to the scheme must be submitted to DWSC by the given due date as stated in the terms of contract. Authorized representative of SO should sign the financial report for Sensitisation and Identification Phase and Planning Phase and that of VWSC for Implementation Phase. Figures in the financial report should tally with the figures in account books under various head of accounts for actual receipt and payment incurred within the approved Budget. The format for financial report in form of statement of expenditure liabilities and trial balance are enclosed as **FM-16**, **FM-17** and **FM-18** for Sensitisation and Identification Phase, Planning Phase and Implementation Phase respectively.
- (ix) The SO/VWSC should report their actual expenses in comparison to budget with previous period expenses for the reporting period as defined by the DWSM and the expenses for the reporting period and the expenses up to date. The financial reporting format is stated in **FM-16**, **FM-17** and **FM-18**. The format for such reporting should be prescribed by the DWSM from time to time. Care should be taken to minimize the paper work by seeking information only once in a given period.
- (x) Financial reports should follow the physical report on the format prescribed by the DWSM from time to time. All financial reports should be supported by the documents indicated in the TOR.
- (xi) SO/VWSC should not deviate from the instructions or formats stated herein. However, if a change is considered necessary to meet the requirements of a particular scheme, a written justification of the change should be submitted to DWSM for approval.

4.02 Accounting System:

- (i) The accounting system is based on double entry book keeping system.
- (ii) Monthly trial balance should be prepared from the ledger maintained. The SO/VWSC should prepare the final accounts in form of statement of expenditure as prescribed in format **FM-16**, **FM-17** and **FM-18** for Sensitisation and Identification Phase, Planning Phase and Implementation Phase respectively.

- (iii) The main objective of this system is to provide uniformity of system between SOs and VWSCs. The other objective is to assist Team Leader and Accounts Officer of SO and Chairperson/Treasurer of VWSC in exercising adequate control over all the expenditures and assets acquired as well as to ensure the protection and proper use of assets and the correct recording of financial transactions in the appropriate books and records. In addition, this system aims to safeguard assets against wastage, fraud and misappropriation by ensuring accuracy and reliability in the records maintained. Routine checking by Team Leader as to the proper implementation of the system and the performance of staff members is essential for the proper administration of the project.
- (iv) The formats should suitably be modified by the DWSM.

4.03 S and I and Planning and Implementation Phase

The SO/VWSC should submit the proposals for entering into the contract of the S and I, Planning and Implementation phase. In so far as the estimates are concerned relating to the materials, training, survey, evaluation, construction, community development activities etc., these estimates should be prepared for each community separately.

DWSM in consultation with SWSM should develop a standard format for financial proposal for each phase. The SOs should submit these formats with estimation of the cost of the Community Development and construction activities. The SOs/VWSCs should maintain separate accounts for S and I, Planning and Implementation phases. The SOs should maintain the accounts for implementation phase in such a manner that unit cost of each activity could be bifurcated for reporting. The purpose behind ascertaining the unit cost of each activity is to ensure the economy in the completion of the projects/schemes and avoiding overlapping.

4.04 Delegation of Powers:

- (i) For effective control over disbursements, it is essential to determine the number and status of persons authorized to approve expenditures and sign cheques, the limitation of their authority, and the minimum number of signatories required for operation of bank accounts.
- (ii) If considered expedient the Team Leader of SO or Chairperson of VWSC alone may be authorized to approve expenditure up to Rs. 5000 at a time for a maximum of Rs 20000/- per month, otherwise all the expenditures shall be approved by the VWSC. Expenditure of higher amount should be approved by the SO for S and I Phase or Planning Phase and by the VWSC for Implementation Phase. In case an item of expenditure is more than 20% of the scheme cost, the approval of the entire community will be obtained in a community wide meeting with a minimum quorum of 20% of households.

4.05 Payment:

- (i) Two persons (the Team Leader and the Accounts Officer) shall be the signatories of the bank account of SO. All the cheques from the account of VWSC should be issued with the joint signatures of two representatives of VWSC (one essentially Treasurer). Issuance of cheques under a single signature is not permitted. Any variation to this system should be got approved by the DWSM.
- (ii) All payment must be supported by documents such as bills, receipts and cash memos. The voucher format FM-4 should be prepared based on the bills receipts and cash memos.
- (iii) Payments exceeding Rs. 1000/- shall be made by crossed cheque only.
- (iv) In the case of payment by cheque the word: "CASH" should be deleted from the top of the voucher. Similarly, the word "CHEQUE" should be deleted for cash payment.
- (v) After receiving all supporting document for a payment the Accounts Officer should prepare voucher. He should sign the form, obtain the approval of the Team Leader, where necessary, before the payment is made. The availability of budget for the concerned line item before effecting payment should be ensured.
- (vi) When disbursing the payments, the Accounts Officer/Treasurer should obtain the signature of the payee or his authorized representative acknowledging receipt of the cheque or cash as the case may be. This signature must be affixed in the appropriate space in the voucher.

Accounts Officer/Treasurer should also ensure before passing the payment of any supply of materials/ assets that those items have been entered in store ledger/ stock register and folio no. of such ledger / register should be mentioned in the goods receipt note. Team Leader and/or Chairperson on goods receipt note should approve the measurement and quality of those items.
- (vii) Prior to payment a copy of the purchase order and certificate and stock entry should be obtained from the person responsible for such receipt, and should be attached to the voucher.
- (viii) Prior to payment for services, a copy of the order authorizing the engagement of the person concerned for a particular job or assignment, details of the person like address, work background, etc., and a statement of the completion of the job or assignment should be obtained and attached to the voucher. When a payment is made to any firm an official stamped receipt should be obtained. The receipt should be attached to the voucher.
- (ix) Counterfoils of cheques issued should bear the payee's name, amount, the date of issue, voucher no. and initials of the signatories.

- (x) Cheque book and money should always be kept under lock and key under the safe custody of the Accounts Officer/Team Leader/Treasurer.
- (xi) Cancelled cheques should be retained with the cheque books. The corners of the cheque should be torn off as a measure of safeguarding against any misuse in the future. The word VOID should be written over the cancelled cheques.
- (xii) Payment must be posted to cash book daily.
- (xiii) In order to carry out the day to day transactions Petty Cash payment of miscellaneous nature, an imprest subject to the maximum of Rs.5000/- may be sanctioned and paid though cheque to an staff member of SO's connected with the scheme or to the Treasurer of VWSC. Team Leader should authorize him to incur expenditure against approved items. He should be reimbursed the amount so spent on close of the month.

4.06 Receipts Of Money:

- (i) The schemes will receive their funds from DWSM as advance, subject to the terms and conditions stated in the TOR and contract signed between the SOs and DWSM or VWSCs and DWSM. Such funds may be provided to the SOs or VWSC in one or more installments. Information concerning disbursements and the depositing in bank will be included in the TOR.
- (ii) All receipts of money must be entered in the cash book on the same day they are received. SO's must issue cash receipt in favour of the person/ agency from whom the money received. The money (cash or cheque or draft) so received must be deposited in bank on the same day or deposited on the next day if money received after banking hours.
- (iii) The receipt books on standard format shall be issued by SO and VWSC.
- (iv) All the cash received on account of community share against capital cost will be accounted for separately and deposited in VWSC bank account.
- (v) The community share on account of O and M of the scheme shall be deposited in the VWSC bank account.
- (vi) Community share against O and M of scheme shall be accounted for separately and shall be deposited in separate account for O and M of VWSC.
- (vii) Confirmation from DWSC as to the total amount actually disbursed as against the budgeted amount should be obtained at the end of the project period for audit purpose. This is required when there is difference between the figure stated in the TOR and the amount actually received by the SOs.
- (viii) The advances paid to SO/VWSC for implementation of project will be adjusted on completion of job and submission of audited accounts to DWSM.

4.07 Salary Distribution:

- (i) It is assumed that salary payments will be made to each SO staff by separate cheque on payment vouchers. No fixed format has been designed for salary bills. The SO can use their own systems.
- (ii) The payment voucher should be prepared on the basis of actual leave during the relevant month/ period. The voucher should represent and reflect the authorized salary and allowances. Salary payment vouchers should be approved by the Project manager, and acknowledged by the payee. A calculation sheet containing the details of the salary payment and statutory deductions should be attached to **FM-4**. The SO/VWSC shall be responsible for ensuring the compliance of relevant labour laws like minimum wages, provident fund etc.
- (iii) Salary payments should be stated in the cash book along with other voucher on daily basis.
- (iv) Attendance Register should be maintained for all SO staff.
- (v) Contract letter should be prepared for all staff stating the date of appointment, validity of the contract, the contract amount and any other benefits and other terms and conditions.

4.08 Cash/Bank Book:

- (i) All receipt and payment vouchers should be posted to the cash book, totaled and balanced and signed by Accounts Officer daily.
- (ii) When the cash book is totaled and the cash balance extracted it should be tallied with the physical cash in hand. The officer of DWSM or Chairperson/Treasurer of VWSC can make surprise check of cash balance.
- (iii) The cash book should always be reviewed and signed by the Team Leader/Chairperson on the last working day of every week.
- (iv) A proforma of cash book is illustrated in form **FM-5**. The cash book should be printed on both pages and bound in a book for durability and for serving the purpose of a permanent record.
- (v) The daily transactions (receipts and payments by individual vouchers) should be posted to the General ledger from cash book stating the cash book folio and corresponding Voucher to the General ledger for cross reference.
- (vi) There may be some debits or credits for bank charges, commission or interest, which will appear in the monthly bank statement. These items should be incorporated in the cash book in the following month so that the cash book balances agree with Bank balances.

4.09 General Ledger:

- (i) A general ledger as illustrated in form **FM-6** should be maintained. All transactions (receipts/ payments) are to be posted as and when incurred, in the general ledger wherein a ledger folio should be opened according to the Line items under each heads of account as stated in the TOR.
- (ii) Posting to the general ledger should be made from the Cash Book voucher, quoting the date, particulars, Voucher number and amounts. The ledger sheet should show the approved budget for each line item as stated in the TOR, and the day to day transactions (receipt/payment), the cumulative transaction, and the balance available for the future utilization.
- (iii) At the end of each month ledger sheets should be balanced so that a financial report stating transaction (receipt / payment) can be prepared and submitted to DWSM on the prescribed date required.

4.10 Bank Reconciliation:

- (i) Within ten days following the end of every month, a bank statement should be obtained from the bank.
- (ii) Soon after receiving the bank statement from the bank the balance appearing therein should be reconciled with that shown in the cash book by preparing the bank reconciliation statement illustrated in form **FM-7**. The VWSC Treasurer may use simpler format for doing the reconciliation.
- (iii) Each month the bank reconciliation statement should be reviewed carefully to investigate long outstanding cheques deposited or issued, or any other item for settlement.
- (iv) All debits charged by bank for bank charges or commissions and all credits for the interest and other that appears in the monthly bank statement should be scrutinized carefully before accepting them as correct and before recording those debit/ credits in the cash book.
- (v) Cheques older than 6 month from date of issue should be written back into the cash book noting the reference number and date of the payment voucher and liability towards concerning Head of Account be created for Payment in future.

4.11 Trial Balance:

- (i) The Accounts Officer must prepare a trial balance for every month within ten days of the closing month with the commutative amount for the period from the general ledger and cash book in the form **FM-10** showing the entire transactions of the period concerned under main heads of account. The details of all main heads of accounts should also be made ready then and there in the separate sheet. The DWSM shall prescribe suitable head of accounts. The Treasurer of VWSC may use format **FM-18**.

- (ii) If the trial balance is not tallied, some of the error of commission, compensation, omission should be checked. Likewise the error of posting in between cash book and ledger should be checked.

4.12 Store Accounting:

- (i) The storekeeper of SO should maintain a stock ledger for entire receipt and issue of items, goods and construction material purchased. The entry should be made in the stock ledger showing the name of supplier, quality, rate, specification and reference on the basis of goods received note issued and signed by Project Manager. The VWSC shall nominate one of his member to act as Storekeeper.
- (ii) All stocks received and issued should be posted in the stock ledger on a daily basis. The format for the stock ledger has been stated in the **FM-9**.

4.13 Income and Expenditure Account:

An Income and Expenditure Account in form **FM- 16 and FM-17** shall be prepared on completion of S and I Phase, Planning Phase. On completion of Implementation Phase, the VWSC shall prepare their final accounts on format **FM-18**. The DWSC shall prescribe suitable head of accounts.

4.14 Final Account:

The SO/VWSC shall prepare final accounts on completion of the activities prescribed in the agreement. The formats shall be used as per **FM-16, FM-17 and FM-18** for Sensitisation and Identification phase, Planning phase and Implementation phase respectively.

4.15 Procurement Guidelines:

- (i) Economy, transparency and efficiency should be the objectives of purchase procedures. Items procured should be procured within the budget, at the current market price and should not exceed the budgeted items and quantities agreed in approved estimates.
- (ii) All procurement should be from bonafide registered firm.
- (iii) Any exception to (ii) above should be noted with reasons by the Accounts Officer and/or Treasurer approved by the Team Leader and Chairperson of the VWSC.
- (iv) Any equipment, materials or fixed asset procurement whose unit cost is above Rs.5000/- should have prior approval of the Team Leader and Chairperson of VWSC. For the items whose cost is more than 20% of the scheme cost shall be approved by the community in a community wide meeting.

- (v) Procurement is defined as purchase of goods, hiring of outside services and works. The store entry is needed in the case of purchase of goods, certificate of satisfactory services and satisfactory completion of work is required in case of works.
- (vi) The procedures to be followed in respect of procurement of construction material are as follows:
- (a) Approval of design and estimates as per Para 3.05 (iv) of this manual is essential;
 - (b) The community in a community wide meeting (quorum of 20% of households) while approving the Detailed Project Report shall approve the brand names/quantity/quality of the pipes, cement and other major items.
 - (c) VWSC shall nominate the representative (s) for the procurement of material and hiring of service agency for construction activities. The names of the nominated representative shall be placed before the community in a community wide meeting (quorum of 20% of households). The DWSC will also nominate its representative, preferably an Engineer for the Purchase Committee of VWSC.
 - (d) Purchase of materials will be done in two Lots, hereinafter referred to as Lot 1 and Lot 2. The VWSC will submit two separate itemized lists of the material. The list will also include the local materials. The VWSC will authorize the purchase committee to procure the material of each Lot. All the material for which ISI Mark is available shall have the ISI mark.
 - (e) After obtaining the proforma invoice the same will be placed before the VWSC for approval of the procurement of materials. The purchase committee shall conduct the market survey and submit its report to the VWSC for approval. If the cost of material is more than 20% of the cost of water supply scheme, the approval of community is to be taken in a community wide meeting (quorum 20% of households). Similarly in case of hiring of Service Agency for specialized construction activities (like Over Head Tank, Tubewell etc.) the approval of VWSC or the community (if cost is more than 20% of the cost of water supply scheme) shall be necessary. The no objection from DWSC will be necessary condition for entering into contract with the Service agency for the specialized job.
 - (f) The VWSC shall provide the concerned DWSC with the proforma invoices relating to the non-local materials at the time of making request for payments. The DWSC shall review the proposal of VWSC along with proforma invoices and do the cost control exercise and shall sent its no objection or comments within 15 days of receipt of proposal. At least 70% of material in each Lot should be purchased immediately after receipt of payment from DWSM.
 - (g) A VWSC may contact other nearby VWSC(s), preferably to form Joint Purchase Committee. In the Joint Purchase Committee, at least one

representative from each village shall be member beside representative of the SO. The other formalities shall be complied with in case of Joint Purchase Committee also.

- (h) The DWSC is advised to prescribe necessary formats for procurement of materials and hiring of Service Agency for works.
- (i) The purchase committee of VWSC shall ensure that the material procured is of the same brand and price as mentioned in the approved design and estimates i.e. DPR.
- (j) The VWSC will then procure the items from the vendors specified in the proforma invoices. The VWSC are not permitted to make changes in the brand name to be procured. Changes in exceptional cases must first be cleared by the DWSC. All the procurement of non local material shall only be done from manufacture or authorized dealer.
- (k) The purchase committee of VWSC is to obtain undertaking from the supplier that it will take back the material if it is failed in test.
- (l) The DWSC will act as guarantor for the procurement and is responsible to ensure the quality of the materials purchased. For the purpose the DWSC will make its engineer responsible to ensure the quality and the quantity of the material.
- (m) On arrival of the materials on site, the purchase committee of VWSC must certify, that the brand names are those indicated in the proforma invoices and that the quantities arrived are same as specified in the invoice.
- (n) After completion of the construction works covered by Lot-1, the VWSC will request for second payment, which is to cover the rest of the construction works. The DWSC must first be satisfied, that the construction pertaining to Lot-1 has been completed satisfactorily, as certified by the Service Agency doing construction supervision on behalf of DWSC, before releasing second payment.
- (o) The VWSC is responsible to receive and check the materials delivered to the store/ site against the invoices. The VWSC will assign the task of store-keeper to a responsible person. The material will remain in the custody of the storekeeper who will not only be responsible to provide suitable storage but will also ensure that the material is not stolen and protected against damage and deterioration. The storekeeper will maintain a store ledger in which all receipts of materials (duly approved by VWSC) and issues as per requisition shall be recorded. The store-keeper will also keep proper records of the material consumed during the period of construction.
- (p) Any excess material, after the completion of the scheme shall be disposed off in the most economic manner by sale or transfer to other scheme and the credit shall be given to the DWSM from the proceed of sale/ transfer.

4.16 Audit:

- (i) A very important step towards ensuring financial and administrative discipline is a regular audit of the accounts of each scheme.
- (ii) DWSM will engage firms of Chartered Accountants from the panel of Accountant General to audit all scheme accounts. A final audit of the whole cycle of every scheme (S and I, Planning and Implementation Phase) shall be undertaken in between and after completion of the scheme.
- (iii) The auditor shall audit all voucher and related records.
- (iv) Project personnel should fully cooperate with the auditors. Queries made by auditor should be dealt promptly and correctly.
- (v) The auditor shall audit the accounts subject to the provisions of this manual.
- (vi) All financial documents subject to audit must be preserved and no documents should be disposed even after audit without approval of DWSM.
- (vii) Accountant General or Panchayat/Local Government Audit Department may audit the accounts of SO and VWSC.

4.17 Social Accountability:

VWSC shall submit the physical and financial progress details of the project / scheme, to the Gram Sabha. Suggestions and observations of Gram Sabha shall be followed up within the project guidelines issued by RGNDWM.

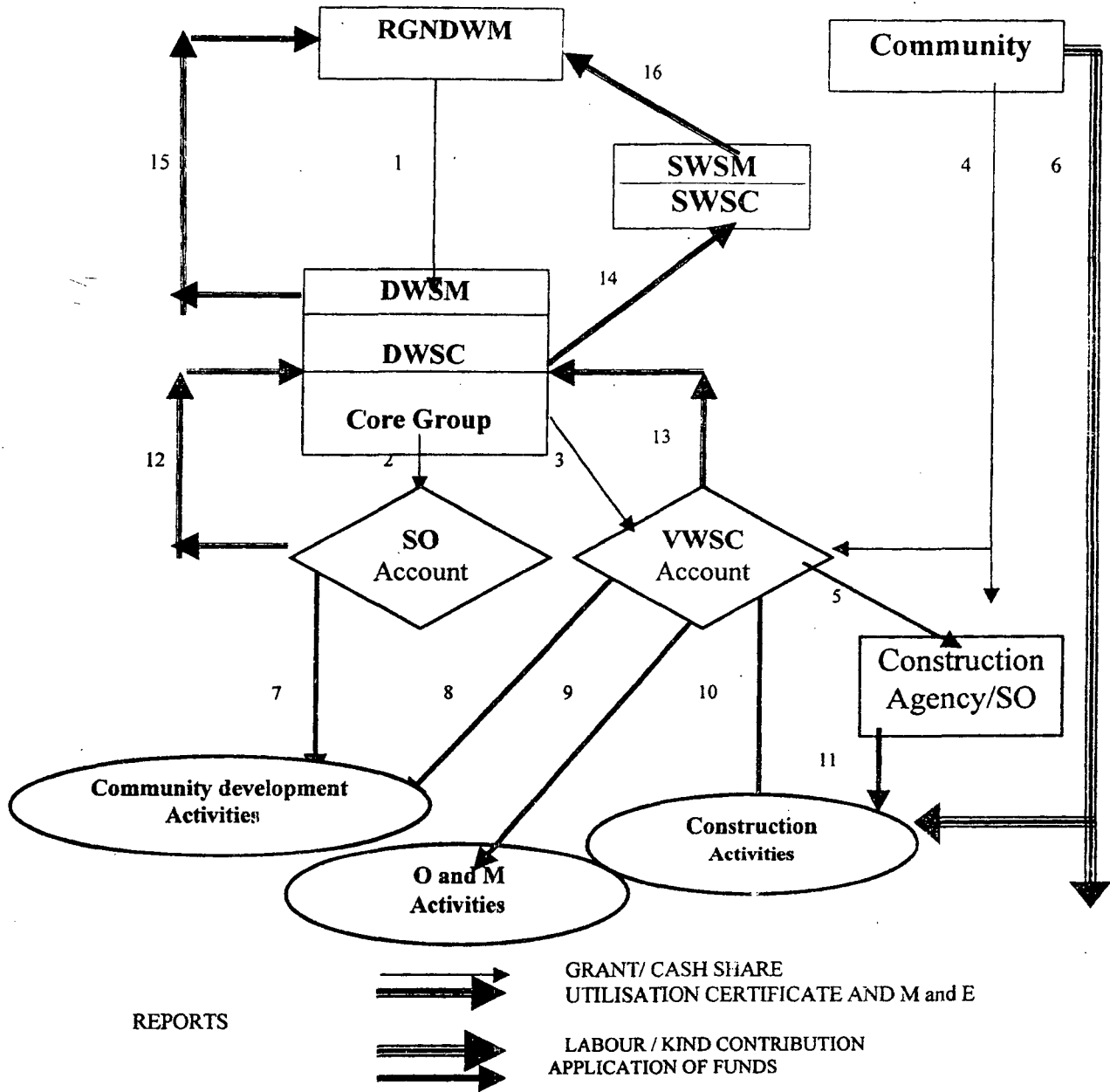
4.18 Completion Report:

On Completion of a phase, the SO/ VWSC shall submit following documents to DWSM:

- (i) Handing Over of scheme 'Atmarpan' (Self-dedication) by/to V.W.S.C.
- (ii) Audited accounts of the scheme
- (iii) Drawings and Designs of the scheme for O and M

SECTOR REFORM PILOT PROJECT

DIAGRAM OF FUND FLOW



Activities related to the Flow of Funds

<u>Activity No.</u>	<u>Activity</u>	<u>Trigger for the Activity</u>
1	Release of fund by RGNDWM to DWSM/DWSC/Core Group	(a) Establishment of SWSM. (b) Establishment of DWSM (c) Establishment of DWSC (d) Opening of Bank Account of DWSM
2	DWSM/DWSC/Core Group transferring fund in SO Account for Community Development Activities	(a) Opening of separate Bank Account by the SO using name of Sector Reform Pilot Project (b) Requisite staff appointed. (c) Other payment conditions described in MOU.
3	DWSM/DWSC/Core Group transferring fund in VWSC Account for Community Development and construction Activities	(a) Account opened in name of VWSC using name of Sector Reform Pilot project (b) Other payment conditions given in Agreement/MOU are completed.
4	Community depositing its cash share in VWSC Account	(a) VWSC account in a bank is opened. (b) Planning phase agreement/MOU signed.
5	Transfer of Fund from VWSC account to construction agency/SO	(a) Implementation phase agreement signed. (b) Up front cash contribution is collected. (c) MOU between VWSC and Agency/SO signed. (d) Initiation of construction work has started.
6	Labour and/ or material provided by community for Construction activities	(a) Unskilled Labour and/ or Material provided by community as share to SO (b) Monthly muster roll/ bill of quantity prepared
7	Fund utilized from SO account for Community Development Activities	Payments to the supplier, resource persons etc. or completion of activities as per MOU/agreement.
8	Fund utilized from VWSC account for Community Development Activities	Payments to the supplier, resource persons etc. or completion of activities as per MOU.
9	Fund utilized from VWSC account for O and M Activities	(a) Implementation of scheme completed. (b) Handing over of scheme by VWSC. (c) O and M fund collected and deposited in VWSC account. (d) Village Maintenance Worker in place. (e) Bank Guarantee, if required against mobilization advance.

<u>Activity No.</u>	<u>Activity</u>	<u>Trigger for the Activity</u>
10	Fund utilized from VWSC account for Construction activities	<ul style="list-style-type: none"> (a) Implementation phase agreement signed. (b) Monthly muster roll of labour and bill of quantity for material received from community to the SO. (c) Monthly statement of contribution of community in kind. (d) Completion of activities as per MOU and submission of final accounts
11	Fund utilized from Construction Agency/SO for Construction activities	<ul style="list-style-type: none"> (a) MOU/ Agreement between VWSC and Agency signed (b) Monthly muster roll of labour and bill of quantity for material received from community to the SO. (c) Monthly statement of contribution of community in kind. (d) Completion of activities as per MOU and submission of final accounts
12	Submission of Utilization Certificate (UC) by the SO to the DWSM/ DWSC/Core Group	<ul style="list-style-type: none"> (a) Sensitisation and Identification phase and Planning phase completed. (b) Submission of trial balance and final accounts from SO on the prescribed format as per the agreement to DWSC.
13	Submission of UC by the VWSC to the DWSM/ DWSC/Core Group	<ul style="list-style-type: none"> (a) Sensitisation and Identification phase and Implementation phase completed. (b) Submission of trial balance and final accounts from SO on the prescribed format as per the agreement to DWSC.
14	Submission of MandE reports from DWSM/DWSC/Core Group to SWSM/SWSC	The MandE reports prescribed by DWSM and SWSM shall be furnished by DWSC.
15	Submission of MandE reports by DWSM/ DWSC/Core Group to RGNDWM	<ul style="list-style-type: none"> (a) The annual report and audited balance sheet shall be placed before the DWSM for adoption. (b) The annual work plan for the next year of the district shall be sent before October to RGNDWM. (c) The MandE reports prescribed by RGNDWM shall be furnished.
16	Submission of MandE reports from SWSM/ SWSC to RGNDWM	The MandE reports prescribed by RGNDWM shall be furnished.

Sector Reform Pilot Project Bank Reconciliation Statement

for the month of

NAME of Office: SWSM/ DWSMVWSC

ADDRESS:

Bank's Name: Bank A/C No.

A	Balance as per bank statement	Rs.	
	<u>Add :</u>		
B	1. Amount deposited but not credited by bank	Rs.	
	2. Amount debited by bank but not in the cash book	Rs.	
C	Total (A+B)	Rs.	
	<u>Less :</u>		
D	1. Cheques issued but not presented in the bank	Rs.	
	2. Amount credited by bank but not in the cash book	Rs.	
	3. Total	Rs.	
E	Balance as per cash book (C-D)	Rs.	

List of cheques not presented in the bank (as per D)		Date of encashment
Cheque	Amount (Rs.)	
Total		

Prepared by:

Approved by:

Helpful hints:

1. Sort your cheques numerically or by issue date.
2. Compare cheques paid with your cash book.
3. List out standing cheques including previous month in D.
4. Complete the reconciliation statement with the figures in the appropriate space.
5. Balance in E should agree with the balance of cash book..

Sector Reform Pilot Project Fixed Assets Register

Name of office : SWSM/ DWSM

Address :

Name of Assets Assets Group								Type/ Size Make							
Sl.No	Voucher		Name and address of Supplier	Quantity	Rate	Amount (Rs.)	Location	Identification No.	Rate of Depreciation (%)	Period of Depreciation	Amount of Depreciation (Rs)	Written Down Value (Rs.)	Date of Sale	Amount Released (Rs.)	Profit/ (-) Loss (Rs.)
	No	Date													

Entered by :

Checked by :

Approved by :

Sector Reform Pilot Project

Income and Expenditure Account for the year ended _____

Name of Office : SWSM/ DWSM

Address :

INCOME					EXPENDITURE				
Previous year (20 - 20) Amount (Rs.)	Budget Code	Main Account	Amount Current Year (Rs.)		Previous year (20 - 20) Amount (Rs.)	Budget Code	Main Account	Amount Current Year (Rs.)	
		Line Item		Line Item			Line Item	Line Item	

Sector Reform Pilot Project Balance Sheet

as on20__

NAME of Office: SWSM/ DWSM

ADDRESS:

		Amount (Rs.)			Amount (Rs.)		
		Previous Year			Current Year		
LIABILITIES	Annex.						
ACCUMULATED FUND	1						
Loan							
Accounts Payable	2						
Total							

		Amount (Rs.)			Amount (Rs.)		
		Previous Year			Current Year		
ASSETS	Annex.						
FIXED ASSETS	3						
ACCOUNT RECEIVABLE and ADVANCES	4						
CASH and BANK	5						
SECURITY	6						
EXCESS OF EXPENSES OVER INCOME							
TOTAL							

ACCOUNTS OFFICER

Member Secretary DWSC

Sector Reform Pilot Project Accounting and Budget Codes

Govt. Heads	Main Account (Primary Units)	Control Accounting Code	Line Items	
			Budget Codes	Description
01	Pay	0100	0101	Pay
03	Dearness Allowance	0300	0301	Dearness Allowance
04	TA	0400	0401	TA for official tours
06	Other Allowance	0600	0601	HRA
			0602	CCA
			0603	Project Allowances
			0604	Honorarium
			0605	EPF Employers contribution
			0606	Employers House rent contribution
			0607	Leave salary pension contribution
			0608	Any other allowance
08	Office Expenses	0800	0801	Rent
			0802	Postage and Telegram
			0803	Office Consumables
			0804	Books and Periodical
			0806	Insurance of DWSC Assets
			0807	Advertisement
			0808	Bank charges
			0809	Computer Software
			0810	Legal Fee
			0812	Meetings and Hospitality
			0813	Annual Maintenance Contract of Assets
			0814	Miscellaneous Office Expenses
09	Electricity Charges	0900	0901	Electricity Charges
10	Water Charges/ Tax	1000	1001	Water Charges and tax
11	Printing and Stationery	1100	1101	Printing and Stationery
12	Office Furniture and Equipment	1200	1201	Computer Hardware
			1202	Furniture and Fixtures
			1203	Other Equipments
			1204	Depreciation
13	Telephone	1300	1301	Installation charges, rental and calls
14	POL and propulsion charge	1500	1501	POL, Propulsion Charges

Note : No one should add, alter or delete any budget head or its code unless authorised by the DWSC.

16	Hired and Specialised Services	1600		
		1610	1601	Salary to Support Staff
			1602	Remuneration to Consultants
			1603	Audit fees
			-----	1604-1609 (for new items of expenditure, if any)
		1620	1611	In P – SO and SA Training
			1612	In P – DWSM/SWSM Training
			1613	In P – Information, Education and Communication (IEC)
			1614	In P – Impact Evaluation and Process monitoring
			1615	In P – Baseline Survey
			1616	In P - Workshops and Seminars
			1617	In P - Trainings
			-----	1618-1620 (for new items of expenditure, if any)
		1640	1621	SIP- Prefeasibility
			1622	SIP- Awareness creation
			1623	SIP- IEC
			1624	SIP- Trainings at Departmental level
			1625	SIP- Trainings at District and NGOs level
			1626	SIP- Trainings at Village level
			1627	SIP- VWSC formation
			1628	SIP- Workshops and Seminars
			-----	1629-1639 (for new items of expenditure, if any)
		1660	1641	PP-SO Staff (Salary + Travel)
			1642	PP-CD CB- (Cross visit to SO and VWSC, Trainings + documentation)
			1643	PP-CD WDI Women empowerment
			1644	PP- Trainings at Departmental level
			1645	PP- Trainings at District and NGOs level
			1646	PP- Trainings at Village level
			1647	PP- Water Quality Testing
			-----	1648-1659 (for new items of expenditure, if any)
24	Construction	2400	2401	PP- Design and Engineering Cost
			2402	PP- Survey Cost
			2403	IP- Engineering Cost (Salary and TA of Engineers)
			2404	IP -Staff (Salary + Travel)
			2405	IP -Trainings at Departmental level
			2406	IP -Trainings at District and NGOs level
			2407	IP -Trainings at Village level
			----	2408-2409 (for new items of expenditure, if any)
		2410	2411	IP -Water Supply Scheme
			2412	IP- Forest Lease Rent

Note : No one should add, alter or delete any budget head or its code unless authorized by the DWSC.

			2413	IP-Material Testing
			2414	IP-Water Quality Testing
			2415	IP-Source Measurement
			----	2416-2419 (for new items of water supply)
		2420	2421	IP-Environmental Management
			2422	IP-Drainage
			2423	IP-Human Waste Disposal
			2424	IP-Hygiene Promotion
			----	2425-2429 (for new items of environmental management)
38	I.R.	3800	3801	Interim Relief
42	Other Expenses	4200		
			4201	Conveyance Allowance
			4202	Honorarium
			4203	Miscellaneous Expenditure
51	Income	5100	5101	Recovery against private use of vehicle
			5102	Sale of Prefeasibility / Intake forms
			5103	Community Contribution Labour
			5104	Community Contribution Cash
			----	5105 - 5200 (for new items of income, if any)
ASSETS				
52	SO Advance Planning Phase	5200	5201	upto 5299 By SO name
53	SO/VWSC Adv. Imp. Phase	5300	5301	Upto 7999 By Village name
80	SA advance	8000	8001	upto 8099 By name of SA
81	Party advance	8100	8101	upto 8199 By name of Party
82	Staff Advance	8200	8201	upto 8299 By name of Staff
			----	8317 - 8399 (for new items of assets, if any)
84		8400	8401	Closing Balance of PLA
	Cash (CB)	8402		Closing Balance of Cash
	Bank (CB)	8403		Closing Balance of Bank -1
		8404		Closing Balance of Bank -2 etc.
Liabilities				
85	PLA (OB)	8500	8501	Opening Balance of PLA
	Cash (OB)		8502	Opening Balance of Cash
	Bank (OB)		8503	Opening Balance of Bank-1
			8504	Opening Balance of Bank-2 etc.

Note : No one should add, alter or delete any budget head or its code unless authorised by the DWSC.

86	Security (Liability)	8600	8601	Security Contracts Party Name upto 8699
87	Grant from Government	8750	8751	Govt. Grant
88	Bank Interest	8800	8801	Bank Interest
89	Deductions	8900	8901	EPF Deduction
			8902	GPF Deduction
			8903	House Rent Deduction
			8904	GIS
			8905	Recovery against Vehicle Advance
			8906	Recovery against House Building Advance
			8907	Recovery against House Repair Advance
			8908	Recovery against Computer Advance
			8909	TDS Income Tax (Party)
			8910	NSC/ PPF
			8911	Interest on MCA
			8912	Income Tax Staff
			8913	Surcharge on Income Tax (Staff)
			8914	Surcharge on TDS (Party)
			8915	Other Deductions
			----	8921 - 8999 (for new items of deduction, if any)
	Other Liabilities			Stale Cheque

Note : No one should add, alter or delete any budget head or its code unless authorised by the DWSC.

Sector Reform Pilot Project Requisition for Advance

I request to sanction an advance of Rs..... (Rupees) only for the purpose mentioned below:

A: For contingent purpose

Sl.No.	Head of Account	Description	Amount (Rs.)
1.			
2.			
3.			
4.			
5.			

B: For Travel

Date of Journey	From	To	Mode of Journey	Amount (Rs.)
			Total	

Previous advance of Rs..... (Rupees.....) only taken vide Cheque no..... dt..... has already been submitted for adjustment

Signature

Date

Name.....

Designation

An advance for Rs..... (Rupees.....) only for aforesaid expenditure is recommended for sanction.

Signature

Date

Name.....

Designation

An advance for Rs..... (Rupees.....) only for above expenditure is sanctioned.

Signature

Date

Name.....

Designation

Sector Reform Pilot Project

Name of SO

Final Statement of Expenditure with Liabilities and Trial Balance as on for S and I Phase

Sl. No.	Particulars	Amount (Budgeted as per cost sheet) (Rs.)	Amount* (Rs.)	Liability* (Rs.)	Total (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)
	Receipts	-	-	-	-
1.	Receipt from DWSC	-	-	-	
2.	Interest (if any)	-		-	
3.	Other Receipts	-		-	
4.	Total Receipts (1+2+3)				
	Expenditure*				
5.	SIP- Prefeasibility				
6.	SIP- Awareness creation				
7.	SIP- IEC				
8.	SIP- Trainings at Departmental level				
9.	SIP- Trainings at District and NGOs level				
10.	SIP- Trainings at Village level				
11.	SIP- VWSC formation				
12.	SIP- Workshops and Seminars				
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.	Total Expenditure (5 to 20)	-			
22.	Cash	-			
23.	Bank	-			
24.		-			
25.		-			
26.		-			
27.		-			
28.		-			
29.		-			
30.		-			
31.		-			
32.		-			
33.		-			
34.	Total (21 to 33)				

(SO Accountant)

(SO Team Leader)

*** NOTE :**

1. The column No. 4 should only reflect the figures of actual receipts and expenditures as per the books of accounts.
2. Pending liability if any not paid for want of funds to be shown in col. No. 5 against respective heads of account. The details of such pending liability to be explained in details separately.
3. The total of row 4 and 34 of column 4 shall tally as they represent the trial balance.
4. The details of row 3 (other receipts) should separately be given.
5. In column 3, the figure are to be entered in rows 5 to 21 only.

Sector Reform Pilot Project

Final Statement of Expenditure with Liabilities and Trial Balance as on for Planning Phase

Sl. No.	Particulars	Amount (Budgeted as per cost sheet) (Rs.)	Amount* (Rs.)	Liability* (Rs.)	Total (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)
	Receipts	-	-	-	-
1.	Receipt from DWSC	-	-	-	
2.	Interest (if any)	-	-	-	
3.	Other Receipts	-	-	-	
4.	Total Receipts (1+2+3)				
	Expenditure*				
5.	PP-SO Staff (Salary + Travel)				
6.	PP-CD CB- (Cross visit to SO and VWSC, Trainings + documentation)				
7.	PP-CD WDI Women empowerment				
8.	PP- Trainings at Departmental level				
9.	PP- Trainings at District and NGOs level				
10.	PP- Trainings at Village level				
11.	PP- Water Quality Testing				
12.	PP- Design and Engineering Cost				
13.	PP- Survey Cost				
14.		-			
15.		-			
16.		-			
17.		-			
18.		-			
19.		-			
20.		-			
21.	Total Expenditure (5 to 20)	-			
22.	Cash	-			
23.	Bank	-			
24.		-			
25.		-			
26.					
27.		-			
28.					
29.					
30.					
31.					
32.					
33.					
34.	Total (21 to 33)				

(SO Accountant)

(SO Team Leader)

*** NOTE :**

1. The column No. 4 should only reflect the figures of actual receipts and expenditures as per the books of accounts.
2. Pending liability if any not paid for want of funds to be shown in col. No. 5 against respective heads of account. The details of such pending liability to be explained in details separately.
3. The total of row 4 and 34 of column 4 shall tally as they represent the trial balance.
4. The details of row 3 (other receipts) should separately be given.
5. In column 3, the figure are to be entered in rows 5 to 21 only.

Sector Reform Pilot Project

FM-18

Name of VWSC _____

Final Statement of Expenditure with Liabilities and Trial Balance as on _____ for Implementation Phase

Sl No.	Particulars (Head of Accounts)	Budget Provision (Rs.)	Actual Receipt Payment (Rs.)	Pending Liability (Rs.)	Total (4+5) (Rs.)
1	2	3	4	5	6
1	Receipt from PMU	-		-	-
2	Interest Earned	-		-	-
3	Community Share (Cash)	-		-	-
4	Community Share (Labour)	-		-	-
5	Other Receipts	-		-	-
6		-		-	-
7		-		-	-
8		-		-	-
9	Total (Receipt)	-		-	-
10	IP- Engineering Cost (Salary and TA of Engineers)				
11	IP -Staff (Salary + Travel)				
12	IP -Trainings at Departmental level				
13	IP -Trainings at District and NGOs level				
14	IP -Trainings at Village level				
15	IP -Water Supply Scheme				
16	IP- Forest Lease Rent				
17	IP-Material Testing				
18	IP-Water Quality Testing				
19	IP-Source Measurement	-			
19	IP-Environmental management	-			
20	IP-Drainage	-			
21	IP-Human Waste Disposal	-			
22	IP-Hygiene Promotion	-			
23	Material (unutilised material)				
24	Others				
25					
26					
27					
28	Bank Balance (Name of Bank and Account No.)				
29	Cash Balance	-			
30	Total (Payments)	-		-	

Accountant, SO

Team Leader, SO

Chairperson/Treasurer

Note :

1. There should be no advance in name of SO staff, VWSC member or the third party.
2. The amount of any unutilised material after completion of the work is to be reflected at Sl. No. 23. A list of such items with quantity and cost is to be enclosed. The SO has to propose the name of any other village of the Batch II where this unutilised material could be transferred.
3. Bank certificate for confirmation of the Bank Balance is to be enclosed.
4. The column No. 4 should only reflect the figures of actual receipts and expenditures as per the books of accounts.
5. Pending liability if any not paid for want of funds to be shown in Col. No. 5 against respective heads of account. This amount should not be included in the column 4 to avoid duplicate reflection of expenditure. The details of such pending liability to be explained in detail separately.
6. The total of row 9 and 30 of column 4 shall tally as they represent the trail balance.
7. The details of row 4 (other receipts) should separately be given.