

Uttarakhand Decentralized Watershed Development II Project

Financial Systems Manual For Gram Panchayats



FINANCIAL SYSTEMS MANUAL FOR GRAM PANCHAYATS

This Manual deals with the financial functioning at the Gram Panchayat level. The Manual covers the following aspects in respect of the financial and accounting areas of the Project:

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EXECUTIVE SUMMARY

This manual for GRAM PANCHAYATS has been developed on the following vital premises:

- System of Accounting shall continue to be on cash basis.
- Books of Accounts shall continue to be maintained in a manual mode but shall have potential for computerization at a later stage.
- The structure of the prescribed books as per the Panchayati Raj Act shall not be disturbed. In addition subsidiary records have been designed for accounting project related transactions.
- Care has been taken that the existing administration status in Gram Panchayat as per the Act is not disturbed. As such to provide support in the accounting of project related financial matters an Accounts Assistant has been positioned in all Gram Panchayats.
- The Fund flow mechanism has been designed in a manner that provides smooth and timely availability of funds to Gram Panchayat by the DPDs, so that the timely execution of work does not suffer. At the same time recording of expenditure and works has been regimented through mandatory use of measurement Books and 'ok cards'.
- Adequate emphasis has been made to control expenditure through the mechanism of pre sanctions and comparison with actual expenditure at a later stage. For this purpose an Integrated Activity Register has been designed to record expenditure of each Sub-Project against the sanctioned provided by the competent Authority.
- The Manualised Systems provide for a well-defined reporting system at the level of Gram Panchayat. The system also ensures reporting of vital financial data by the Gram Panchayat to DPDs on monthly and

annual basis. In this way a close coordination shall be established between the Gram Panchayat and the Project functionaries in proper implementation of works.

- Further purpose of transparency and accountability, effective audit systems has been recommended in the Manual. This includes Quarterly concurrent audit of systems and accounts to be conducted by a suitable firm of Chartered Accountants. Also the Books of Accounts and records will be subjected to audit by the statutory Auditors as per requirement of the PRI Act and the State Accountant General. Specific terms of reference for audit have been recommended in the Manual.



List of Acronyms

AAP	Annual Action Plan
AG	Accountant General
BC	Backward Class
CAAA	Controller of Aid Accounts and Audit
C & AG	Comptroller and Auditor General of India
CPD	Chief Project Director
DCA	Development Credit Agreement
DDO	Drawing Disbursement Officer
DEA	Department of Economic Affairs
DPD	District Project Director
FNGO	Field Non Government Organisation
FMR	Financial Management Report
FMS	Financial Management System
FRC	Financial Review Consultants
GoUK	Government of Uttarakhand
GP	Gram Panchayat
GPWDP	Gram Panchayat Watershed Development Project
IBRD	International Bank for Reconstruction & Development
IDA	International Development Agency
IWDP	Integrated Watershed Development Project
NGO	Non-Government Organisations
PA	Project Agreement
PD	Project Director
PC	Procurement Sub-Committee
PMU	Project Monitoring Unit
PO	Procurement Order
PRI	Panchayat Raj Institutions
PUO	Project Unit Office
RVC	Revenue Village Committee
SG	State Government
SHG	Self Help Groups
ST	Scheduled Tribe
TOR	Terms Of Reference
UDWDP	Uttarakhand Decentralised Watershed Development Project
WWMC	Water & Watershed Management Committee
WMD	Watershed Management Directorate

CHAPTER 1 - INTRODUCTION

UDWDP-II is proposed to be implemented with an emphasis to develop and enhance productivity of rain fed areas by adopting a participatory watershed management approach in the 82 micro watersheds of middle Himalayas, lying between 700m and 2700 m above sea level, and covering an area of about 2.64 lakh hectares in about 509 GPs of the state having problems of erosion, poverty and lack of infrastructural facilities. The project which will benefit nearly 3.18 lakh of population during its implementation period of 07 years (2014 to 2022) has following objective;

To increase the efficiency of natural resource use and productivity of rain-fed agriculture by participating communities in selected micro watersheds of the Uttarakhand state.

To fulfill this objective, the project has been divided into 04 major components which are being briefly described below;

- i. **Social Mobilization and Participatory Watershed Planning;**
- ii. **Watershed Treatment and Rainfed Area Development;**
- iii. **Enhancing Livelihood Opportunities; and**
- iv. **Knowledge Management and Project Coordination**

(i) Social Mobilization and Participatory Watershed Planning: (US\$ 30 million)

This component would support GPs in selected micro-watersheds in developing Gram Panchayat Watershed Development Plans (GPWDPs), which will be further consolidated to prepare micro-watershed plans. The project will provide support in social mobilization of the communities by engaging Field NGOs and putting in place village motivators at revenue village level.

Under this component, the GPWDP and MWS plans (including parts of watersheds for which two or more GPs have shared governance responsibility) will be implemented using sustainable watershed management approach. Technical Assistance will be provided for the rainfed area development through improving existing and creating new irrigation facilities, agriculture field boundary repair, horticulture and animal husbandry inputs.

(ii) Watershed Treatment and Rainfed Area Development (US\$ 90.30 million)

Concerted efforts would be made to address this issue by taking up interventions intensively for recharging and rejuvenating of water sources in the project areas,

drainage line treatment through various soil conservation measures and increasing vegetative area through plantation activities. In addition, source sustainability of the existing water sources in the project area will be one of the focal areas. Under this component, the project will encourage the community for adopting alternative energy conservation measures as well as support for demonstrations of improved technology and packages of practices to farmers on Agriculture, Horticulture, Animal husbandry and Fodder production.

(iii) Enhancing Livelihood Opportunities (US\$ 18.70 million)

The component will support and promote agribusiness activities through (a) provision of agribusiness inputs like quality seeds & seedlings and dissemination of technologies to FIGs to be formed for processing and marketing of produce, (b) advisory services for agriculture, horticulture and agribusiness to farmer groups, (c) establishment of linkages between FIGs and suppliers for processing and marketing of surplus produce from high value crops, and (d) livelihood opportunities to vulnerable households and interventions for transhumant population.

The major emphasis will be on enhancing productivity of rainfed agriculture and introduction of high value crops. For vulnerable households too, the project will provide financial and technical support to promote income generating activities for livelihood support. The project will also support transhumant population of the project area by providing animal and human health care, education and so on. This component would also support consolidation and strengthening of active farmer federations and processing centers formed in Gramya-I.

(iv) Knowledge Management And Project Coordination (US\$ 31.00 million)

This component will support capacity development of all stake holders to bring convergence which includes extensive consultation and planning exercises between IWMP, Department of Rural Development and Watershed Management Directorate staff in selected micro watershed. In facilitating knowledge management at state, division, and local levels, a center of excellence will be established for Watershed Management, rainfed agriculture development and catchment area treatment planning.

This component will finance capacity building, communication, and monitoring and evaluation (M&E). It would build GP and PRI capacity by implementing social accountability measures, such as social audit and grievance redressal mechanisms. The project would update the communication strategy and develop targeted awareness messages about project's participatory and transparent approaches. It would also coordinate development of other messages, such as extension, marketing and quality control information. The M&E would continue geographic mapping of the project areas, monitoring through an ICT-based management information system (MIS) and implementation of participatory monitoring and evaluation (PME) at GP level. This component will also finance project operation costs, including incremental expenditures incurred by the Project Implementing Entity for Project implementation, management and supervision. An incentive fund would also be set up to award best performing watershed committees in project implementation.

To achieve the above mentioned objective of the project an effective, flawless, transparent and easy to follow financial system which has adequate checks and balances has been prepared with following salient features.

- 1.01 Project has Gram Panchayats, an elected body of Gram Sabha, consisting of Gram Pradhan as Chairperson and ward members as members, as its implementing agency. As such there has been an obvious shift in the financial and accounting arrangements.
- 1.02 The Project provides full freedom to Gram Panchayat (GP), in using all its financial resources subject to financial discipline that has been incorporated in this manual to ensure smooth execution of works.
- 1.03 While dealing with money matters of the Gram Panchayats, following three important regulations which form three pillars on which financial discipline is built upon are required to be observed by the village community.
 - Transparency
 - Accountability
 - Prudence

Transparency:

- All financial transactions are made with full knowledge of the Gram Sabha, leaving no room for confusion or disputes and every member of the Gram Sabha has right to know the details of it.
- All financial transactions are clearly recorded with supporting details and subjected to audit & scrutiny of members at large. Besides, there is well placed social and financial audit system, the outcome of which is accessible by interested members of a village.
- Systems of sanctioning expenditure has inbuilt regulations and is thus fairly regimented.

Accountability:

- The Water and Watershed Management Committee (WWMC), a statutory-committee of Gram Panchayat will play a pivotal role in the implementation of project activities and hence has to exercise its financial powers with utmost care and remain answerable to the Gram Sabha.
- The Water and Watershed Management Committee is liable and subject to be penalized by the Gram Sabha for any out of line transactions, not complying with the laid out guidelines.
- All vital financial transactions are required to be properly reported to the Gram Sabha.

Prudence:

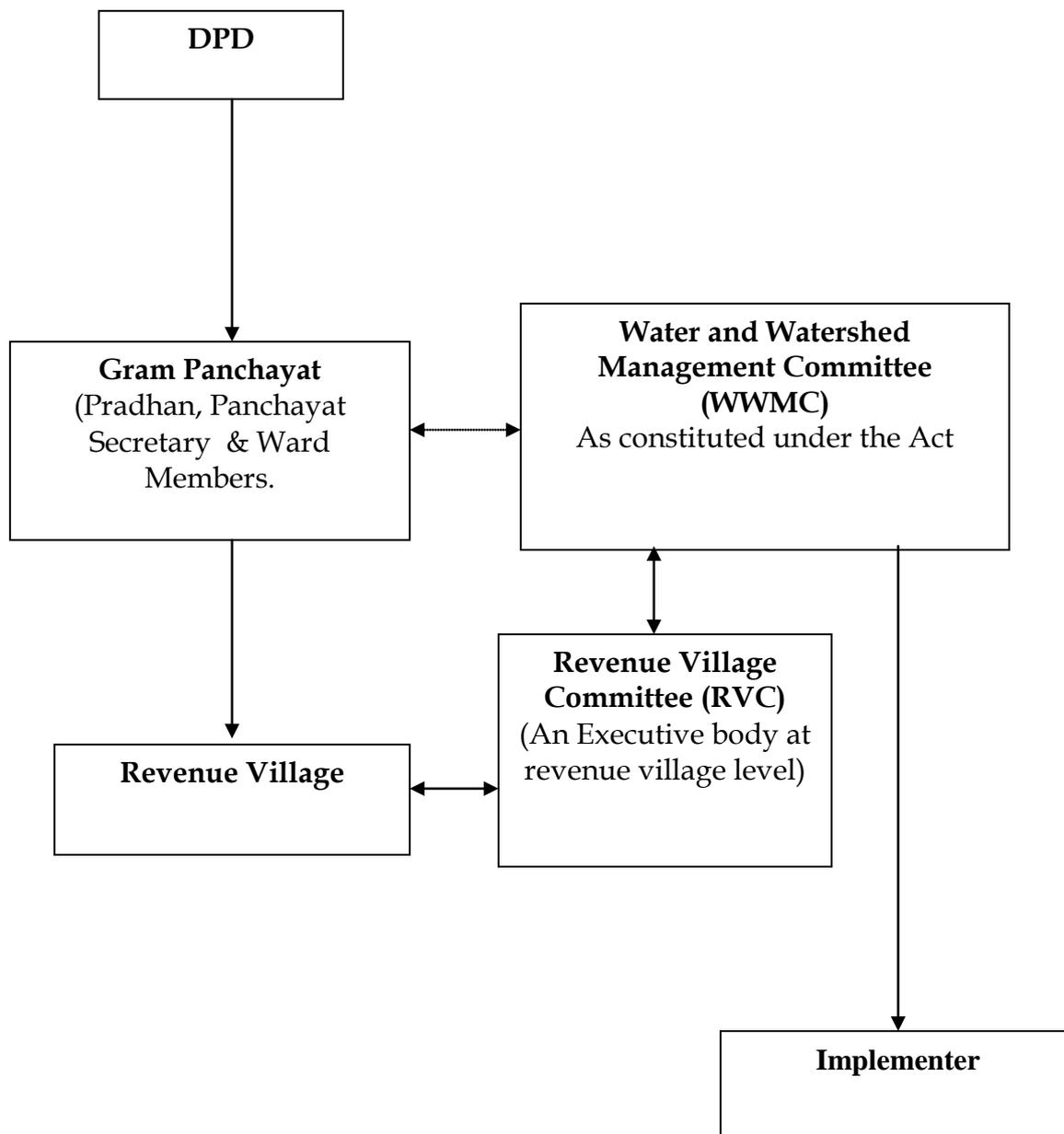
- Financial prudence must be exercised with utmost care while executing works to protect interests of village community and property.
- No member of the WWMC or its relatives or allies should directly or indirectly get undue benefit from financial transactions in the Project. All such transactions are to be documented carefully with proper supporting documents providing evidence while using sound accounting principles.



CHAPTER 2 - ORGANIZATIONAL STRUCTURE

This chapter deals with the organizational structure and financial roles and responsibilities at the Gram Panchayat Level:

2.01 Overall Organizational Structure



2.02 Office Bearers In charge of Financial Management

Gram Panchayat: Gram Panchayat (GP) , an elected body and consisting of Gram Pradhan as Chairperson and ward members as members will be the implementing agency of the Project and it will be assisted by MDT, committees constituted under the project and individuals exclusively selected for the Project .

Being the implementing agency, Gram Panchayat will be responsible for proper accounting and reporting of activities of sub projects independently. The **Financial responsibilities and project related other functions** of the GP shall be as follows:

- Sign all appropriate agreements with WMD for participation in the project.
- Provide complete information on Budget Envelop for its GP and details of the allocation formula of Budget Envelop to the Village Community.
- Assist the MDT in Social mobilization, including PRA at village and GP level by calling meetings which will be held at the Revenue village and at the Gram Sabha level as laid down in the Project Operation Manual.
- Open a new Bank account named ' Watershed Development Project Account' which shall be a current account in a branch of any nationalized bank and shall be used to keep funds received from WMD through DPD. This account will be operated jointly by the Gram Pradhan and preferably a female ward member of the GP.
- Intimate bank account number to the first party as soon as account is opened. Also intimate the first party in writing the names and address of those who will jointly operate the Bank account mentioned above.
- Prepare the Gram Panchayat Watershed Development Plan incorporating proposals of each RVC of the GP as per the provisions of the Project Operation Manual and get it approved with at least 66% of the households of the Gram Sabha favouring it.
- Prepare a detailed Annual Work Plan (AWP) on the basis of five years' Gram Panchayat Watershed development Plan (GPWDP) and submit it to DPD through Unit Officer.

- Receive funds from DPD for the implementation of the work and Manage project expenditure as per AWP of GPWDP.
- Make payments to AA from the Administration Fund provided to GP by the Project.
- Maintain records for Expenditure and submit financial reports to Unit Officer on monthly basis.
- Assist in the audit of accounts as required in the Financial Manual.
- Ensure complete transparency & accountability by all GP-level institutions & individuals involved in the project
- Collect Beneficiary Contribution and maintain its record.
- Act in coordination with its Water and Watershed Management Committee & MDT's.

The constituted-committees & persons selected exclusively to facilitate the implementation of the project in a Gram Panchayat will have the following financial and general responsibilities:

A. Water and Watershed Management Committee: WWMC which shall be the executive body of Gram Panchayat and shall assist in implementation of the Project, is one of the committees constituted under the Panchayati Raj Act, for the Project, its Panchayat Secretary will be the Member Secretary of WWMC. The Water and Watershed Management Committee shall meet from time to time to perform the following financial responsibilities and functions.

- Appraise and consolidate proposals of each RVC of a GP into a five-year GPWDP and also ensure that activities incorporated in GPWDP are demand driven, proportionate and participatory.
- Ensure preparation of estimates of each activity and availability of funds.
- Award contracts to Implementer and sign MoU with them.
- Assist implementers and GP in actual execution of works.
- Ensure timely achievement of physical and financial targets.

- Sanction and approve all financial payments and ensure that payments are released as per milestones in physical achievements.
- Ensure cost sharing arrangements before payments.
- Scrutinize vouchers, books of accounts and ensure its correctness.
- Verify and authenticate financial reports.
- Monitor fund utilization and report misappropriations if any.

B. Revenue Village Committee (RVC) at Village Level: The WWMC will constitute one Revenue Village Committee within its every revenue village as per the provisions given in Chapter 3 of the Project Operation Manual. RVC, headed by Gram Pradhan/Ward Member, will be the Executive committee of the revenue village and shall have fair representation of women, members of vulnerable groups such as the poor, SC/ST, marginal farmers and others. The responsibilities and functions of RVC are as follows;

The RVC will

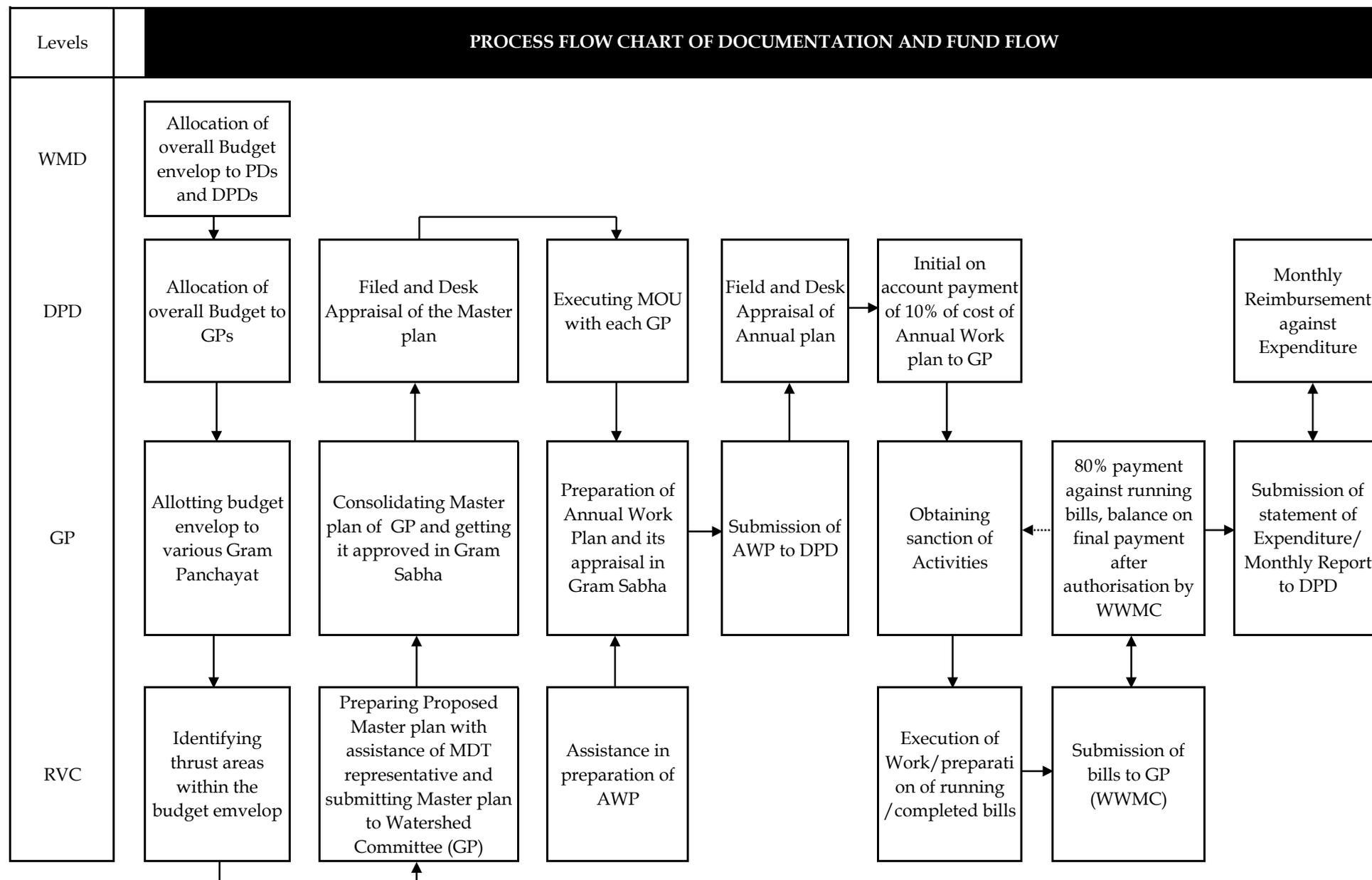
- Prepare revenue village proposals as per Project Operation Manual guidelines which will be submitted to WWMC for its incorporation in GPWDP.
- Act as a link between a village and the Panchayat and work as implementer if contracted by WWMC.
- Monitor the progress of work being implemented in concerned revenue village and report any problem faced in execution of works.
- To assist the Accounts Assistant in compilation of records, as and when required.

C. User Groups (UGs)/ Vulnerable Groups (VGs)/ Van Panchayats (VPs): Each of these groups may act as implementers for various watershed interventions at the GP level if contracted by the WWMC. Their functions and financial responsibilities will be as per the provisions specified in the Operational Manual.

D. Accounts Assistant: Each GP will select a qualified person based on the criteria developed by WMD as an Account Assistant from the natives of the GP itself. To discharge his duties as required and detailed in this as well as Project Operation manual, he will

- Keep and maintain books of accounts which include Project Cash Book (Perforated), Integrated Activity Register & Beneficiary Contribution Register required specifically for the Project.
- Prepare cheques related to transactions in the Project, after complete verification of bills presented for payment.
- Facilitate consolidation of the Abstract of Project Cash Book with the Main Cash Book of the Gram Panchayat at the end of every month.
- Collect and account for dues and beneficiary contributions made by the members of a village and issue receipts.
- Prepare Financial Reports required under the Project and submit the same to WWMC for certification.
- Ensure progressive details of expenditure as per achievements of milestone in physical activities.
- Ensure that Project Financial Manual Guidelines are complied with
- Render Project related records and documents as and when required by the internal/external or Government Auditors, Pradhan and Water and Watershed Management Committee and Facilitate audit of accounts.





CHAPTER 3 - PREPARATION OF PLAN

3.01 Initial MoU

After having consensus within the GP to participate in the Project, an initial MoU (**Format-A1 of Project Operation Manual**) shall be executed as per the Project guidelines between the WMD and the Gram Panchayat for participation and implementation of the Project.

3.02 Budget envelop to GP by DPD

To plan and prepare the Gram Panchayat Watershed Development Plan (GPWDP) at GP level, every GP will be given a fund by WMD in the form of a budget envelop which will be based on the formula given below in the box. The budget envelop will be determined by giving 65% weightage to the area and 35% weightage to the population of GP and disclosed by the project team to the selected Gram Panchayat, once the project team enters the GP and GP signs an agreement with WMD to participate in the project.

Formula for Allocation of Funds to GPs

$$R_m = \{0.65(0.8R)A_m/A + 0.35(0.8R)P_m/P\} + R_{mnrn} + R_{admn}$$

Where R_m is the total Fund allocation to a particular GP in Rupees

R is the total Fund for allocation to all GPs under the project

A_m is the geographical area of a GP in Hectare

A is the total geographical area of all the GPs under the project

P_m is population of a GP

P is the total population of all GPs under the project

R_{mnrn} is the amount for treatment of inter-GP spaces to be allocated to a GP

R_{admn} is a fixed amount for administrative expenses to a GP

Note :1 There will be a minimum and maximum ceiling for R_m .

Note :2 The amount indicated within { } shall be indicated to GP in form of 'Budget Envelop' and the remaining Two amounts will be passed on separately.

Note :3 In addition to the above amount a "Vulnerable Group Fund' will be passed on separately to the GP.

Source of data: Area of GP (Revenue Department)

Population of GP (District Collector)

To the extent of Budget Envelop provided to the GP, a five -year GDWDP integrating proposals of revenue villages of GP will be prepared (*as per the operation manual*) by GP with the assistance of MDT and other project functionaries. The plan so prepared will be sent to the Water and Watershed Management Committee which will appraise, consolidate and present it before the Gram Sabha for its approval where it will be approved by a minimum 66% of the households of the GP and will subsequently be submitted to the DPD for the final review and appraisal.

3.04 Appraisal: GPWDP submitted by the GP will be appraised by DPD on technical and ESMF guidelines of the project to ensure that the activities proposed in GPWDP have been screened and wherever needed mitigatory measures have been included. Any alterations suggested thereon will be reappraised by the GP and if required, reapproved in the meeting of Gram Sabha. GPWDP thus amended will be submitted to the DPD for his final approval. However, it must be remembered that WMD will not finance any activity which is in the negative list of the Project.

Detailed methodology of preparation of GPWDP is fully covered in the Project Operational Manual.

3.05 Preparation of the Detailed Annual Works Plan

Annual Work Plan: After approval of GDWDP, a detailed Annual Work Plan (*broken into quarterly basis*) will be prepared by each GP in the format **(F2)** given in the Project Operation Manual. The AWP thus prepared shall be submitted to Water and Watershed Management Committee for its appraisal at GP level and got approved in the meeting of Gram Sabha and then it will be submitted to DPD, along with:

- A resolution of Gram Sabha indicating activities proposed to be taken up, priority wise, under the Project by the villagers. The resolution shall quantify the target for physical activities to be carried out in the villages within its territory. It should also identify the location

(common land /individual land etc.) where the activity shall be carried out.

- Quantum of Beneficiary Contribution involved along with responsibility fixed for its collection and utilization pattern for each activity.
- Implementation schedule enabling breakdown of budgets into quarters.

Note- While preparing the Annual Work Plan, conversion of physical targets for each component/activity into financial terms shall be carried out on the basis of approximate unit cost as fixed by the WMD.

3.06 Signing of MoU

After the preparation of GDWDP and AWP, a one time legal MoU will be executed between GP and DPD. The MoU, as per format **(A2)** enclosed **vide Appendix II**, would cover the following aspects:

- Scope of activities covered, including time frame;
- Detailed estimates of unit cost of works
- Beneficiary Contribution by the community;
- Roles and responsibilities of parties to the agreement, including supervision, monitoring and maintenance of the assets created.
- Reporting requirements (financial and physical progress);
- Terms, conditions and timing of payments to the implementers;
- Financial management requirements
- Requirements of the Procurement in the Plan;
- Conflict resolution/termination procedures;
- Remedial actions, sanctions, etc.; and
- Procedures for amending the agreement.

Suggestive Time Bound Benchmarks for the processes discussed in the Chapter are as follows:

S.No	Activity	No. of days
1	Preparation and submission of GDWDP by GP from the date of receipt of Budget Envelop and major component of activities from DPD	24 weeks
2	Appraisal of GDWDP by DPD from the date of its submission to the DPD.	2 weeks
3	Preparation and submission of Annual Works Plan (AWP) by G.P from date of appraisal of GPWDP.	3 weeks
4	Appraisal of AWP by DPD from date of its submission to DPD.	2 weeks
5	Signing of MoU between G.P and DPD from date of Appraisal of GDWDP	1 week



CHAPTER 4 - FUND FLOWS FROM DPD TO GP

This chapter lays down systems involved in the flow of funds right from the Watershed Management Directorate to the Gram Panchayat.

4.01 Introduction

'Fund' is the collective name used for money the Gram Panchayats receive and ultimately utilize for execution of different activities. The flow of funds to the GPs is discussed under the following broad heads;

- i) Funding by the State Government through Water-Shed Management Directorate and
- ii) Beneficiaries contribution

The GPs will get funds for Project implementation from the Watershed Management Directorate through their DPDs and will also collect the beneficiary contributions as per the cost-sharing matrix prescribed in the Operational Manual. The Funds made available to GPs by the Watershed Management Directorate will be of three kinds.

- Project Implementation Fund including administrative cost to GP
- Vulnerable Group Fund
- Incentive fund

4.02 Project Implementation Fund

This fund will be made available to GPs in a separate bank account named as '*Watershed Development Project Account*' and operated jointly by Gram Pradhan and one Women Ward Member for implementation of activities proposed in GPWDP and inter GP space MWS plan. An additional amount to the extent of Rs. 80000, per annum will also be provided to each GP in the above account to pay honorarium to its Account Assistant and meet their administrative and overhead expenditures. Nearly 20% of the watershed treatment fund has been set aside with the concerned DPD for treatment of inter-GP spaces which lie within the MWS but are out of the jurisdiction of GPs. The objective of this additional fund is primarily

to ensure that holistic treatment of the complete MWS takes place in a manner that complements the efforts of the GPWDPs. However, it must be remembered the fund released for the implementation of GPWDP activities will not be used to treat inter-GP spaces but GPs will be encouraged to realize that only complete treatment of an MWS will give long-lasting benefits to the community. For utilization of this additional fund, the PNGO/MDT in consultation with the concerned forest division, GPs and Van Panchayats will develop a plan which will be submitted to the Divisional Forest Officer of the concerned forest division for approval. The implementation of the project activities in this plan of inter-GP areas will be carried out by the respective Van Panchayats. If the GPs or VPs refuse to implement for any reason, such activities will not be carried out until an agreement is reached with the concerned GPs.

4.03 Vulnerable Group Fund

This fund will be provided as a grant in the same account of GP i.e. '*Watershed Development Project Account*' to finance the approved Income Generating Activities for individuals/groups in order to ensure equity amongst vulnerable households in the village.

4.04 Incentive Fund

An incentive fund is proposed for GPs, CBOs and individuals in UDWDP-II with the objective to motivate them to work in an efficient, transparent and participatory manner. This fund will be transferred to 'Nidhi 1, Bank Account' of the Gram Panchayat for utilization by the GP. Direction for utilization will be developed by WMD.

4.05 Administrative Cost:

Amounts against this fund will be provided to the Gram Panchayat to pay honourarium to Account Assistant and meet routine expenditure incurred on TA/DA of WWMC members, meetings of WWMC, stationeries and some furnitures essential to run the project. The amounts received will be kept in the Watershed Development Project Account of the Gram Panchayat.

General rules for operation of Bank Account

General rules for operation of Bank Account are given below to serve as guidance to the GP.

1. Open bank account, preferably a current account, only after passing resolution to this effect by Gram Sabha and follow the same principle to close the bank account.
2. Use bank account called the 'Watershed Development Project Bank Account', for all transactions relevant to the project, including funds for administrative cost, incentive fund and vulnerable group funds.
3. All cheques whether for withdrawal of funds or payments to third parties shall be signed jointly by the Pradhan and one Woman ward member of GP.
4. Make and encourage 'Crossed A/c payee cheques to the extent possible.
5. Make all payments beyond Rs. 5000 by cheque.
6. Restrict cash withdrawals from bank and in any case, it must be nominal, explainable and need based.
7. Get bank pass book updated at the end of each month and prepare bank reconciliation statement to trace stale cheques and bank charges/interest.

4.06 Flow of Funds from DPD to GP for Project implementation:

Initial On-Account Payment: On-Account payment to the extent of 10% of the each year's Annual Work Plan shall be given at the beginning of the FY by the Project to the GP. It will, however, be adjusted at the end of the same Financial Year.

Reimbursement of Cost of Works: During Implementation of the Project, reimbursement of all expenditures incurred on works as per the approved work plan of GPWDP will be claimed by GPs after submitting requisite financial statements. All expenditures incurred in a particular month will be reimbursed by the DPD at the end of the month. However, if the amount is completely spent before the end of the month, even then the GP can claim the reimbursement by submitting the financial documents and statements. Summary of documents and

statements to be submitted to DPD by GP while claiming reimbursement is given below in a tabular form.

Summary of documents to be submitted to DPD by GP while claiming reimbursement

S.No	Time of Claiming Reimbursement	Documents to be submitted
1.	At the end of Month	1. R-1 and R-2 2. Perforated copy of the Project Cash Book along with copies of bills/ vouchers related to the copy of Cash Book being submitted.
2.	During the Month	Perforated copy of the Project Cash Book from the date of last reimbursement till the date of present submission of reimbursement claim along with copies of bills/ vouchers related to the copy of Cash Book being submitted.

Note: The amount to be reimbursed to the Gram Panchayats from DPD shall be on the basis of the actual amount spent by it.

FINANCIAL STATEMENT

(Summary of receipts and payments till the date of submission)

Particulars	Amount	Particulars	Amount
Opening Balance			
Receipts from WMD		Payments made	
Beneficiary Contribution - Cash		Closing Balance	

The DPDs will ensure and devise a mechanism so that the fund released to GPs is utilized for the purpose for which the demand was raised by the GP.

Note: In the divisions where the PNGO will be implementing the project on behalf of WMD, it will be responsible for the entire financial monitoring of the funds made available to the concerned GPs. On the recommendation of the PNGO, all the funds will be transferred to the GPs directly by the WMD.

Suggestive Time Bound Benchmarks for the processes discussed in the Chapter are as follows:

S. No	Activity	No. of Days
1	Release of On-Account Payment to G.P by DPD from date of approval of AWP by DPD.	1 week
2	Reimbursement of expenditure from the date of submission of the Statement of Expenditure / Monthly reports.	1 week



CHAPTER 5 - EXECUTION OF WORKS

This chapter lays down the procedures and systems to be followed concerning actual execution of the work.

5.01 Implementing Agency for work

The WWMC will have the right to appoint anyone of the following Implementers given in the order of priority for the implementation of the work:

- i. The **Individual Farmer** (Beneficiary) for the work to be executed on his individual land. (In that case, **Individual** will work as a contractor)
- ii. **RVC/ VP /User Group** which will work as a contractor to GP will be engaged for the activities to be implemented on common/ community/village assets. This arrangement will also apply on individual land or asset if the beneficiary has no objection and gives his consent in writing.
- iii. The **Gram Panchayat**
 - The First Right of implementation of every work under the project rests with village-level entities such as individual farmer, RVC, User Group or the Van Panchayat. If these options are not available then the GP itself may decide to execute the works. If all the above options refuse or fail to take up project activities under GPWDP as per plan only then, the works will be awarded to independent contractors. However the WWMC will have to obtain in writing their inability to undertake the project activities before awarding the contract for the said work to an independent contractor.
 - In case of special technical requirements for which the above mentioned village level institutions do not possess adequate capabilities, and then the WWMC may outsource a **contractor** having past experience in specialized technical works. Such a Contractor will be appointed only after the concerned Beneficiaries have deposited the full amount of their share for the said activity in advance with the Gram Panchayat.

5.02 PREPARATION OF ESTIMATES AND ITS TECHNICAL SANCTION

- After preparation of detailed AWP and receipt of the initial On Account payment from the DPD the estimates for each activity to be taken up, will be prepared by the WWMC with the help of the Technical Representative of the MDT/PNGO in the format given vide **Attachment F-6**.
- The Technical Representative of MDT, along with a WWMC member shall survey the site of a particular work for preparing the estimates. The design and the estimates will be discussed with the concerned members before finalizing it. *Every estimate of works will be accompanied with a photograph of the site.*
- An Integrated Activity register (**Format F-3**) shall be maintained by the Account Assistant at each GP level. The format of the register is adequately explained in the Chapter of 'Accounting system including Internal Control'.
- Technical member of the MDT will ensure that the detailed cost estimate of activities is prepared and a technical sanction is obtained for each such estimate prepared by the GP before initiating the activity. The format of Technical Sanction is given vide **Attachment F-7**.
- The competent authority to accord technical sanction for watershed works is given below in the table.

Sanctioning Limit	Sanctioning Authority
Up to Rs 10,000	Should be passed in the meeting of WWMC. No sanction from WMD is required. Copy of each sanction will be sent to DPD for information.
Above Rs. 10,000	Sanction from WMD is required and that will be as per the existing WMD norms. The estimates prepared will be submitted to the MDT by WWMC for according sanction from the WMD.

- Once the sanction is granted, a 'technical sanction number.' will be allotted for each activity.

- There will be no splitting of work/activity for the purpose of bypassing sanctioning requirement from WMD for activities above Rs. 10000.

5.02 Suggestive time Schedule for Sanction of Estimates

This suggestive time schedule details days required for the receipt of the sanction by the Gram Panchayat from the date of submission of the estimate to the Unit Officer.

S. No.	Particulars	No. of Days
1	For according Sanction from the PD	20 Days
2	For according sanction from the DPD	10 Days

5.04 Sub-project agreement (SPA) between GP and Implementer

A Sub-Project Agreement (SPA) for each activity will be signed between the GP and the Implementer through WWMC, if the GP itself does not execute the work. The design and cost estimates of the structure prepared with the help of MDT representative will be a part of the SPA. A sample draft of the SPA which will include and cover following areas is enclosed vide **Attachment A-3**.

- Objectives
- Sub-Contracting
- Implementation of Works
- Procurement of Material
- Responsibility of Damages
- Time Limit and Schedule of Payment
- Duties and Responsibilities of the WWMC and the Implementer
- Settlement of Disputes
- Ownership and responsibility of maintenance of the created assets.

IMPLEMENTATION AND MONITORING OF THE WORK

- Technical representative of the MDT will provide guidance to the Implementer and will monitor the work to ensure that the work is completed within time as per the prepared estimates and designs.
- Work must be completed in the sequential manner as approved by the Gram Sabha.
- Technical Representative of the MDT shall inspect the progress of works at different stages and record it in a Measurement Book (MB) after verification. The MBs shall, however, be kept in safe custody of the Accounts Assistant of each GP. The format of the MB will be as prescribed by the State Financial Rules vide form nos. 16 and 17.

Time Bound Suggestive Benchmarks:

S. No	Activity	No. of days
1	Preparation of estimates of activities by G.P from release of On-Account Payment by DPD.	15 days
2	Sanction of the estimate by DPD from date of its submission to DPD.	15 days
3	Start of work by Implementer from date of sanction of estimate.	1 week



UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT PROJECT PHASE-II

Annexure 5.02

Gram Panchayat _____

Technical Sanction

Activity Name: _____

Sanction No. _____

Units / Physical Measurement _____

Total Cost as per estimate: _____

Place of Work: _____

Beneficiary Share: _____

Date of Start: _____

Project Share: _____

Date of Completion: _____

Summary of Estimated Expenditure, Sub-activity wise

S.No	Sub Activity Name	Unit of Measurement	Units	Rate per Unit	Total Cost
Total					

Less: Beneficiary contribution: _____

Project Share: _____

Sanctioning Authority

Name:

Signature:

Date:

CHAPTER 6 - PAYMENT MECHANISM

This chapter deals with the process to be followed by GPs in making payments to implementing agencies.

6.01 PREPARATION OF BILLS

Bills shall be prepared by the implementer on basis of actual progress and accorded sanctions. The Account Assistant shall assist individual farmer, RVC, VP, UG and SHG in preparation of the bills.

6.02 AUTHORIZATION PROCESS FOR THE PAYMENT

- The bill submitted for the payment will route through the Account Assistant who, before making any payments, shall cross check with the Integrated Activity Register to verify the quantum of earlier payments made before getting it approved by the WWMC.
- All payments shall be authorized by the WWMC, which shall meet at least once in a week for this purpose.

6.03 BASIS, STAGES AND QUANTUM OF PAYMENT/ REIMBURSEMENT

- If the GP itself implements the work then the GP can claim to the extent of sanctioned amount, net of beneficiary contribution, only against submission of actual bills of expenditure incurred on material and services.
- Bills for the work implemented by GP will be paid as soon as it is authorized by the WWMC.
- In case the work is implemented by an Implementer other than GP, the total payment made to it shall not exceed the estimated unit cost (net of Beneficiary Contribution) as approved and adjusted proportionately for actual measurements.
- The payment to the Implementer (Individual/RVC/VP/UG) other than GP will be on the basis of running bills/final bills cum Completion Certificate.

(A) Documents to be submitted in the case of running bills

If the amount claimed is against the activity not yet completed the implementer will submit the 'Running Bill cum work done certificate' after getting it attested by:

1. The Member of RVC,
2. Technical Representative of MDT

Quantum of Payment: The total payment made **against running bill** should not exceed 80% of the total amount of the work done as detailed in the 'Running bill cum Work done Certificate'.

Copies of the Running Bill: Running bill cum Work done Certificate 'shall be prepared in Triplicate. One copy each, of the bill shall be submitted to GP and DPD through Unit Office. The Implementer shall retain the last copy for its record. (Format F-8)

(B) Documents to be submitted In case of bill for completed activity

If the amount claimed is against activity completed, the Implementer will submit the 'Final bill cum Completion Certificate' *along with a photograph of the completed work*. The 'Final bill cum Completion Certificate' shall be prepared by the Implementer i.e. concerned beneficiary, in case of the work done on private land and one of beneficiaries in case of work done on common/community land and attested by:

1. The Member of RVC
2. Technical Representative of MDT

Quantum of Payment: On completion of an activity the total payment made to the Implementer shall be equal to the estimates of work prepared and adjusted proportionately for actual measurement as per Measurement Book, net of Beneficiary contribution.

Copies of the Final Bill: Final Bill cum Completion Certificate' shall be prepared in triplicate. One copy shall be retained by GP and the other copy

will be forwarded to the DPD through Unit Office. The Implementer shall keep the last copy for his record. **(Format F-9)**

Note: 1- If there is any change in the design with respect to the original estimation, revised sanction should be sought.

2- An 'OK card' will be used for activities where measurement of activity is not possible and therefore, Measurement Book cannot be prepared.

6.04 PAYMENT BY CROSSED CHEQUES

All payments shall be made to the implementer preferably by the crossed cheques. However, no payment exceeding Rs. 2000 shall be made in cash. In exceptional cases, this limit can be extended up to Rs. 5000, but in that case public witness will be required before making payment.

6.05 Advances: No advance payment shall be made to the Implementers.

6.06 Various Implementers and their payment modes at a glance

Particulars	Types of Implementers		
	Individual Farmer	RVC/VP/UG/ Outside contractor	Gram Panchayat
Basis of Work	On contract Basis		On actual basis
Basis of Payment	Running /Final bill cum Completion certificate		On presentation of bills for Material/ Labour etc
Quantum of Reimbursement from DPD to GP	Up to the extent of Estimated Unit Cost. (Net of beneficiary)		On actual cost to the extent of amount sanctioned, net of Beneficiary Contribution.
Preparation of Running Bill / Final Bill cum Completion Certificate	To be prepared by Implementer with the help of Account assistant and certified by Representative of RVC and MDT.		
Flow of Funds	Advance	Nil	
	Against Running Bill cum Completion Certificate	80% of the amount as mentioned in the bill	On actual basis, to the extent of amount sanctioned, net of Beneficiary Contribution
	Against Final Bill cum Completion Certificate	Full payment to the extent of sanctioned amount, after adjusting previous payments net of Beneficiary Contribution	

Suggestive Time Bound Benchmarks for the processes discussed in the Chapter are as follows:

S. No	Activity	No. of Days
1	Verification of Bills by the Accounts Assistant	3 Days
2	Authorization of the payment by Water and Watershed Management Committee after verification by the Accounts Assistant	2 weeks
3	Payment to the Implementer by the Accounts Assistant after authorization by the Water and Watershed Management Committee	3 days



FINAL BILL CUM COMPLETION OF WORK CERTIFICATE

GRAM PANCHAYAT _____

REVENUE VILLAGE _____

Performa of Final Bill

Activity and Code:	.....	Cash Book Item No/Month	.....		
Tok and Place of Work:	.....	Sanction No.	.....		
Implementer	.....	Sanctioned Project Share	.....		
Date of start:	.....	Sanctioned Beneficiary Contribution	.....		
Date of completion :	.....	Sanctioned Units/ Physical Measurement	.....		
Date of bill Preparation :	.....				
S.No.	Description of items Under Activity	Unit of Measurement	Physical Units as per Estimate	Physical Measurement as per MB	Unti rate as per estimate (In Rs.)	Amount (Rs.)
1	2	3	4	5	6	7
				TOTAL		

Total Amount of work: Rs.: _____
 Less: Beneficiary Contribution(____%) Rs.: _____
 Less: Amount already paid(as per previous bills): Rs.: _____

 To be paid Rs.: _____

Gram Pradhan

Account Assistant

Implementer

CERTIFICATE FOR COMPLETED WORK

Certified that:

- (i) The works (specify the type or work) _____ under UDWDP Phase-II at _____ site under _____ G.P have been executed in accordance with approved plans.
- (ii) There are no defects in the work done by the Executor.
- (iii) Technical specifications of work done and items purchased is as per requirements of the Project.

Technical Representative of MDT

Unit Officer

Representative of RVC

Name -

Page no. of MB -

Date-

CHAPTER 7 - ACCOUNTING POLICIES

7.01 Method of Accounting: As currently being followed by the Gram Panchayats, accounting will be done on cash basis i.e. expenditure will be booked as soon as the payment is made.

7.02 Mode of payment: All payments above Rs. 2000 would be made by crossed cheques. However, cash payment up to Rs. 5000 can be made provided the same is made in the presence of two members of the village and with the approval of WWMC. Such payments should also be brought to the notice of Gram Sabha.

7.03 Basis of Payment: The payment will be made on the basis of running bills and on completion of the activity which has already been explained in Chapter 6.

7.04 Charging to Expense: All payments made from Implementation fund, administrative cost, incentive fund and VG fund shall be booked as expenses under the General Ledger head '*Watershed Development Expenditure*'.

7.05 Fixed Assets and Depreciation

- i. Assets created on the common land shall be the property of the Gram Panchayat while those created at the land owned by an individual will be his property.
- ii. Assets created/constructed as part of the Project activity should be valued at the direct cost incurred in creating /constructing the asset.
- iii. Assets acquired under the Project would be valued at cost including all direct costs (i.e. purchase price, transportation expenses, installation charges and other expenses incurred for bringing the fixed asset in working condition), incurred prior to its first use.
- iv. Assets, both acquired and constructed, should be valued at its full cost inclusive of the beneficiary's contribution.
- v. No depreciation should be charged on fixed assets in the Project financial statements.

7.06 Valuation of Stocks

The material purchased for the Project shall be charged as expenditure as and when it is purchased.

7.07 Beneficiary Contribution

- (i) Beneficiary contribution received from beneficiaries in cash should be accounted as cash. All such cash collected from the beneficiaries under the Project should be accounted for, and receipt issued.
- (ii) Beneficiary contribution in kind is in the form of:
 - (a) Labour &
 - (b) Material and;should be valued on the following basis :
 - (a) Beneficiary contribution in the form of labour should be valued as per the State Government wage rates applicable for contractual labour/ as specified labour rate in the schedule rate for that specific project activity, at the time when payment is otherwise made.
 - (b) Beneficiary contribution in the form of material should be valued as per the rate at which the Project would have otherwise purchased that material. If such a rate is not readily available then the valuation should be made at the prevailing market rate. Beneficiary contribution in the form of material should be accounted for at the time of receipt of the material.
- (iii) Receipt shall be issued for all kinds of Beneficiary Contribution. For easy distinction, separate coloured Receipt Books for cash, labour & material contributions shall be used.
- (iv) The contribution so received shall be entered activity wise in the Beneficiary Contribution Register as and when receipt is issued. Only Cash Contribution shall be recorded in cash book as 'Beneficiary Contribution received in cash.
- (v) The beneficiary contribution needs to be recorded in the Integrated Activity Register also, on completion of an activity.

7.08 Accounting Policy for Vulnerable Group Fund:

Amount disbursed to Vulnerable Groups from the fund shall be charged as expenditure as and when disbursements are made. The usage of these funds would be reviewed by the DPD's at regular intervals.



CHAPTER 8 - ACCOUNTING SYSTEM AND REPORTING

This chapter deals with the records to be maintained at each Gram Panchayat level and reports to be sent from GP to the DPD under WMD. The Financial Accounting System designed for Gram Panchayat is tailor made and includes coding of activities undertaken and heads of accounts. This system facilitates consolidation of data periodically and computerization at a later stage.

8.01 Books of accounts

Presently, Panchayati Raj has directed 16 Forms for Reporting and Accounting of Gram Panchayats. Out of these, following books / statements shall be prepared by the Project:

- | | |
|------------------------------------|-------------------------------------|
| a. Monthly reconciliation | Form No.7 (of Existing PRI Books) |
| b. Register for Immovable property | Form No. 9 (of Existing PRI Books) |
| c. Register for Movable Assets | Form No.11 (of Existing PRI Books) |
| d. Stock Register | Form No. 13 (of Existing PRI Books) |
| e. Register for roads | Form No. 15 (of Existing PRI Books) |
| f. Register for Land Owned | Form No. 16 (of Existing PRI Books) |

Besides these, following additional Books of Accounts shall also be prepared:

- | | |
|--------------------------------------|----------|
| a. Project Cash Book | Form F-1 |
| b. Sanction Register | Form F-2 |
| c. Integrated Activity Register | Form F-3 |
| d. Beneficiary Contribution Register | Form F-4 |

The details regarding books being maintained presently by the Panchayats are given vide **Appendix IV**.

8.02 Cost of Statutory books

The Department of Watershed Development will provide all Additional books as mentioned in the Manual. The cost of any other book / record to be maintained would have to be borne by the GPs.

8.03 Preparation of Books of Accounts

The secretary of the Gram Panchayat, as per the existing practice, will prepare the existing books of accounts. The Accounts Assistant will however maintain all additional Books of accounts related to the Project.

8.04 Preparation of Project Cash Book (Perforated)

- a) All amounts received either from the Project or in the form of Cash Contribution from beneficiaries should be recorded in the Project Cash Book.
- b) All transactions regarding Implementation Fund, Vulnerable Group Fund and Administrative Fund shall be entered in Project Cash Book. Transactions related to Incentive Fund shall be entered in Main Cash Book of GP and not in the Project Cash Book.
- c) The Project Cash Book will be prepared by the Accounts Assistant. He will prepare vouchers of transactions and submit bills to the Water and Water and Watershed Management Committee for its approval. After due approval, he will prepare the cheque and submit it to the Gram Pradhan and a woman ward member (Nominated amongst ward members for this purpose) for getting their signatures.
- d) After signatures, payment will be made and simultaneously entry will be posted in the Project Cash Book.
- e) All cash and Bank transactions will be recorded separately in respective columns provided in the Project Cash Book.
- f) At the end of the month, an abstract of Receipts and Payments will be prepared by the Accounts Assistant in the Project Cash Book itself. The abstract should be used for consolidation of the transactions of the project in the Main Cash Book of the Gram Panchayat. The format of monthly abstract has been attached vide **Annexure**.
- g) The Format of the Project Cash Book is enclosed **vide Annexure Form F - 1**.
- h) The Perforated Copy of the Cash Book is meant for submission to the Unit Officer at the end of each month.

8.05 Preparation of Sanction Register

A sanction register will be prepared at Gram Panchayat level to record all sanctions given by the Water and Watershed Management Committee of Gram Panchayat for works valuing up to Rs. 10,000 per work.

The Sanction register shall be prepared as follows:

- a. The sanctions will be recorded in a chronological order.
- b. The sanction no. will have the suffix GP. The prefix will be Serial No. as per the Sanction Register.
- c. The format of the Sanction Register is given **vide Form F-2**.

8.06 Preparation of Integrated Activity Register

Integrated Activity Register records activity wise sanction and payments made against each such sanction.

As soon as a sanction is given for execution of work, the same shall be recorded activity wise in the Integrated Activity register. The Integrated Activity register shall contain the following information in a folio dedicated to each activity:

1. Sanction Number and Date
2. Name of the Activity
3. Total Estimated Cost
4. Share of Beneficiary contribution
5. Project share of expenditure
6. Number and Date of MoU
7. Date & Amount of payments made
8. Date of Commencement and Completion of Work
9. Fixed asset number /Fixed asset register folio No.
10. Total Payments Made

Every payment recorded in the Project Cash Book shall be recorded in this register against its sanction. There will be a separate sanction for each activity. As such, at a glance, an easy comparison of actual cost of works with the sanctioned amount is possible in this Register. In fact before any payment is made, the Accounts Assistant shall refer to the Integrated Activity Register to verify the amount of advances made earlier. The format of the Register is enclosed vide **Form F-3**.

Administrative expenses viz, honourarium of Accounts assistant etc., for which no sanction is required, shall be treated as a separate activity for the purpose of recording in the Integrated Activity Register. It shall be recorded under respective activity folio. Sanction details are not required in this case.

8.07 Preparation of Beneficiary Contribution Register

Beneficiary contribution register shall be prepared in the format enclosed **vide Form F-4**. All entries regarding the Beneficiary contribution shall be entered in this register.

Receipts

As indicated earlier, Beneficiary contribution can be of three kinds i.e Cash, Labour and Material. For every Beneficiary Contribution made, irrespective of its nature, a receipt shall be issued to the member contributor to capture and create a reliable source in this respect.

In any case, three separate coloured receipt books, serially numbered, will be utilized to account for cash, labour and material contribution.

Cash Receipt

When members remit cash, cash receipt needs to be prepared in duplicate and the original be given to the member. The Cash Receipt book needs to be serially pre-numbered. The receipt book should be say pink coloured. The format for the cash receipt is enclosed **vides BC-1** .All cash receipts need to be issued & entered in the Project cash book maintained by the Accounts Assistant.

Labour Contribution Receipt

When a member offers labour towards contribution, labour contribution receipt needs to be prepared in duplicate. A separate receipt book of a different colour, say, yellow, needs to be used for the purpose. A member may also opt to contribute partly towards labour, partly for payment. In such a case, the balance amount is adjusted towards capital contribution. Sometimes, a member may offer the entire value of the labour amount towards his contribution. Hence, the format for such receipts need more details of activity wise

contribution made towards labour. The format of labour contribution receipt is enclosed **BC-2**.

Material Contribution Receipt:

In case materials are contributed, the entire value will be reckoned towards contribution from the member concerned. A separate receipt book of a different color, say, white, will be put to use for this purpose. The format of Material Beneficiary Contribution is enclosed **vide BC-3**.

Points to be noted while preparing receipts:

- All receipts have to be prepared in Duplicate and the original be given to the member.
- All receipts must have the serial number and book number preprinted.
- All receipts must be signed by the Account Assistant.
- All receipts must be dated and sealed with the stamp of the Gram Panchayat.

Recording of Beneficiary contribution

- All cash beneficiary contribution receipts will be recorded in the Project Cash book and Beneficiary Contribution Register.
- All material and labour beneficiary contribution receipts will be recorded only in the Beneficiary Contribution Register.
- Support of each Beneficiary Contribution receipt is required. Procedure to record Beneficiary Contribution by G.P at a glance is given below:

Separate Receipt books, pre numbered and
having distinguishing colours.



Beneficiary Contribution Register for Cash, Labour and Material contributions, Activity wise.



Integrated Activity Register to be posted Activity wise on completion of an activity.

Note:

In case the work is executed by the implementer other than GP:

Labour Beneficiary Contribution Receipt shall be made after the work is completed as per the amount specified in the estimates. If the measurement of the work is different than the estimates, it shall be adjusted appropriately. On completion of an activity, the Account Assistant shall ensure proper recording of the contributions made by the beneficiaries in the Integrated Activity Register.

8.09 Accounting for payments made Receipts:

In addition to the existing GL account head following additional accounts shall be used for the Project:

A. Receipts

1. Grants for Project Implementation.
2. Grants for Vulnerable Group fund.
3. Beneficiary contribution - Cash
4. Interest received
5. Miscellaneous receipts

B. Payments

1. Watershed Development Expenditure

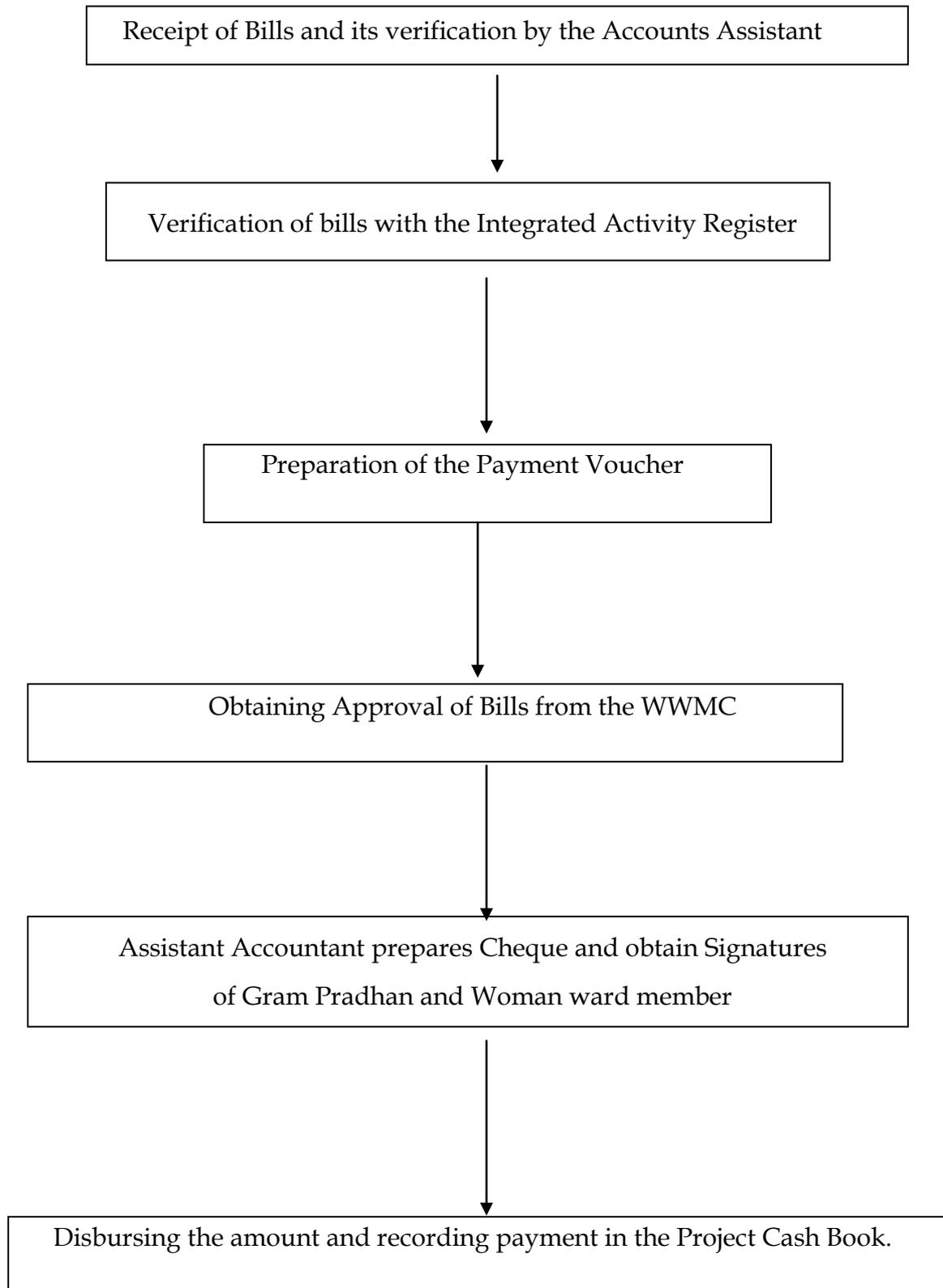
Payments

- At the time of making payment, a payment voucher will be prepared in the format enclosed **PV-1**.
- The recipient of payment shall sign the payment voucher, wherever feasible.
- Bills, receipts etc. showing full details of goods and services or materials supplied, quantity, unit rate, date of supply, amount etc. shall be attached with the Payment voucher. In Case payment is made to the

Implementer against 'Running bill cum work status certificate' or the 'Final bill cum completion certificate' as the case may be, bills need to be attached to the voucher.

- Payment voucher should provide details regarding:
 - To whom the payment was made.
 - The reason for making the payment
 - The mode of payment i.e. cash or cheque
 - Particulars of the bills/receipts
- Also when payments are made in the form of cheque, the invoice against which the payment is made shall be attached to the voucher and formal receipts should be obtained and later attached to the Payment Voucher
- While preparing payment voucher for labour charges a single consolidated voucher may be prepared indicating the total amount of labour charges paid. A detailed Muster Roll/Attendance Register must be prepared and attached with the labour payment voucher in the format **DL-1**.

System of Recording Payments at a glance:



8.10 Accounting for Stocks

- In case work is being executed by any Implementer other than Gram Panchayat, no record is required to be maintained for the stocks purchased and consumed by the Implementer.
- While if the work is executed by the Gram Panchayat itself, its accounting will be done as follows:

Purchase and recording: On the basis of the estimates, material will be purchased and will be recorded in the Project Cash Book, activity wise. Therefore, if material is purchased for three different activities, the details will be recorded in the inner column and simultaneously these will be carried to the Integrated Activity register as well as the Stock register.

8.11 Accounting for Fixed Assets:

The construction as well as acquisition of the Fixed Assets will be carried out as per the Accounting Policies in the Formats (No. 9, 11, 15, 16) prescribed by the PRI act. They will be recorded in already existing formats & no additional format is prescribed.

The fixed assets acquired/constructed by the Project shall be allotted a fixed asset no. which will include name of G.P, year of acquisition/construction and the serial no. of the asset in the Fixed Asset Register-in the following order:

<G.P name> <Year of acquisition/construction> < Asset Serial no.>

8.12 Accounting for Vulnerable Group Fund

- The amount disbursed to various Individuals/VGs will be booked as expense 'Watershed Development Expenditure'.
- Expense will be recorded in the separate column of the Project Cash Book.
- The usage of the funds for the intended purpose would be checked by the concerned division on a time to time basis.

8.13 Monthly Reporting

At the end of every month the Accounts Assistant shall prepare and submit the following reports to the unit officer

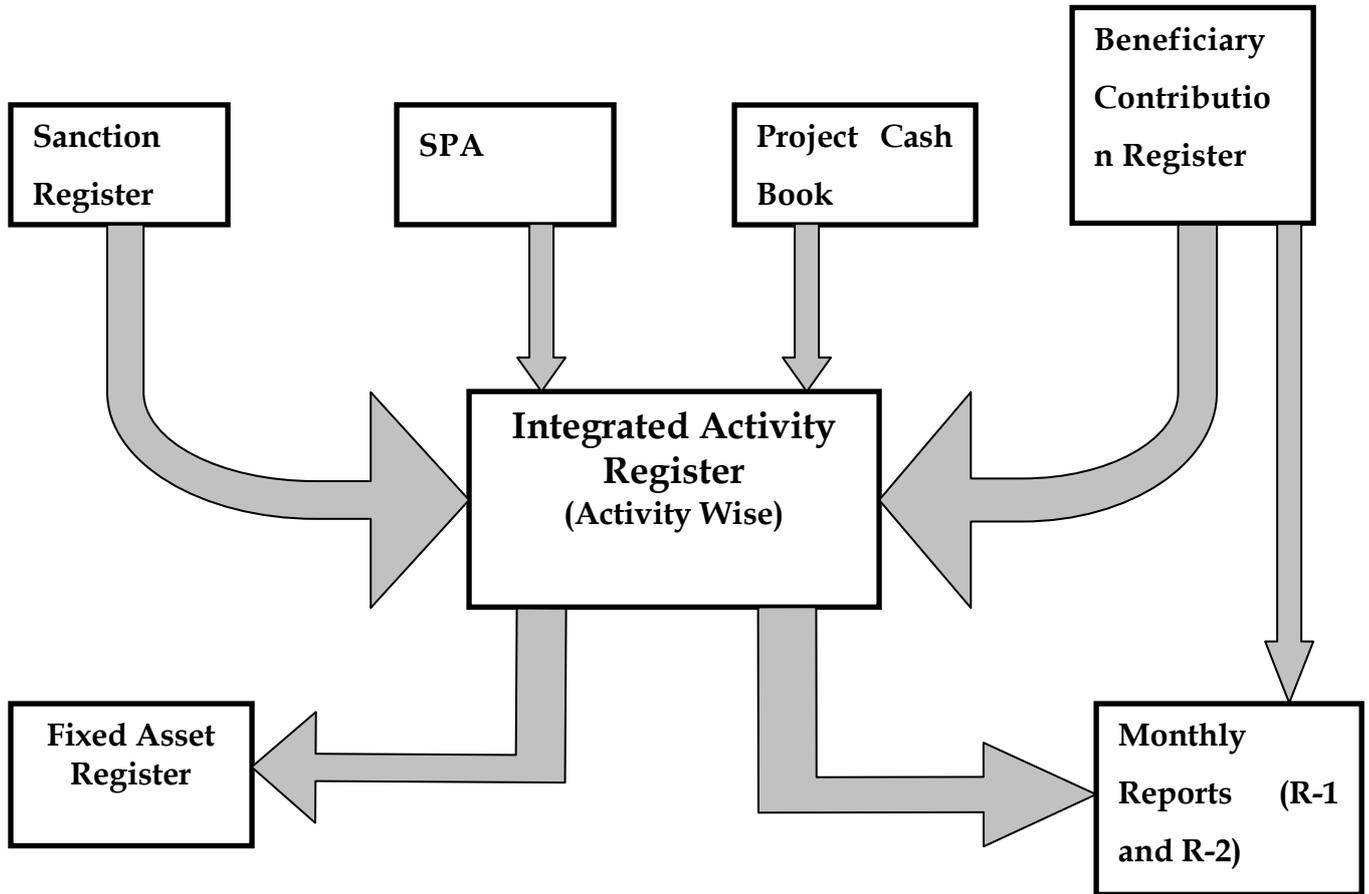
1. Activity wise monthly abstract of the expenditure and Beneficiary Contribution (from Integrated Register and Beneficiary Contribution Register) vide **Report R-1**.
2. Cumulative Activity wise Monthly progress Reporting (From Sanction Register as well as Integrated Activity Register) vide **Report R-2**.

Following documents should be attached along with the Monthly Reports:

- 1 Bank Reconciliation Statement (Format of existing Book in Appendix III)
- 2 Perforated Copy of the Project Cash Book.
- 3 Completion Certificates.

8.14 Process of Accounting Flow at a Glance:

The system of recording data, its source and compilation, including monthly reporting process is given below for necessary comprehension.



8.15 Record Keeping

With the objective to ensure easy access and safe keeping of vital records and documents, following box files with separator shall be maintained by each G.P. as per design given below:

BOX FILE

GRAM PANCHAYAT _____

FINANCIAL YEAR _____

Document	File No
Gram Panchayat Watershed Development Plan and Annual Works Plan	1
Estimate of Works and Technical Sanctions	2
Financial Agreement with DPD	3
Sub-Project Agreements	4
Internal Reports	5
Audit Reports	6
General Correspondence regarding Financial Matters	7

8.16 List of activities to be undertaken by GP is annexed vide **Appendix V**.



Formats and Reports

Accounting Formats

Form No.	Description	To be prepared by	Verified by
F-1	Project Cash Book	Accounts Assistant	Village In-charge
F-2	Sanction Register	Accounts Assistant	Village In -charge
F-3	Integrated Activity Register	Accounts Assistant	Village In-charge
F-4	Beneficiary Contribution Register	Accounts Assistant	Village In-charge
BC-1	Cash Contribution Receipt	Accounts Assistant	Village In-charge
BC-2	Labour Contribution Receipt	Accounts Assistant	Village In-charge
BC-3	Material Contribution Receipt	Accounts Assistant	Village In-charge
PV-1	Payment Voucher	Accounts Assistant	Village In-charge
9*	Register for Immovable Property	Panchayat Secretary	Gram Pradhan
11*	Register for Movable Assets	Panchayat Secretary	Gram Pradhan
13*	Stock Register	Panchayat Secretary	Gram Pradhan
15*	Register for Roads	Panchayat Secretary	Gram Pradhan
16*	Register for Land Owned	Panchayat Secretary	Gram Pradhan

Financial Reports

No.	Description	Prepared by	Verified by	Submitted to	Frequency	By when
R-1	Monthly Status Report	Accounts Assistant	Village in-charge	Unit Officer	Monthly	7 th of following month
R-2	Cumulative Activity wise Report	Accounts Assistant	Village in-charge	Unit Officer	Monthly	7 th of following month
7*	Monthly Reconciliation Report	Accounts Assistant	Village in-charge	Unit Officer	Monthly	7 th of following month

Note: * These Formats and reports are prescribed by the Directorate of Panchayati Raj.

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT PROJECT PHASE-II

FORM F-1

GRAM PANCHAYAT _____

Folio No. _____

PROJECT CASH BOOK FOR THE YEAR OF _____

Dr.						Cr.								
RECEIPTS						PAYMENTS								
Date	Receipt/ Voucher No.(issued)	Details	Cash	Bank		Date	Voucher No.	Cheque No.	Details	Cash	Bank		Activity	
				Impleme ntation Bank A/c	Social Fund A/c						Impleme ntation Bank A/c	Social Fund A/c	Details	Folio No. in Integrated Activity Register
		TOTAL							TOTAL Balance TOTAL					

Note: Prepare Abstract of Cash Book at the end of each month. Send perforated Copy to Unit Officer at month end. Copy of abstract to be sent to Secretary for posting in Main Cash Book of G.P.

Monthly Abstract

Receipts	Amount	Payments	Amount
Opening Balance		Watershed Development Expenditure	
Grant received from Watershed		Payment to SHGs	
Implementation Fund		Miscellaneous	
Vulnerable Group Fund			
Beneficiary Contribution - Cash			
Int Received		Closing Balance	
Total		Total	

Sign of Accounts Assistant

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT PROJECT PHASE-II

Gram Panchayat _____ Revenue Village _____

Form BC-1

No. _____ Book No.: _____

Date: _____

CASH CONTRIBUTION RECEIPT

Received from Mr./Mrs./Miss _____ a sum of Rs. _____
 (in Figures) _____ (in words) as detailed below

S.No	Particular/Activity	Amount(Rs.)
1		
2		
3		
	TOTAL	

Village In-charge _____ Accounts Assistant _____

UTTARANCHAL DECENTRALISED WATERSHED DEVELOPMENT PROJECT PHASE-II

Gram Panchayat _____ Revenue Village _____

Form BC-2

No. _____

Book No.: _____

Date: _____

Labour Contribution Receipt

Received from Mr./Mrs./Miss _____ a sum of Rs. _____
(in Figures) _____ (in words) as detailed below

S.No	Particular/Activity	Amount(Rs.)
1	Total amount of wages earned for _____ (Activity)	
2	Amount of wages disbursed out of above	
3	Amount of wages accounted as contribution (1-2)	
	TOTAL	

Village In-charge

Accounts Assistant

Sign of member

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT PROJECT PHASE-II

Gram Panchayat _____		Revenue Village _____		Form BC-3				
No. _____				Book No.: _____				
				Date: _____				
Material Contribution Receipt								
Received from Mr./Mrs./Miss _____ a sum of Rs. _____ . (in Figures) _____ (in words) as detailed below								
S.No	Particulars	Quantity	Stock Register Folio No.	Rate/Univ.	Amount(Rs.)			
1								
2								
3								
	TOTAL							
<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; border: none;">Village In-charge</td> <td style="width: 33%; border: none;">Accounts Assistant</td> <td style="width: 33%; border: none;">Sign of member</td> </tr> </table>						Village In-charge	Accounts Assistant	Sign of member
Village In-charge	Accounts Assistant	Sign of member						

GRAM PANCHAYAT _____		PV-1
Uttarakhand Decentralised Watershed Development Project Phase-II		
PAYMENT VOUCHER		
Date: _____	No.: _____	
Payment made to M/s _____ for Rs. _____		
Vide Cheque No. _____ dated _____ or cash, on account		
of Activity _____ against sanction no. _____ and bill no _____		
dated _____		
Signature of Recipient:	Prepared by Accounts Assistant	Approved By Member Watershed Committee

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT II PROJECT

Monthly Reconciliation Details

Month..... Year.....

FORM 7(Existing PRI books)

		In Bank(Rs.)	In Treasury(Rs.)
	Balance intimated by Treasury as on		
ADD	Cheques etc.received but not yet deposited in Bank/Treasury		
	Cheques etc. not yet received/credited in Bank/ Treasury		
LESS	Cheques etc. directly deposited but not yet appearing in the Cash Book.		
	Balance as per adjustments in Cash Book		
	Actual Balance in Cash Book		
	Difference in Amount		
	Details of Difference:		

The reasons for difference between Actual & Adjusted Balances of the Cash Book have been personally looked into to obtain satisfaction or a imitating actions has been taken and all the concerned officials have been duly informed.

Cashier

Officer-in-Charge

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT II PROJECT

FORM 9(Existing PRI Books)

Register of Immovable Property

Zila Panchayat _____

Regional Panchayat _____

Gram Panchayat _____

Date	Date of acquisition, construction, transfer	Details of orders under which property was acquired, Purchased, Constructed, or Transferred	Present Situation & details of property	Purpose for which the property was used.	Value in the beginning of year.....	Date & value of the asset after Revaluation(if any)	Depreciation in the beginning of the year	Depreciation during the year	Value at the end of the year (after depreciation)	Return/Balanced debt/Transfer	Whether returned	Amount received after return	Signature	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Pradhan

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT II PROJECT

Register of Movable Assets

Form 11(Existing PRI Books)

Zila Panchayat/Regional Panchayat Committee/Gram Panchayat

****	Date of Purchase & details of requisite authority	Nos./Quantity	Cost/Expense	Bill No. & date	Details of usage of the assets & other particulars as necessary	Date of return of Asset	Mode of Return	Quantity Returned	Order no. & date	Amount received on sale(if sold)	Date of deposit in the Bank	Balance after every transaction/year		Remarks
												Quantity	Cost	
1	2	3	4	5	6	7	8	9	10	11	12	13		14

Pradhan

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT II PROJECT

Register of Roads

Form 15(Existing PRI Books)

Panchayat.....

S.No:	Name & Situation of Road	From..... ...Village/ Point	To..... ...Village/ Point	Length (In Kms.)	Width (In Kms.)	Classification of Roads	Commencement and completion date of work	Total Value and Average Value per Km.		Remarks regarding Details of Value and Repair	
1	2	3	4	5	6	7	8		9		10

Pradhan

UTTARAKHAND DECENTRALISED WATERSHED DEVELOPMENT II PROJECT

Register of Land Owned by Zila Panchayat/Regional Panchayat/Gram Panchayat.....

Form 16(Existing PRI Books)

S.No.	Date of Transfer/ Acquisition	Acquired from whom	Purpose	Reference of Deed/Decision	Area of Land	Map No.along with Boundaries	Assessment/Valuation	Boundaries/Drawings of Land	Anything acquired along with Land		Use of Building/Land	Amount Paid in Rs.	Date and Voucher No.	Remarks
									Details of structure	Covered Area				
1	2	3	4	5	6	7	8	9	10		11	12	13	14

Pradhan

CHAPTER 9 - EXTERNAL AND SYSTEMS AUDIT

Audit in any organization establishes verification of transactions made during a financial year. While external audit is conducted as a statutory requirement at the end of each financial year, internal audit is conducted periodically during the year.

9.01 External Audit: This audit will be conducted annually for each Gram Panchayat, as per requirements of the PRI Act. The primary object of this audit is to verify transactions on test basis and certify annual financial statements of each GP. The certified Annual Accounts along with the auditor's report shall be put up to the Gram Sabha of each Panchayat for adoption and comments and a copy should be sent to DPD within six months of the end of the Financial Year. The State Accountant General may also conduct a Propriety Audit of selected GPs.

9.02 Internal Audit: Auditor appointed by the project/GP will conduct audit. A firm of Chartered Accountants, duly approved by the Project shall conduct internal Audit on quarterly basis. The auditors shall report to DPD, only after getting comments of the Water and Watershed Management Committee. To resolve any serious observations a joint meeting in the form of an audit committee may be convened by the DPD.

9.03 Project audit by CA: The concerned DPDs would appoint a CA to carry out the audit of the project accounts of GPs on annual basis. The auditor would provide a project audit report along with the receipts and payments and balance sheet for the GP. The expenditure on this activity would be financed under administrative cost provided to the GPs.

9.04 Social Audit: This kind of audit is necessary to ensure transparency in the activities undertaken by a Gram Panchayat. The Water and Watershed Management Committee under the Gram Panchayat will facilitate this audit.

- a. The Annual Action plan passed by a Gram Sabha should be pasted on the Notice Board or at any such place, which is easily accessible to the members of a village.

- b. The Expenditure incurred during a month along with physical progress achieved, activity wise, should also be pasted on the notice board.
- c. At the end of every half year, financial and physical progress should be consolidated by each GP and put up for consideration of the Gram Sabha.
- d. Half yearly reports also need to be displayed to highlight benefits achieved by community in category of 'below the poverty line', marginal and landless villagers.

DISPLAY BOARD

FOR THE MONTH _____

GRAM PANCHAYAT _____

OPENING BALANCE

CASH _____

BANK _____

Paint				Fill up in Chalk						
Sr. No.	Activity	ANNUAL WORKS PLAN		ACTUALS					Cum till Date	
		Physical Units	Amount (Rs.)	Current Year			Beneficiary Contribution (Rs.)	Physical units	Amount	
				Physical For the month (Units)	Physical cumulative Units	Amount for the month (Rs.)				Amount Cumulative (Rs.)

Contracts executed during the month	Sub project	Implementer	Sanctioned Amount	Date of Completion



CHAPTER 10 - AMENDMENTS TO THE MANUAL

It shall be an endeavour of all functionaries of the Project and Gram Panchayats to implement the Financial Management Systems prescribed in this Manual in letter and spirit. However if any alterations are warranted in its smooth implementation, approval needs to be obtained from a competent authority. For this purpose a committee comprising of equal representatives of the project and Gram Panchayat and Chaired by Project Director of the project, will be the deciding authority. In such an eventuality all amendments desired in the Manual shall be reported by the Project Director of the Project to the World Bank for its concurrence.



MEETING OF WATER AND WATERSHED MANAGEMENT COMMITTEE

The main function of Water and Watershed Management Committee besides monitoring the project is to provide sanction for execution of works and to authorize all payment made by GP. For this purpose the WWMC shall meet at least once in a week. The procedure for convening and conducting the meeting of WWMC is given below:

1. The Secretary of WWMC shall call the meeting by serving two days short notice to every member of the committee.
2. The Notice shall specify the Agenda, time and place of the meeting.
3. The committee may unanimously decide a fixed day, time and place for holding meetings in which case a formal notice may not be necessary to be served to members for each meeting, e.g. Meeting may be held on each Friday at 11.00 AM at Govt. School.
4. The quorum (i.e. minimum number of members present at the meeting) shall constitute at least 3 members.
5. In case the quorum is not fulfilled, the meeting shall automatically get adjourned to next week at the same time and place.
6. In case the quorum remains unfulfilled even at the adjourned meeting, then any two members of the committee inclusive of Gram Pradhan shall form the quorum.
7. All the authorizations/decisions shall be taken by show of hands and simple majority.
8. The secretary shall maintain a minute book and record all the matters discussed and decisions taken at each meeting on Agenda items. Every member present at the meeting shall sign the minute book.
9. As such the Minute Book will have record of all sanction of payments payable at G.P. level. A copy of these sanctions will be attached to relevant payment vouchers by the Accounts Assistant of Gram Panchayat.

**AGREEMENT FOR WORKS TO BE EXECUTED THROUGH GRAM
PANCHAYATS UNDER UTTANCHAL DECENTRALIZED WATERSHED
DEVELOPMENT II PROJECT (UDWDP II)**

This deed of agreement is executed onbetween the Deputy Project Director,Watershed Management Directorate, Uttarakhand, the authorised representative (hereinafter referred to as the first party) and the Gram Pradhan ofGram Panchayat in.....micro watershed falling in the Block.....and Tehsil.....of District (hereinafter referred to as the second party), to implement the project and manage the assets created under Uttarakhand decentralised Watershed Project Phase-II on the following parameters :-

It is now here forth agreed:

1. Gram Panchayat Watershed Development Plan:

The works will be executed by the G.P. in accordance with the Gram Panchayat Watershed Development Plan as approved by the Gram Sabha, which is phased over a period of five years and is enclosed in community procurement manual.

2. Cost of Contract:

The cost of the works, as per approved Gram Panchayat Watershed Development Plan, is to be met from the Project funds for works and shall be executed by the Second Party for Rs. only. The year wise break up is as per given in the Gram Panchayat Watershed Development Plan in the community procurement manual.

3. Annual Works Plan (AWP):

Before undertaking any works, the Second Party shall prepare a detailed Annual Works Plan as per the Operation Manual in the attached format. The Annual Works Plan shall be prepared on the basis of Gram Panchayat Watershed Development Plan.

4. Disbursement of Funds by the First Party:

- i. Payment to the Second Party for works under the Project will be released by the First Party in advance for the works to be carried out by the Second Party.
- ii. With a view to accelerate execution of works, the First Party will transfer funds to the Second Party in the following ways-

❖ **Initial On-Account Payment:** On-Account payment to the extent of 10% of the each year's Annual Work Plan shall be given at the beginning of the FY by the Project to the GP. It will, however, be adjusted at the end of the same Financial Year.

❖ **Reimbursement of Cost of Works:** During Implementation of the Project, reimbursement of all expenditures incurred on works as per the approved work plan of GPWDP will be claimed by GPs after submitting requisite financial statements. All expenditures incurred in a particular month will be reimbursed by the DPD at the end of the month. However, if the amount is completely spent before the end of the month, even then the GP can claim the reimbursement by submitting the financial documents and statements. Summary of documents and statements to be submitted to DPD by GP while claiming reimbursement is given below in a tabular form.

Summary of documents to be submitted to DPD by GP while claiming reimbursement

S.No	Time of Claiming Reimbursement	Documents to be submitted
1.	At the end of Month	1. R-1 and R-2 2. Perforated copy of the Project Cash Book along with copies of bills/ vouchers related to the copy of Cash Book being submitted.
2.	During the Month	Perforated copy of the Project Cash Book from the date of last reimbursement till the date of present submission of reimbursement claim along with copies of bills/ vouchers related to the copy of Cash Book being submitted.

FINANCIAL STATEMENT**(Summary of receipts and payments till the date of submission)**

Receipts		Payments	
Particulars	Amount	Particulars	Amount
Opening Balance		Payments made	
Receipts from WMD			
Beneficiary Contribution - Cash		Closing Balance	

The DPDs are expected to ensure and devise a mechanism so that the fund released to GPs is utilized for the purpose for which the demand was raised by the GP.

Note: *In the divisions where the PNGO will be implementing the project on behalf of WMD, it will be responsible for the entire financial monitoring of the funds made available to the concerned GPs. On the recommendation of the PNGO, all the funds will be transferred to the GPs directly by the WMD.*

5. IMPLEMENTING AGENCY FOR WORK

The WWMC will have the right to appoint anyone of the following Implementers in the order of priority for the implementation of the work:

- ❖ The **Individual Farmer** (Beneficiary) for the work to be executed on his own land. (In that case, **Individual** will work as a contractor)
- ❖ **RVC/ VP /User Group** which will work as a contractor to GP will be engaged for the activities to be implemented on common/ community/village assets. This arrangement will also apply on individual land or asset if the beneficiary has no objection and gives his consent in writing.
- ❖ The **Gram Panchayat**
- ❖ The First Right of implementation of every work under the project rests with village-level entities such as individual farmer, RVC, User Group or

the Van Panchayat. If these options are not available then the GP itself may decide to execute the works. If all the above options refuse or fail to take up project activities under GPWDP as per plan only then, the works will be awarded to independent contractors. However the WWMC will have to obtain in writing their inability to undertake the project activities before awarding the contract for the said work to an independent contractor.

- ❖ In case of special technical requirements for which the above mentioned village level institutions do not possess adequate capabilities, and then the WWMC may outsource **a contractor** having past experience in specialized technical works. Such a Contractor will be appointed only after the concerned Beneficiaries have deposited the full amount of their share for the said activity in advance with the Gram Panchayat.

6. PREPARATION OF ESTIMATES AND ITS TECHNICAL SANCTION

- ❖ After preparation of detailed AWP and receipt of the initial On Account payment from the DPD the estimates for each activity to be taken up, will be prepared by the WWMC with the help of the Technical Representative of the MDT/PNGO in the format given vide **Attachment F-6**.
- ❖ The Technical Representative of MDT, along with a WWMC member shall survey the site of a particular work for preparing the estimates. The design and the estimates will be discussed with the concerned members and before finalizing it. *Every estimate of works will be accompanied with a photograph of the site.*
- ❖ An Integrated Activity **register (Format F-3)** shall be maintained by the accounts Assistant at each GP level.
- ❖ Technical member of the MDT will ensure that the detailed cost estimate of activities are prepared and a technical sanction is obtained for each such estimate prepared by the GP before initiating any activity. The format of Technical Sanction is given vide **Attachment F-7**.

- ❖ The competent authority to accord technical sanction for watershed works is given below in the table.

Sanctioning Limit	Sanctioning Authority
Up to Rs 10,000	Should be passed in the meeting of WWMC. No sanction from WMD is required. Copy of each sanction will be sent to DPD for information.
Above Rs. 10,000	Sanction from WMD is required and that will be as per the existing WMD norms. The estimates prepared will be submitted to the MDT by WWMC for according sanction from the WMD.

- ❖ Once the sanction is granted, a 'technical sanction number.' will be allotted for each activity.
- ❖ There will be no splitting of work/activity for the purpose of bypassing sanctioning requirement from WMD for activities above Rs. 10000.

7. SUB-PROJECT AGREEMENT BETWEEN GP AND IMPLEMENTER

A Sub-Project Agreement (SPA) for each activity will be signed between the GP and the Implementer through WWMC, if the GP itself does not execute the work. The design and cost estimates of the structure prepared with the help of MDT representative will be a part of the SPA. A sample draft of the SPA which will include and cover following areas is enclosed vide **Attachment A-3**.

- ❖ Objectives
- ❖ Sub-Contracting
- ❖ Implementation of Works
- ❖ Procurement of Material
- ❖ Responsibility of Damages
- ❖ Time Limit and Schedule of Payment
- ❖ Duties and Responsibilities of the WWMC and the Implementer
- ❖ Settlement of Disputes

- ❖ Ownership and responsibility of maintenance of the created assets.

8. IMPLEMENTATION AND MONITORING OF THE WORK

- ❖ Technical representative of the MDT will provide guidance to the Implementer and will monitor the work to ensure that the work is completed within time as per the prepared estimates and designs.
- ❖ Work must be completed in the sequential manner as approved by the Gram Sabha.
- ❖ Technical Representative of the MDT shall inspect the progress of works at different stages and record it in a Measurement Book (MB) after verification. The MBs shall, however, be kept in safe custody of the Accounts Assistant of each GP. The format of the MB will be as prescribed by the State Financial Rules vide form nos. 16 and 17.

9. REGISTERS AT GP LEVEL- Following registers, related to project financial system, will be kept at GP level and maintained by Account Assistant.

- ❖ Perforated Project Cash Book (**Format F-1**)
- ❖ Sanction Register (**Format F-2**)
- ❖ Integrated Activity Register (**Format F-3**)
- ❖ Beneficiary Contribution Register (**Format F-4**)

10. PREPARATION OF BILLS-Bills shall be prepared by the implementer on basis of actual progress and accorded sanctions. The Account Assistant shall assist individual farmer, RVC, VP, UG and SHG in preparation of the bills.

11. AUTHORIZATION PROCESS FOR THE PAYMENT-The bill submitted for the payment will route through the Account Assistant who, before making any payments, shall cross check with the Integrated Activity Register to verify the quantum of earlier payments made before getting it approved by the WWMC.

- ❖ All payments shall be authorized by the WWMC, which shall meet at least once in a week for this purpose.

12. BASIS, STAGES AND QUANTUM OF PAYMENT / REIMBURSEMENT

- ❖ If the GP itself implements the work then the GP can claim to the extent of sanctioned amount, net of beneficiary contribution, only against submission of actual bills of expenditure incurred.
- ❖ Bills for the work implemented by GP will be paid as soon as it is authorized by the WWMC.
- ❖ In case the work is implemented by an Implementer other than GP, the total payment made to it shall not exceed the estimated unit cost (net of Beneficiary Contribution) as approved and adjusted proportionately for actual measurements.
- ❖ The payment to the Implementer (Individual/RVC/VP/UG) other than GP will be on the basis of running bills/final bills cum Completion Certificate.

(A) Documents to be submitted in the case of running bills

If the amount claimed is against the activity not yet completed the implementer will submit the 'Running Bill cum work done certificate' after getting it attested by:

1. The Member of RVC,
2. Technical Representative of MDT

Quantum of Payment: The total payment made **against running bill** should not exceed 80% of the total amount of the work done as detailed in the 'Running bill cum Work done Certificate'.

Copies of the Running Bill: Running bill cum Work done Certificate 'shall be prepared in Triplicate. One copy each of the bill shall be submitted to GP and DPD through Unit Office. The Implementer shall retain the last copy for its record. (Format F-8)

(B) Documents to be submitted In case of bill for completed activity

If the amount claimed is against activity completed, the Implementer will submit the 'Final bill cum Completion Certificate' *along with a photograph of the completed work*. The 'Final bill cum Completion Certificate' shall be prepared by the Implementer i.e. concerned beneficiary, in case of the work done on private land and one of beneficiaries in case of work done on common/community land and attested by:

1. The Member of RVC
2. Technical Representative of MDT

Quantum of Payment: On completion of an activity the total payment made to the Implementer shall be equal to the estimates of work prepared and adjusted proportionately for actual measurement as per Measurement Book, net of Beneficiary contribution.

Copies of the Final Bill: Final Bill cum Completion Certificate' shall be prepared in triplicate. One copy shall be retained by GP and the other copy will be forwarded to the DPD through Unit Office. The Implementer shall keep the last copy for his record. **(Format F-9)**

Note: 1- If there is any change in the design with respect to the original estimation, revised sanction should be sought.

2- An 'OK card' will be used for activities where measurement of activity is not possible and therefore, Measurement Book cannot be prepared.

13. PAYMENT BY CROSSED CHEQUES -All payments shall be made to the implementer preferably by the crossed cheques. However, no payment exceeding Rs. 2000 shall be made in cash. In exceptional cases, this limit can be extended up to Rs. 5000, but in that case public witness will be required before making payment.

14. ADVANCES-No advance payments shall be made to the Implementers. Following Table summarizes the fund flow from GP to Implementer.

15. Obligations of the Second Party towards the First Party:

15.1 Inspection of records and Fund utilization by G.P:

The Second Party shall maintain proper accounts for all the expenditures incurred out of the payments made by the First Party for execution of the work. Such accounts shall be available for inspection of the First Party or any other technical team deputed for the purpose.

- In the event of any misuse of funds, the First Party shall have the right to freeze the Project Bank account of the Second Party after such inquiry as may be deemed necessary.
- The Second Party will fully cooperate if any such inquiry is necessary & furnish facts & records to the First Party on demand.

15.2 Recording of Project transactions by G.P:

The Accounts Assistant will maintain all Books of accounts under the supervision of the Village -incharge.

15.3 Books of accounts for Project to be maintained by G.P:

The books of Accounts required to be maintained for the project are:

- | | | |
|----|-----------------------------------|-------------------------------------|
| a. | Project Cash Book | Form F-1 |
| b. | Sanction Register | Form F-2 |
| c. | Integrated Activity Register | Form F-3 |
| d. | Beneficiary Contribution Register | Form F-4 |
| e. | Monthly reconciliation | Form No.7 (of Existing PRI Books) |
| f. | Register for Immovable property | Form No. 9 (of Existing PRI Books) |
| g. | Register for Movable Assets | Form No.11 (of Existing PRI Books) |
| h. | Stock Register | Form No. 13 (of Existing PRI Books) |
| i. | Register for roads | Form No. 15 (of Existing PRI Books) |
| j. | Register for Land Owned | Form No. 16 (of Existing PRI Books) |

15.4 Accounting for Stocks by G.P:

- In case any Implementer other than Gram Panchayat is executing work, no record is required to be maintained for the stocks purchased and consumed by the Implementer.
- While if the work is executed by the Second Party itself, its accounting will be done as per the 'Financial Manual of the Gram Panchayats'

15.5 Accounting for Assets created by the G.P:

The construction as well as acquisition of the Fixed Assets under the Project schemes will be recorded in the existing Formats prescribed in the PRI Act. The fixed assets acquired/constructed by the Second Party under the Project shall be allotted a fixed asset code no. which will include name of G.P, year of acquisition/construction and the serial no. of the asset in the Fixed Asset Register-in the following order:

<G.P name> <Year of acquisition/construction> < Asset Serial no.>
<Location>

15.6 Adherence to time schedule for completion of Works by G.P:

The works should be completed within time as stipulated in Detailed Annual works Plan. In exceptional circumstances, the time period stated in this clause may be extended in writing and by mutual consent of both the parties. The First Party will release further funds only when the Second Party completes the works timely and qualitatively.

16 Duties and responsibilities of the First Party

The First Party -

- Shall be responsible for providing regular, frequent & timely *supervision and guidance* to the Second Party for carrying out the works as per agreed specifications. This will include written guidelines and *regular site visits* of the authorized personnel of the First Party for checking quality of material and execution to ensure that it is as per the agreed standard/norms.
- Shall supply one set of *drawing specifications*, guidelines resource maps etc. to the Second Party for the proposed works, wherever applicable.
- Will also actively consider all possibilities for *training/ capacity building* of the Second Party representatives and the Second Party's nominees will be obliged to actively participate in such trainings.
- The Team Leader or such other Project persons as may be authorized by him shall hold meeting at least once in a month at micro watershed/ village level where the representatives of the committees, member of MDT or other authorized officials in charge

of the site will submit the latest information including progress report duly counter-signed by the Gram Pradhan. The whole team may jointly inspect any site on a particular day to take stock of activities.

- Shall prepare estimates and give sanction within time specified.
- May also translate this agreement form in the local language. However, in the matter of interpretation the English version will be the authentic version.

17 Duties and responsibilities of the Second Party

The Second Party shall:

- Take up the works and arrange for its completion within the time period stipulated and assist the Implementers in execution of the works
- Employ appropriate persons to carry out the works
- Make labour payment as per schedule of labour payment for different items of work.
- Ensure that purchases, if any, are made as per procurement manual of the Project.
- Regularly and intensively supervise and monitor the day to day progress of work and promptly inform Project authorities in case a specific problem/ bottleneck is faced by them and abide by the technical suggestions/direction of the Project supervisory personnel.
- Be responsible for bringing any discrepancy to the notice of the representative of the First Party including Team Leaders/ Project Director.
- Ensure that the work is carried out in accordance with specifications/ drawings and also within the total sanctioned amount .
- Keep the executive body and the Gram Sabha well informed about the progress of work.

- Keep proper accounts as mentioned in this agreement and 'Financial Manual of Gram Panchyats'
- Ensure that there is no mis-utilisation of funds or materials during execution of works and also give advance thought for preparing plans to maintain the assets created under the Project.
- Before making the payment, the Second Party shall see that all the covenants in this Agreement and the Financial Manual are complied with. For satisfying itself, the First Party shall conduct such checks, as he may deem necessary.
- Maintain necessary insurance against loss of materials/ cash/ workmen's compensation etc.
- Pay all duties, taxes and other levies payable as per law under the contract where necessary. Where necessary, there will be no objection to deductions in bills regarding taxes, as may be imposed and are deductible under the law.
- Take the responsibility of constructively mobilizing & involving the villagers in planning/ execution/ maintenance. It shall also take appropriate steps for conflict resolution and for enhancing equity and social cohesion through execution of the works. In case the execution of works leads to factionalism & narrow conflicts, the First Party can reconsider the decision for execution of remaining works through the Second Party.
- Take steps to enhance its saving for sustainability of the works/ assets created under the Project after the Project withdraws. It shall try to maximize efficiency in view of its local advantage and also consider feasibility of organizing 'shramdan' etc. to optimize local savings through execution of the Project works.
- Display boards etc. at strategic places to inform about the works to be/ being undertaken, physical provisions & financial resources received from the Project.
- Inspire & mobilize local community to protect natural resource base of the micro watershed, and

- In special circumstances, the Second Party may, after prior approval of the First Party, entrust execution of the works on a piece work basis or otherwise to any appropriate non-governmental organization (NGO), contractor or a recognized agency with a good track record of undertaking such works. The non-governmental organization or the other agencies, shall however assume full liability towards any insurance for loss of material/ cash or workman disability compensation claims of the personnel deployed on the works as well as third party claims and no part of the liability on this account shall devolve on the First Party.

18 **Audit of G.P:**

Besides the statutory Audit as per requirements of the PRI Act, the Second Party shall facilitate Internal Audit by a firm of Chartered Accountants, duly appointed by the First Party atleast on half yearly basis. The auditors will submit their six monthly reports for consideration of the Gram Sabha and the First Party.

19. **Reporting on Financial & Physical Progress by G.P:**

- **Monthly Reporting:**

At the end of every month the Accounts Assistant shall prepare and submit the following reports to the unit officer

- Activity wise monthly abstract of the expenditure (from Integrated Register) vide **Report R-1.**
- Monthly Beneficiary contributions Statement (From Beneficiary Contribution Register) vide **Report R-2.**

Following documents should be attached along with the Monthly Reports:

- 'Watershed Development Project Account' Bank Statements
- Bank Reconciliation Statement (Format of existing Book in Appendix III)
- Perforated Copy of the Project Cash Book.
- Completion Certificates.

20. Contribution of the community:

The Second Party as per the Operational Manual shall prepare records of the Beneficiary Contribution. For all works executed by the Second Party itself, all such receipts shall be properly supported.

21. Modifications

Modification of the terms and conditions of this contract including any modification of works or the contract price may be made by written agreements between the parties.

22. Dispute Settlement

If any dispute arises between the two parties, relating to any aspects of this Agreement, including Works, the parties shall first attempt to settle the dispute through mutual and amicable consultation. If the dispute is not settled through such consultation, the matter may be referred for arbitration to the concerned Project Director, Watershed Management Directorate, Uttarakhand, whose decision shall be final and binding on both parties.

Signed and delivered by Mr./Ms...
Gram Panchayat

Gram Pradhan
on behalf of the GP.

In the presence of :

i)

ii)

Signed and delivered by Mr/Ms... Deputy Project
Director..... of WMD, Uttaranchal, in the presence of :

i)

ii)

SUB-PROJECT AGREEMENT WITH THE IMPLEMENTING AGENCY

PANCHAYAT.....

We, the undersigned members of the Water and Watershed Management Committee under the Gram Panchayat of village..... micro-watershed..... Block District in its meeting of the Gram Sabha dated have been entrusted with the responsibilities to plan and operate activities relating to the under mentioned Sub-Project/work included in the Panchayat Annual Plan for Development. Accordingly, this Memorandum is executed on..... between Mr..... Chairman of the Water and Watershed Management Committee, on the one part, and Mr..... on behalf of the Implementing Agency..... hereinafter referred to as the Implementer on the second part.

Name of the
Sub-Project/work.....

Members of the
Water and Watershed Management Committee

<u>S.No.</u>	<u>Name</u>	<u>Designation</u>	<u>Signatures</u>
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Now, therefore, it has been agreed as follows:

1. OBJECTIVES:

The Details of work/sub-project to be undertaken as given below:

- 1.1 Sanctioned Cost of Work/Activity
- 1.2 Nature of Work/Activity
- 1.3 Sanction No.
- 1.4 Village & Location

1.5 The technical details, description and design along with quantities allied to the work/activity are enclosed vide Annexure I.

1.6 Beneficiary Contribution and Project Share.

2. SUB CONTRACTING:

The Implementer may Sub-contract one or several parts of the work assigned to him only after taking prior approval of the Water and Watershed Management Committee and in any case will be under his entire responsibility.

In any case no execution agency of work shall be a relative of any of the members of the Gram Panchayat.

3. EXECUTION OF WORKS:

The execution of this work will be the entire responsibility of the Implementer while the Water and Watershed Management Committee will ensure the qualitative execution of the work. However, the Deputy Project Director of The Uttarakhand Decentralized Watershed Development Project, being the major funding authority, may send his Technical Team to inspect the ongoing work or on its completion.

The work, if poorly executed, will be repaired or improved by the Implementer at his own cost.

4. PROCUREMENT OF MATERIAL

The procurement of the material for the work will be carried as per the Procurement Manual

5. RESPONSIBILITY FOR DAMAGES:

The Implementer will be responsible for all damages and accidents of any kind occurred during the execution of the work. This includes damages caused to a third party by the personnel and equipment of the Implementer.

6. TIME LIMIT

The work shall be completed in all respects by _____, 2004. The work will be deemed to be completed on the date of the completion certificate, so issued by a Technical Member of the Water and Watershed Management Committee.

7. OPERATION AND MAINTENANCE OF ASSETS

Assets created and acquired shall be maintained and effectively operated by the Gram Panchayat. It shall take steps to mobilize and involve villagers in proper upkeep of the assets.

8. SCHEDULE OF PAYMENTS

8.1 Maximum 10% advance may be given to the implementer and it will be adjusted in the first bill.

8.2 The total payment made shall not exceed the amount sanctioned for the activity, proportionately adjusted on the basis recordings made in the Measurement Book.

8.3 The payment to the Implementer will be either on basis of running bills or on completion of an activity.

8.3.1 In the case of running bills documents to be submitted are:

The 'Running Bill cum Certificate of work done', which shall be attested by

1. The Representative of Revenue Village Committee,
2. Technical Representative of MDT

• Quantum of Payment

The total payment made should not exceed 80% of the total amount of the work done as detailed in the 'Running Bill cum Certificate of the Work done' and is duly attested.

8.3.2 In case of bill for completed activity documents to be submitted

If the amount claimed is against activity completed, following documents will be attached to the bill:

- The details of the advances received against the activity.
- The 'Final Bill cum Completion Certificate' which shall be prepared by the Implementer i.e concerned beneficiary, in case of the work done on private land or one of beneficiaries in case of work done on common land and shall be attested by:
 1. The Representative of Revenue Village Committee
 2. Technical Representative of MDT

- **Quantum of Payment**

On completion of an activity the total payment made to the Implementer shall be equal to the estimates of work prepared net of the Beneficiary contribution.

8.4 The measurement of work will be made at least once every month and abstract of cost recorded in the Measurement Book to facilitate running payments to the Implementer. The bill raised by the Implementer will be paid after its verification by the Accounts Assistant of the Water and Watershed Management Committee with the entries in the Measurement Book.

8.5 No payment will be made on account of the cost over runs.

9. DUTIES AND RESPONSIBILITIES OF WATER AND WATERSHED MANAGEMENT COMMITTEE

The Water and Watershed Management Committee shall

- Take the prior sanctioning of the activity from the competent authority.

- Provide the necessary technical details and technical assistance to the Implementer.
- Provide timely funds to the Implementer.
- Collect Beneficiary Contribution.
- Ensure the compliance to various norms specified in the Gram Panchayat Manual before making payment to the Implementer.
- Ensure qualitative execution of work/sub project.
- Ensure rectification during defect liability period.

10. DUTIES AND RESPONSIBILITIES OF THE IMPLEMENTER

The Implementer shall:

- Ensure proper execution of works as per the plan approved.
- To complete the work within the specified time frame.
- Ensure that purchases are made as per requirements in the procurement manual.

11. SETTLEMENT OF DISPUTES

In the eventuality of any dispute between the two parties over the work or any aspect of this memorandum, the parties shall first attempt to settle this dispute through mutual and amicable consultations. However, if the dispute remains unsettled amicably, the matter may be referred for arbitration to the concerned Deputy Project Director of the Uttarakhand Decentralized Watershed Development Project whose verdict will be final and as such binding on both parties.

Signed & delivered by Mr. _____, the Chairman of the Water and Watershed Management Committee under the Gram Panchayat in the presence of:

Witness:

(i)

(ii)

PLACE:

DATE:

Signed and delivered by Mr. _____ on behalf of the
Implementer in the presence of:

Witness:

(i)

(ii)

PLACE:

DATE:

EXISTING BOOKS BEING MAINTAINED BY THE GRAM PANCHAYAT

The CAG has fixed 16 formats for the GPs' for account keeping and financial transactions. These books along with their purpose are tabled below for ready reference along with our other suggestions:

Form No.	Name	Purpose
1	Annual Receipts & Payments Account	Details of Receipts & Payments during the year
2	Annual Receipts & Payments Account- Capital nature	Details of budgeted, Non-Budgeted, State & Central Govt. sponsored Capital expense under various heads
3	Annual Receipts & Payments A/c-Revenue	Details of Tax/Non-Tax receivables & amounts payable under various heads.
4	Annual Receipts & Payments A/c-Loans & Advances	Details (opening/closing balances, receipts, payments) of Deposits/Advances & Loans received.
5	Annual Receipts & Payments A/c-P.F & other funds	Details (opening/closing balances, receipts, disbursements) of P.Fs, Insurance & other Funds.
6	Monthly Receipts & Payments A/c- Consolidated	Details of receipts & payments under all the heads during each month & cumulative till date.
7	Monthly Reconciliation Details	Reconciling Balances of Bank, Treasury & Cash Book & detailing reasons for difference
8	Cash Book	Detailing cash received & paid through cash, cheque & PLA.
9	Immovable Assets Register	Detailing purchase, amount, depreciation & other transaction of immovable assets of Z.P

Form No.	Name	Purpose
		/ G.P / R.P (similar to Depreciation Schedule of Companies Act)
10	Register of Demand, Compilation & Outstanding	Details of tax due, received & deposited during the year.(Month-wise)
11	Movable Assets Register	Detailing sale & purchase movable assets of Z.P/G.P/ R.P.
12	Compilation Document	Activity wise bifurcation of expenditure.
13	Stores Ledger	Detailing issue & receipts of stores.
14	Consolidated Summary	Account head wise details of Monthly as well as Cumulative expenses.
15	Register of Roads	Detailing work done & expenses incurred on various Roads.(sort of Road Asset Register)
16	Register of Ownership of land	Detailing land owned by G.P/R.P/Z.P & the uses to which it is put.

Our recommendations on these formats are as under:

Form No.	Name	Recommendation
1	Annual Receipts & Payments Account	There is no need for this form, since Form no.6 already gives cumulative position of same data.
2	Annual Receipts & Payments Account- Capital nature	Capital expenses on Watershed Development Project should also be included.
8	Cash Book	The word 'Classification' should be replaced by 'Code' as codes are the basis for classification in the Project. Moreover a

Form No.	Name	Recommendation
		separate column for each Bank Account operated by G.P should be inserted to record its transactions separately.
9	Immovable Assets Register	Column No.4 i.e 'Present situation & Details' should be replaced by 'Original Cost'. A column for location of the assets should be added.
11	Movable Assets Register	A column for location of assets should be added.
12	Compilation Document	There is no need for this form since an Integrated Activity Register is being recommended to record required details of Project expenditure.
14	Consolidated Summary	There is no need for this form as the necessary details are already provided in Form 6.