



Atal Bhujal Yojna Fiduciary Manual Maharashtra

**Document of Fiduciary Manual
Directorate, Groundwater Surveys
And Development Agency, Pune**

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Abbreviations and Acronyms

AFS	Audited Financial Statement
AWP	Annual Work Plans
BETA	Bank-executed Technical Assistance
C&AG	Comptroller and Auditor General
CAAA	Controller of Aid, Accounts, and Audit
DDO	Drawing and Disbursing Officer
DLI	Disbursement-linked Indicator
DoWR, RD&GR	Department of Water Resources, River Development and Ganga Rejuvenation
DPMU	District Program Management Unit
EAT	Expenditure-Advance-Transfer
ESSA	Environmental and Social Systems Assessment
FM	Financial Management
GoI	Government of India
GP	Gram Panchayat
GO	Government Order
IFSA	Integrated Fiduciary Systems Assessment
LFAD	Local Fund Audit Department
MoF	Ministry of Finance
MoJS	Ministry of Jal Shakti
NISC	National Inter-Departmental Steering Committee
NPMU	National Program Management Unit
O&M	Operation and Maintenance
PAP	Program Action Plan
PDO	Program Development Objective
PFMS	Public Financial Management System
PG	Program Guidelines
PRI	Panchayati Raj Institution
SISC	State Inter-departmental Steering Committee
SPMU	State Program Management Unit
TA	Technical Assistance
TOR	Terms of Reference
TPGVA	Third Party Government Verification Agency
WMC	Water Management Committee
VWSC	Village Water & Sanitation Committee

ATAL BHUJAL YOJANA

FIDUCIARY MANUAL FOR THE STATE OF MAHARASHTRA

1.0- INTRODUCTION: -

1.1-Title:

This document is the “**Fiduciary Manual**” for the Atal Bhujal Yojana for the state of Maharashtra.

1.2- Purpose of Fiduciary Manual:

This Fiduciary Manual of the State of Maharashtra is based on the Govt. Order of Atal Bhujal Yojana (Atal Jal) issued by Department of Water Resources, River Development & Ganga Rejuvenation, Ministry of Jal Shakti, Government of India vide its order no. T-40012/1/2018-GW Section (Pt.2) dated 09/01/2020(Annexure-1) and the Program Guidelines (version 1.1), which shall provide the detailed guidance regarding the state-specific processes, procedures or rules that will be followed by all implementing agencies under Atal Jal in the State of Maharashtra.

The objective of this manual is to establish an open, transparent and competitive procurement and financial management system to bring out efficiency, economy and a fair opportunity for all potential project implementation partners – i.e. contractors, NGOs, consultants, CBOs, etc. It provides comprehensive guidelines on Procurement and financial management in consonance with the General Financial Rules (GFR) Of 2017, to be followed for implementation of Atal Jal in Maharashtra. The Manual will ensure that the procurement process, documentation, is uniform, systematic and will help avoid Procurement delays. The quality of procurement will vastly improve and avoid recurrent objections in the audit reports. The policies and procedures specified in the manual shall be followed unless specific exemption is otherwise granted by the Project Director.

1.3- Deviation:

Deviation shall not normally be permitted unless supported by a justifiable request for deviation clearly outlining:

- Nature of deviation

- The reason for deviation
- The time span for which the deviation is required.
- The procedure that would be followed if deviation is approved.

If the change is considered necessary to meet the requirements of a particular component, a written justification of the change shall be submitted through the proper channel, which shall evaluate the necessity and accordingly either approve or reject the same.

1.4- Principles for Financial Management and Procurement:

The manual has been prepared on the basis of PWD Manual, Z.P. Account Code, Store Purchase Rules, GFR and GRs issued by Government of Maharashtra. All implementing agencies should follow the procedures contemplated in this manual. The procedures mentioned in this Fiduciary Manual are further complemented by the model bidding documents and formats. In case of any discrepancy between this Fiduciary Manual and the Government of Maharashtra regulations / circulars issued, the later will prevail. In case of any discrepancy between State Fiduciary Manual and National Fiduciary Manual (NFM) provision of NFM shall prevail.

2.0- INSTITUTIONAL ARRANGEMENTS FOR FINANCIAL MANAGEMENT AND PROCUREMENT

2.1- Stakeholders:

The major Stakeholders identified are:

- A. Water Supply and Sanitation Department (WSSD)
- B. State level Program Management Unit (SPMU)
- C. Groundwater Surveys & Development Agency (GSDA) at state, divisional & district level
- D. District Project Management Unit (DPMU)
- E. Zilla Parishad and Panchayat Sammittee
- F. The concerned beneficiary Gram Panchayats (GPs).
- G. Rural Development Department
- H. Central Ground Water Board (CGWD) Nagpur

- I. Department of Agriculture
- J. JALSANDHARAN department
- K. Water Resources Department (WRD)
- L. RESHIM UDHOG DIRECTORATE
- M. Non-Governmental Organizations (NGOs)/Support Organizations(SOs)
- N. Village level Water Management Committees (VWMCs)
- O. Water User Associations (WUAs)

2.2- Institutional Arrangements:

A State Level Inter-Departmental Steering Committee (SLISC) has been established vide GR **BHUJAL-1820/P.K.-34/PAPU-15 DATE 26/11/2020** (Annexure-02), for the overall administration, management and coordination of Atal Jal activities in the State.

The Department of Water Supply and Sanitation (WSSD) in the State is the nodal department for Atal Jal in Maharashtra, and the Principal Secretary is the **Project Co-ordinator in accordance with the** Memorandum of Agreement (MoA) signed with the DoWR, RD & GR on 12/10/2020 for implementation of Atal Jal in compliance with the Program guidelines in the state of Maharashtra.

The Government of Maharashtra in its GR no. **BHUJAL-1820/P.K.-34/PAPU-15 DATE 26/11/2020**(Annexure-1) has authorized.

- A. Groundwater Surveys and Development Agency (GSDA) as the PIA for execution of activities of Atal Jal for and on behalf of WSSD in the State.
- B. That the State Program Management Unit (SPMU) will be housed in GSDA and will be headed by Director, GSDA as Project Director
- C. The appointment of specialists and staff of SPMU
- D. Establishment of District Program Management Unit (DPMU) along with

deployment of staff and experts to support implementation.

E. Various committees for participating Districts, Blocks, Gram Panchayats and villages thereof.

F. Engagement of DIPs as per the requirements

2.3- Fiduciary roles and responsibilities:

As per revised procedure of fund flow under Centre Sector scheme Atal Bhujal Yojana, the State Program Management Unit (SPMU) Maharashtra are designated as Central Nodal Agency (CNA) from NPMU with effective from 1st April 2022. Atal Bhujal Yojana (Code 3282), a Central Sector Scheme marked as CNA on 07.10.2022 in PFMS. In this document, reference to SPMU would be deemed to be reference to CNA. DPMU, Line Department and any other agencies down the ladder are designated as Sub Agency.

The fiduciary roles and responsibilities for SPMU and DPMUs are detailed in Table 1 2& 3 below

Table :1 – Fiduciary Responsibilities of SPMU at State Level

Function	Activity	Timelines
Procurement	(a) Nominate an official as the Procurement Officer and specify purchase Committees. (b) Comply with the agreed program procurement process in accordance with the procurement framework provided in this document, further amplified in the Program Fiduciary Manual	(a) The procurement committee has been appointed- 20.1.2021. (b) Continuous

Function	Activity	Time Lines
	<ul style="list-style-type: none"> (c) Prepare annual plans for procurement at GP, district and State levels. (d) Hire experts for SPMU/DPMU - recruit subject experts, consultants, staff etc. (e) Hire District Implementation Partners (f) Submit Annual Procurement Plans (APP) (g) Maintain all procurement records for review. (h) Feed procurement data into the Program MIS (i) Consolidate annual procurement plans and include the same in the consolidated AWP prepared for the state and submit to SISC for approval and thereafter to NPMU for concurrence. (j) Ensure that auditors' ToR for GPs-, division/district-, and state-level activities include procurement performance review and compliance to the PG and submit the report to NPMU. (k) Ensure records of all procurement and contracts, payments, extensions to be kept in an indexed manner for annual procurement review/audit (l) Ensure annual independent procurement review/audits are undertaken—according to the guidance of the DoWR, RD & GR 	<ul style="list-style-type: none"> (c)each year (d)First year (e) First Year (f) Annually (g) Continuous (h) Continuous (i) Annually (j) Annually (k)Continuous (l) Twice a year
Financial management	<ul style="list-style-type: none"> (a) Open dedicated bank account in a Public Sector Bank / Scheduled Commercial Bank as authorized by the Ministry of Finance, Government of India vides its OM no. S-11012/3(1)/Bank/Ref. Case/2010/GBA/1351-1454 dated 21/8/2019(Annexure III) (b) Designate authorized signatories to operate the bank account. (c) Consolidate annual budget requirements. (d) Consolidate Program expenditure statements and submit for approval. (e) Prepare annual budget requirements, reconciliation, and 	<ul style="list-style-type: none"> (a) Completed (b) Completed (c) By 15th December (d) By 15th December (e) By 30th November

Function	Activity	Time Lines
	<p>inclusion of same in AWP/State Action Plans and submit it to NPMU for approval and release of funds.</p> <p>(f) Make timely payments to GPs/, contractors, and so on</p> <p>(g) Ensure proper maintenance of records and documentation of funds received, revenue, and expenditure.</p> <p>(h) Ensure all monthly expenditure, advances, transfers, interests received are entered in the PFMS and supporting documentation is submitted to NPMU.</p> <p>(i) Track fund releases to subordinate offices and verify utilization certificates submitted by them.</p> <p>(j) Prepare monthly statement of accounts and reconciliation with bank statements.</p> <p>(k) Submit consolidated Audited Financial Statements (AFSs) and annual procurement plans received from districts for approval.</p> <p>(l) Allocate Program/Incentive funds between departments for activities identified in state AWP.</p> <p>(m) Allocate and disburse Program/Incentive funds for districts/GPs for partial funding of activities identified through participatory process and monitor performance/results.</p> <p>(n) Oversee timely release of funds to different line departments.</p> <p>(o) Follow approved delegation of powers for incurring expenditure.</p> <p>(p) Upload monthly statement of accounts and AFS on the website for public viewing.</p> <p>(q) Prepare FM report/summary from PFMS for SISC</p> <p>(r) Submit audit reports to NPMU</p>	<p>(f) Continuous</p> <p>(g) Monthly</p> <p>(h) Every month</p> <p>(i) Every Month</p> <p>(j) Every Month</p> <p>(k) Audit reports to be submitted Every July of succeeding year.</p> <p>(l) NPMU to decide Annually and/or as required from time to time.</p> <p>(m) As required from time to time</p> <p>(n) As required from time to time</p> <p>(o) Continuous</p> <p>(p) Monthly</p> <p>(q) Annually</p> <p>(r) As required from time to time.</p>
Citizen's feedback, Grievance	<p>(a) Prepare, approve, and operationalize Citizen's Feedback Systems and guidelines carrying out social audits.</p> <p>(b) Establish Grievance Redressal System (preferably IT</p>	<p>(a) First year</p> <p>(b) First Year</p> <p>(c) Continuous</p>

Function	Activity	Time Lines
Redressal System	<p>based for ease of operation)</p> <p>(c) Redress grievances received within the required time limits.</p> <p>(d) Consolidate and analyze grievances received and resolved at district and GP levels to take initiatives to avoid repetition of the same.</p> <p>(e) Record citizen's feedback, consolidate, and compile into a report for public dissemination.</p>	<p>(d) Annually</p> <p>(e) Annually</p>
Reporting, documentation	<p>(a) Submit consolidated Implementation progress report including financial reports to SISC and subject to SISC's approval, submit the same to NPMU.</p> <p>(b) Submit compliance report to NPMU</p>	<p>(a) Semiannually</p> <p>(b) Annually</p>

Table :2 – Fiduciary Responsibilities of DPMU at District Level

Functions	Activity	Time Lines
Procurement	<p>(a) Ensure all procurement follows the prevalent financial procedures of Govt. of Maharashtra. Include annual procurement plans in AWP</p> <p>(b) Feed procurement data into the program MIS</p> <p>(c) Conduct sample procurement audits</p> <p>(d) Maintain documentation of all procurements for annual reviews and audits</p> <p>(e) Ensure adequate staffing and capacity building of the selected staff.</p> <p>(f) Ensure procurement procedures followed are in compliance with State GFRs and those detailed in this manual.</p> <p>(g) Small procurement as spot purchase less than Rs.5000/-</p>	<p>(a) Continuous</p> <p>(b) Continuous</p> <p>(c) As required</p> <p>(d) Continuous</p> <p>(e) As required/ Continuous</p> <p>(f) Continuous</p> <p>(g) Continuous</p>

Functions	Activity	Time Lines
Financial arrangement	<p>(a) The SAs will open a dedicated Zero Balance Subsidiary Account – ZBSA in the same bank where CNA exist. ZBSA will be given drawing limits for disbursement of funds to contractors, persons/agencies engaged, GPs and/or communities (as applicable) for implementation of programme activities.</p> <p>Open and maintain account in a Public Sector Bank / Scheduled Commercial Bank for allocation and disbursement of funds to contractors, persons/agencies engaged, GPs, and/or communities (as applicable) for investment in program activities and/or for activities completed</p> <p>(b) Consolidate, review district-level WSPs, and accordingly prepare district-level Action Plan & budgets</p> <p>(c) Ensure submission of recommendation, budgets and cost estimates to SPMU for approval, allocation, and disbursement by SPMU</p> <p>(d) Ensure all monthly expenditure, advances, transfers, interests received are entered in the PFMS and supporting documentation is submitted to SPMU</p> <p>(e) Submit monthly expenditure statements with supporting documentation to SPMU.</p> <p>(f) Follow approved delegation of powers for incurring expenditure</p>	<p>(a) In the first year</p> <p>(b) Date should be given keeping the requirement of NPMU in view.</p> <p>(c) Date should be given keeping the requirement of NPMU in view.</p> <p>(d) Monthly</p> <p>(e) Continuous</p> <p>(f) As required /applicable</p> <p>(g) Continuous</p>
Reporting	<p>(a) Prepare implementation progress reports and other such reports, as desired by SPMU.</p>	<p>(a) Quarterly or as solicited by SPMU</p>

Table :3 – Fiduciary Responsibilities of Line Departments

Functions	Activity	Time Lines
Procurement	<p>(a) Ensure all procurement follows the prevalent financial procedures of Govt. of Maharashtra. Include annual procurement plans in AWP</p> <p>(b) Feed procurement data into the program MIS</p> <p>(c) Conduct sample procurement audits</p> <p>(d) Maintain documentation of all procurements for annual reviews and audits</p> <p>(e) Ensure procurement procedures followed are in compliance with State GFRs and those detailed</p>	<p>(a) Continuous</p> <p>(b) Continuous</p> <p>(c) Semi-annually</p> <p>(d) Continuous</p> <p>(e) Continuous</p>

Functions	Activity	Time Lines
	in this manual Small procurement as spot purchase less than Rs.5000/-	Continuous
Financial arrangement	<p>The Line Department will open a dedicated Zero Balance Subsidiary Account – ZBSA in the same bank where CNA exist. ZBSA will be given drawing limits for disbursement of funds to contractors, persons/agencies engaged.</p> <p>Open and maintain account in a Public Sector Bank/ <u>Scheduled Commercial Bank</u> for receipt and disbursement of funds to contractors, persons/agencies engaged, GPs, and/or communities (as applicable) for investment in program activities and/or for activities completed</p> <p>(a) Consolidate, review district-level WSPs, and accordingly prepare district-level Action Plan & budgets</p> <p>(b) Ensure submission of recommendation, budgets and cost estimates to SPMU for approval, allocation, and disbursement by SPMU</p> <p>(c) Ensure all monthly expenditure, advances, transfers, interests received are entered in the PFMS and supporting documentation is submitted to SPMU</p> <p>(d) Submit monthly expenditure statements with supporting documentation to SPMU.</p> <p>Follow approved delegation of powers for incurring expenditure</p>	<p>a) In the first year</p> <p>b) Date should be given keeping the requirement of NPMU in view.</p> <p>c) Date should be given keeping the requirement of NPMU in view.</p> <p>d) Monthly</p> <p>e) Continuous</p> <p>f) As required /applicable</p> <p>Continuous</p>
Reporting	Prepare implementation progress reports and othersuch reports, as desired by SPMU.	Quarterly or as solicited by SPMU

Detailed Procurement management arrangements for Atal-Jal are given in Section4 below.

GPs that are awarded for, upon achievement of DLIs, shall ensure that standard applicable procedures in accordance with the state **Of Maharashtra G.R. UDYOG URJA &KAMGAR VIBHAG G.R.NO. BHAKHAS-2014/P. K. -82/PART - 3/UDYOG-**

4, DATE 1 DECEMBER, 2016 and its subsequent amendments thereof, or GRs issued from time to time shall be complied with for all procurement (if any) and financial transactions including utilization of funds drawn from other ongoing and ornew schemes announced by the State of Maharashtra and or Government of India.

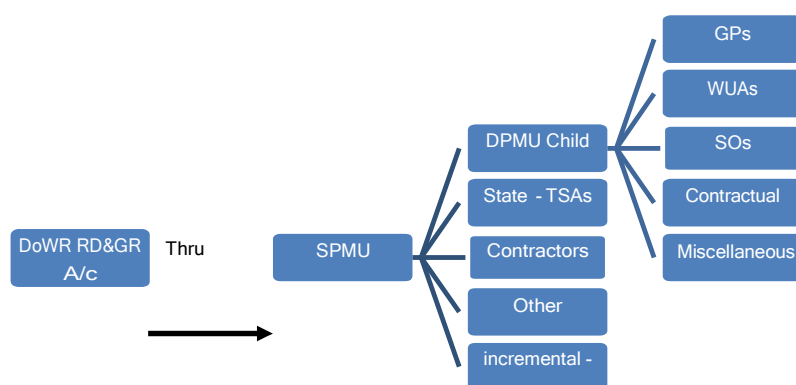
3.0- FINANCIAL MANAGEMENT:

A) Fund Flow and Banking:

a) Fund flow:

The SPMU shall submit its request for release of funds by providing UC to NPMU for disbursement of funds for implementation of Institutional Strengthening & Capacity Building activities detailed in the Annual Work Plan (AWP) approved by the competent authority each year. NPMU after review, shall submit it to DoWR, RD&GR with recommendations for release of funds. DoWR, RD&GR will release funds to SPMU in tranches annually i.e. 1st tranche in April-May and balance in October-November, each year. Funds in respect of the Incentive component would be released annually through direct transfers into the dedicated bank accounts and will be replenished in the subsequent years based on the utilization of funds and performance on achievement of each Disbursement Linked Indicators (DLIs) in the preceding year. Any fund released beyond the 1st year of implementation, will be subject to submission of annual audit reports, utilization certificates, approved AWP by SPMU. The funds from DoWR will be routed through the Public Financial Management System (PFMS) as is being done in other central sector schemes. Where specified actions are not achieved in any particular year or period, the allocated amount is carried over to the subsequent year or period.

Fund Flow Chart



b) Penalties and Fines

Penalties, fines and recoveries if any, shall normally be considered as income, as and when collected shall be merged in Incentive funds for further utilization.

c) **Bank Account:** SPMU will maintain a dedicated scheme **HDFC Bank Ltd.** named as “Atal-Jal SPMU Maharashtra” for Atal Bhujal Yojana. Funds from DoWR, RD&GR to SPMU will be routed through PFMS vide **HDFC Bank Ltd. Account No.50100563094783** using Electronic Clearing Services (ECS) - PFMS to this account. This bank account maintained by SPMU shall adhere to the following conditions:

- i. The project/Program account should be savings bank account and the interest incurred shall be reflected in the utilization certificate and monthly Bank reconciliation statements will be submitted for internal and external audits. The interest incurred for the project account will be deposited in BHARATKOSH as given in GFR 2017 Rule no. 230(8) by Government of India.
- ii. The bank account will be operated by the designated officers with minimum two signatories and or as directed/approved by the WSSD.
- iii. All payments to contractors for goods and services, civil works, consulting and non-consulting services, and remuneration for contractual staff, shall be effected centrally by SPMU upon submission of bills approved by the DPMU/SPMU and/or by the designated authority of the respective approved implementing agency.
- iv. SPMU will effect payments from the aforesaid project Bank account to DPMU, contractors, consultants, individuals etc. through PFMS only.
- v. SPMU bank account will be mapped in PFMS by NPMU
- vi. Cash withdrawals for petty cash expenses and or travel advances or any such small payments is permitted subject to a limit of Rs.100000 as pre-approved by the Project Director.
- vii. There would be only one bank account for the project and shall be the parent **account maintained and operated by the SPMU** which is HDFC Bank Ltd. **Account No.50100563094783** The SPMU will, upon approval of SISC/Department of Finance, authorize each District Project Management Unit (DPMU) to open a dedicated scheme specific zero-balance bank Account (child account) **linked to the Parent account** in the branch of **HDFC Bank Ltd, Bhandarkar Road, Pune** (preferably) to facilitate transfer of funds to meet the requirements of DPMU.
- viii. SPMU will issue authorization limits of required amount to the DPMUs and payment instructions to the **HDFC Bank Ltd,**

Bhandarkar Road, Pune for drawing down of funds from the Parent account electronically to the Child Bank account for effecting payments at the district level.

- ix. DPMUs will issue payment instructions for contractors and or other service providers/cash withdrawals – as the case may be, to its project bank (child bank) account. Funds will be released by the Bank based on the authorized limits of withdrawals, by drawing the same from the 'parent' account through electronic transfers.
- x. At any given time, the balance in the child account should be "Zero".
- xi. A total no of **13 child** bank accounts are to be opened based upon the number of DPMUs in the participating districts. Any additional child accounts shall be opened only upon approval of additional districts under the Program by SISC and NPMU.
- xii. Gram Panchayats will receive funds in their accounts from SPMUs based on the completion of activities assigned to them, verified by the DPMUs and or SPMUs, as applicable.
- xiii. All approved expenditure of the GPs using Incentive grants will be entered in the PFMS based on the cashbook and other payment related documentation maintained by the GP.

Separate bank account (Holding account-non-interest-bearing account) shall be opened by the CNA and SAs in the same public sector bank in which the CNA account is held to facilitate tax/statutory deductions

List of C N A & Sub Agency are annexed.

d) Fund release and authorization of expenditure

Funds from the DoWR, RD & GR for Institutional Strengthening & Capacity Building will be provided to SPMU Maharashtra in their dedicated bank account opened as an advance, following the Expenditure-Advance-Transfer (EAT) module in the Public Financial Management System (PFMS), to be replenished biannually based upon the utilization of funds for the approved Annual Work Plans (AWPs).

Each disbursement /transfer of funds by the DoWR to the SPMUs shall not exceed 25% of the approved AWP in each financial year. Additional funds request under IS & CB may be raised upon utilization of at least 75% of the funds released earlier and in compliance with the conditions of previous sanction.

- i) Funds provided as an incentive for achievement of DLIs will be released in a single tranche following the aforesaid procedures to the SPMUs through the

PFMS. Unutilized balances of investment funds and/or incentive grants will be adjusted in subsequent replenishments.

- ii) Incentive funds will be disbursed to the SPMUs for onward disbursements to qualifying Districts/GPs and shall be based on the findings and reports of Third Party Government Verification Agency (TPGVA). Upon approval of the report by the NISC, a GO will be issued detailing the incentive award for achievement of each DLI by the participating states.
- iii) Upon receipt of funds on account of incentive grants from DoWR, RD&GR, SPMUs may carryout onward transfers as detailed in the Program Guidelines issued by DoWR, RD & GR, for use of these incentive grants.
- iv) All funds under the Program will be fully mapped in real-time through the PFMS to ensure just-in-time further releases.
- v) All receipts and withdrawals from the bank accounts and unutilized balances will be available for viewing by the DPMUs, SPMU/PIA and NPMU in the DoWR, RD&GR.

Interest earned from the funds in any of the aforesaid accounts shall be deposited in BHARATKOSH and will be entered in the PFMS.

B) Accounting:

The SPMU have the primary responsibility for the financial management and disbursement in accordance to the policies and procedures currently practiced in the State of Maharashtra and as detailed in the GFRs and its amendment thereof for all financial allocations and expenditure to support the identified and approved activities under the AWP and those listed in the approved Procurement Plan. The policies and procedures as detailed in Program Guidelines for Atal-Jal and the Fiduciary manual of NPMU shall be complied by the SPMU, DPMU, GPs and contractors/individuals and or other such partners engaged in the program. Further

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- (i) To ensure uniformity of bookkeeping at all levels, the Account Codes which in **Bombay Financial Rules-1959**, shall be adopted.
- (ii) The accounting system shall be based on Double entry book keeping System on cash basis. Standard books of accounts (cash and bank books, journals, ledgers, grant watch register, etc.) would be maintained at the state & district levels.
- (iii) The rationale for following the cash basis of accounting is: The state government following a cash basis for budgeting and accounting.
- (iv) Accounts-in-charge at accounting centers shall :
 - Exercise adequate control over all the expenditures and assets acquired

- Ensure the protection and proper use of assets
 - Ensure the correct recording of financial transactions in the appropriate books and records.
 - Safeguard assets against wastage, fraud and misappropriation ensuring accuracy and reliability in the records maintained.
- (v) All accounting for the program will be centralized at the SPMU. All payments including withdrawals for petty cash expenses will be drawn from the PFMS and also reconciled with the Bank account on a monthly basis.
 - (vi) Accounting for the program will be consolidated at SPMU level and will be audited by the Internal Auditor on a half yearly basis and external statutory auditor on an annual basis.
 - (vii) All books and registers of account shall be maintained in English/Marathi and shall be strongly bound. No accounts shall be prepared on loose sheets or in loosely bound volumes.
 - (viii) The DDOs designated for Atal-Jal will effect payments using PFMS upon receipt of bills approved by the Project Director, SPMU.
 - (ix) All financial transactions/payments to contractors/consultants/ service providers etc. shall be made through PFMS only. Miscellaneous expenses incurred drawing cash from petty cash withdrawn from the Bank account shall be recorded in the cash book/ledgers maintained by SPMU & DPMUs and shall be entered in the PFMS under the respective expenditure heads
 - (x) Accounts-in-charge in the SPMU shall confirm the budget balance of the concerned Head of Account before effecting any payment from the Program's Bank account.
 - (xi) All payments must be supported by documents such as bills, receipts and cash memos. Vouchers shall be prepared based on the bills, receipts and cash memos.
 - (xii) On receipt of the supporting documents for a payment, the Accounts-in-charge shall prepare a Payment Voucher. She/He shall sign the form; obtain necessary approvals of the competent authority before effecting payments online.
 - (xiii) When disbursing payments, the Accounts-in-charge shall ensure that the recipient acknowledges receipt of payment against the specific bills either through email or other written communication, which will be kept together with the payment voucher approved by the competent authority as

proof of disbursement.

- (xiv) Wherever cash payment is paid to an individual/firm from petty cash maintained by the SPMU, an official stamped receipt shall be obtained and attached with the payment voucher.
- (xv) The payment to DIPs, consultants and or other such approved agencies for services rendered shall be as per the terms and conditions in the contract entered into with them.
- (xvi) Wherever advances are paid, if any, to the agencies mentioned in xv above, the same will be adjusted at close of every financial year and or on a pro-rata basis and be completed before 80% of contract value is paid to the recipient on satisfactory completion/ deliveries of agreed activities.
- (xvii) All expenditure under the Program would be reported through the Expenditure, Advance and Transfer (EAT) Module of PFMS. Expenditure that is not so routed will not be considered as Eligible Expenditure by the NPMU/World Bank (as the case may be).
- (xviii) The assets created and acquired out of scheme funds shall be accounted in the program cost.
- (xix) All materials purchased for implementation of approved activities under the Program shall be charged to the relevant scheme expenditure at the time of purchase itself.
- (xx) Stock registers will be maintained to enable VWSCs/WUAs or other such organizations engaged by GPs to keep track of receipts, items issued and value of Stocks procured using incentive grants.
- (xxi) Finance controller (Assistant Director, M.F.and A.S.) shall maintain cash books and other relevant ledgers for the Program separately for the ease of

accounting, auditing, and reporting along with the statements of the dedicated bank account. A cash book will be maintained by DPMUs for recording expenditures permitted under their thresholds.
- (xxii) Compile monthly accounts and submit the same through PFMS established for Atal Jal.
- (xxiii) SPMU shall consolidate the financial reports of utilization of incentive grants, compiled by DPMU for the recipient GPs under their jurisdiction, which will be submitted with the QPRs uploaded in the MIS by SPMU.
- (xxiv) All books of accounts maintained for the Program will be audited by the State unit of AG. While the accounts maintained by the GPs will be carried out in the State.

- (xxv) The Utilization certificates for the funds received from DoWR, RD&GR will be submitted in Hard copy duly verified by Project Director as well as online through Program MIS to NPMU and DoWR, RD&GR for consolidation.
- (xxvi) **Books to be maintained at SPMUs:** 1. Cash Book; 2. Contractors ledger; 3. PFMS Statements; 4. Bank statement; 5. Bank Reconciliation Statement; 6; Treasury statement where amounts are paid through treasury. 7. Grant watch register 8 Fixed Assets Register 9. Tender Register. The existing formats for the books will be followed.
- (xxvii) A Project Ledger shall be maintained, wherein all transactions (receipts/ payments) are to be posted as and when incurred. Posting to the Program Ledger shall be made from the voucher, quoting the date, particulars, Voucher number and amount.
- (xxviii) Every month-end, summary ledger/expenditure sheets shall be balanced to facilitate preparation of financial reports.
- (xxix) Every month-end, a Bank Statement shall be obtained from the bank with respect to the account maintained by the SPMU for the Atal Jal program.
- (xxx) On receipt of the Bank Statement, the balance appearing therein shall be reconciled with that shown in the Bank/Cash Book by preparing the Bank Reconciliation Statement.
- (xxxi) Bank Reconciliation Statement shall be carefully reviewed to investigate long outstanding cheques deposited or issued by DPMU, or any other item for settlement.
- (xxxii) All debits charged by bank for bank charges or commissions and all credits for the interest and other that appear in the monthly bank statement shall be scrutinized carefully before accepting them and before recording those debit/ credits in the Cash Book
- (xxxiii) **Books to be maintained at DPMUs:**
1. Cash Book; 2. Contractors ledger; 3. Bank statement; 4. Payment Vouchers; 5; Treasury statement where amounts are paid through treasury related to convergence of funds for implementation of approved activities; 6. Grant watch register 7. Fixed assets Register. The existing formats for the books will be followed.
- (xxxiv) **Books to be maintained by GPs:**
1. Separate Cash book for Atal Jal; 2. Bank Statement; 3. Expenditure vouchers, 4. and Asset Register.

C) Financial Reporting:

SPMU will compile and prepare financial progress reports for the Scheme in the State on a quarterly basis and submit the same as part of the Quarterly Progress Reports (QPRs) to NPMU, for the preceding quarter. These QPRs will be submitted to NPMU within one month of completion of each quarter i.e April 30, July 31st, October 31st, January 31st, each year.

Further, SPMU will submit Monthly Expenditure progress to WSSD of Government of Maharashtra by 15th of the following month, with the following documents:

- a. Receipt and Payment of Funds - A consolidated monthly receipt and payment of funds shall be prepared by SPMU, on the basis of entries in the Scheme Ledger, and monthly consolidated trial balances of implementing agencies, including sources other than the receipts from Government of India and use of Scheme funds, at the end of each Fiscal year, to depict the flow of funds.
- b. Trial Balance - Trial Balance at the end of each month for all heads of account as per the Chart of Accounts.

The financial progress reports shall include expenditures incurred and consolidated by SPMU – as obtained from the DDO, Bank reconciliation statements and treasury fund release statements and utilization certificates.

SPMU will prepare the Annual Financial Statement (AFS), and submit the same to NPMU, for its review. This AFS will consist of a Statement of Sources and use of Program Funds and a Statement of Program Expenditure in the AFS format shared by NPMU in the latter's Fiduciary Manual. The AFS shall also be submitted for audit by Internal Auditors and statutory AG audits,. The audited AFS shall be placed before the SLTAC for their consideration and adoption.

D) Internal Audit

The internal Auditor appointed by the NPMU shall carry out internal audit of SPMU and DPMUs on a semi-annual basis and submit its report to SPMU with a copy to NPMU. SPMU shall ensure that any audit observations cited in the internal audit report is adequately explained and remedial actions if any required is undertaken within 60 days from the receipt of the audit report. The internal audits of SPMU, DPMU and or other partner agencies of this Program shall be guided by the Internal Audit Manual prepared by the C & AG. The scope, selection process, frequency of audit, etc. will be consistent to the guidelines detailed in the Internal Audit Manual for the annual consolidated reports to be submitted to NPMU, by July 31 each year for the preceding Financial Year.

Internal Controls: Internal control framework and the MIS developed for the Program at the state level will follow GFR 2017, the Government Accounting Rules, 1990; and, as detailed in the Budget Manual, and GFR and its amendments thereof. Delegation of financial powers at the state level will follow the directions by the State of Maharashtra, vide Finance Department G.R. No. VAP-2013/P.K.-30/2013/VINIYAMPART-2/MAUMBAIDATE 17/04/2015 from time to time.

E) External Audit:

AG's office in Maharashtra shall conduct audit of the operations of the SPMU (HQ) and DPMUs on participating GPs. The SPMU will be responsible for coordinating the audit. The AG shall provide a consolidated certificate of expenditures and an audit opinion by way of a management letter, in line with the TORs shared by the NPMU. The scope of audit will be as per the ToR issued by the CAG to the State AG for auditing Atal-Jal.

The annual audit report will consist of (i) audit opinion, (ii) annual financial statements (iii) an assurance that Program funds have been spent for the purposes intended (iv) comments on economy, efficiency and effectiveness of utilization of Program funds, and (v) management letter highlighting significant issues to be reported to the management. The audited financial statements will be made public on the website Atal Jal.

The Annual audit will be completed and AFS along with the audit report will be submitted to SISC for its concurrence before formally uploading the same through MIS for submission to DoWR RD & GR, by November 30 each year along with remedial measures taken to address the audit observations, if any, by the AG/external auditors. Any instance of non-compliance and major irregularities in the project implementation shall be immediately reported to the higher authorities for necessary course of action.

The office of AG will also carry out sample audit of participating Gram Panchayats which receive incentive grants under the Program.

4.0- PROCUREMENT MANAGEMENT:

A) Guidance on Procurement planning, approval, Monitoring and updating plan:

Procurement is an important administrative and financial function and process that allow a project to obtain optimal value for financial resources expended on goods, works and services. The effective and efficient use of financial resources in a competitive and transparent manner through a sound procurement

process contributes to the achievement of the operational and strategic goals of a program. This section of the Fiduciary Manual deals with procurement issues and provides comprehensive guidelines for procurement to be carried out under the project by implementing agencies of Atal-Jal in Maharashtra. The key features in the section include but are not limited to processes and procedures for procurement of Goods, Works and Services (consulting and non-consulting services) with due consideration for value for money (economy, effectiveness and efficiency) and without regard to other non-economic factors, in order to obtain the best value for money spent.

The process and procedures detailed here are the simplified version of the BFRs 1959 and its amendments thereof being followed by the state departments for implementing various central and state schemes. Should there be any gaps or clarifications to any text in part or full in any of the sub sections below, the GFRs and its amendments issued by the Government of Maharashtra from time to time be

referred to in conjunction with the Program Guidelines for Atal-Jal and the fiduciary guidelines as issued by NPMU and any future amendments thereof.

The Procurement procedure to be followed in making public procurement shall conform to the following yardsticks:

- i. the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organizations.
- ii. offers shall be invited following a fair, transparent and reasonable procedure;
- iii. the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- iv. the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- v. at each stage of procurement, the concerned procuring authority shall place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

B) E-PROCUREMENT:

The service provider will be Maha Tender & Government e Marketplace shall be the platform that will be used by SPMU/DPMU for e-procurement.

a) E – Procurement

E-procurement means purchase of goods through electronic mode of interface with tenderers and IT enabled management of the entire procurement process i.e. notice inviting tenders, supply of tender documents, receipt of bids, evaluation of

bids, award of contract, and execution of contract through systematic enforcement of its various clauses and tracking of claims, counter-claims and payments. In order to cut down transaction costs and improve efficiency and transparency, the Government of Maharashtra made it mandatory for all the Departments to conduct all their procurement electronically. The National Informatics Centre is engaged in designing a secure IT solution addressing concerns like encryption / decryption of bids, digital signatures, secure payment gateways, date/time stamp for activities, access control etc.

b) E-tendering

The simplest definition for e-tendering is electronic forms for business processes to achieve the best way for tendering operations and reduce cost that consist money and time. E-tendering is the electronic advertisement, communication, accessible, receiving and submitting all tenders relating information and documentations through Internet.

E-tendering can provide contractors with the ability to download and pay for complete tender documents in electronic form, all without any paper and benefits to lower the cost to the department. E-tendering benefits to department are as under:-

- reduced tender duration time.
- Accurate documentations, evaluations during the tender period
- High speed response to questions and explanations during the tender period
- Reduce the number of employees that need for traditional tendering process.
- Increase quality of tender specifications and suppliers response
- Support of quality management

information E-tendering benefits to Suppliers or Contractors

- Any time anywhere bidding
- Fair and free for participation
- No dependence on Newspaper, T V
- Apply from any computer that has connectivity
- Saving the traveling cost
- Reduce the effort and bidding cost
- Possibility of submission of bid in the last

minute The following is necessary for e-tendering: -

- i) **Registration**:-Registration of contractors, Bidders, Labor Cooperative Societies, and Qualified Unemployed Engineers, those who are desirous of participating in tenders will be required to register in e-tendering system on

e- tendering portal of the GoM.

- ii) **E- signature** of all the above participants and the Officers who are authorized for opening e-tendering is necessary.
- iii) **Digital Certificate (Class III)** to contractors and bidders is necessary while participating in e-tendering to establish their identity in online bid submission process. Digital certificate is issued by the Issuing Authority on receipt of required documents and due verification process. It shall be the sole responsibility of the participating bidder to obtain, protect and maintain validity of the Class III Digital Certificate and the bidder will not be able to participate in the e-tendering process in absence of appropriate class III Digital Certificate.

To participate in e-tendering system each bidder will be required to arrange his own secured computer facility having necessary hardware and software including operating system, Internet connectivity etc.

The detail description of the work, time schedule, conditions and the tender documents for e-tendering shall be made available only on the e-tendering system on e-tendering portal. A unique Tender Number will be generated by e-tendering system that shall be used for publishing the brief tender notice in the newspapers. Tender committee preparing and authorizing the uploading of the tender documents shall be solely responsible for correctness of the tender documents and the tender notice.

The tender documents for e-tendering will be sold only online and shall be available for purchase after online release of tender notice and up to the scheduled date and time.

c) Procurement of Goods :

For procurement of goods and operational expenses following GR and subsequent amendments thereon will be used.

UDYOG URJA & KAMGAR SHASHAN NIRNAY SANKIRAN-2016/PRAKRA-215/UDYOG-4/ MUMBAI/ DATE 24/08/2017,

UDYOG URJA & KAMGAR SHASHAN NIRNAY SANKIRAN-2014/PRAKRA-82/PART 3/UDYOG-4/ MUMBAI/ DATE 01/12/2016 and

UDYOG URJA & KAMGAR SHASHAN NIRNAY BHANKHAS-2021/PRAKRA-8/UDYOG-4/ MUMBAI/ DATE 07/05/2021.

Government e-Marketplace (GeM):

Use of GeM set-up by Ministry of Commerce, the Government of India for procurement under Shopping/Request for Quotations (RFQ) method in accordance

with GR no. **SHASHAN NIRNAY SANKIRAN-2016/PRAKRA-215/UDYOG-4/ MUMBAI/ DATE 24/08/2017**. To the extent possible, competitive bidding / e-RA options should be used while using GEM.

d) Procurement of Works:

Applicable Schedule of Rates

Scheduled rates of PWD/WRD/WCD/Agriculture/GSDA/MJP or any other Government department will be applicable for relevant types of water conservation or GW recharge structures. The department or the agency will prepare the estimate for respective structure using any of the above latest scheduled rates.

Preparation of Estimate:

The implementing department will prepare the estimate of the structure as per the methods and procedure laid down and being followed by the respective department or the guidelines prescribed by the State Government.

Technical Sanction

For every work proposed to be carried out, a detail estimate must be prepared for sanction of the Competent Authority. This sanction is known as "Technical Sanction" to the estimate. Before Technical Sanction is accorded, plans and estimate should be scrutinized in the concerned technical branch of the department and the competent Authority will accord the technical sanction as per the Government guidelines.

Administrative Approval

Administrative approval to the work will be given by District Committee headed by Collector for Atal Jal funds, while for other funds respective scheme norms will be followed.

1. Delegation of Powers: As per the guidelines of the respective implementation department.

2. Commencement of work

No work shall be commenced unless, work order for its beginning issued by the competent authority after admin and tech sanction and availability of funds for the sanctioned work.

e) Selection of Consultant:

Methods for selection of consultants: For selection of Consultants and or agencies for providing various services - please refer to the "Guidance note for selection of Implementing Agencies - 2019" issued by the Government of **India** vide GR no. xxxxx, dated xx/xx/2019 and for details on the various selection methods, thresholds for each, draft RFP, ToR, evaluation and preparation

guidelines, including the type of contracts that may be used for various types of consultancies.

Given below is a snapshot of the key processes to be followed by and large for selection of consultants:

- i) Issue of Expression of Interest (EoI) with a brief of the services to be provided to invite firms for shortlisting.
- ii) Concurrently the following has to be prepared:
 - a) Preparation of Terms of Reference (TOR);
 - b) Preparation of Cost estimate and the budget
 - c) Approval of ToR and Budgets
- iii) Evaluation of EoIs and submission of report for approval to the competent authority
- iv) Preparation and issuance of the Request for Proposals (RFP)
- v) Pre-bid meeting; if necessary
- vi) Receipt and public opening of technical proposals
- vii) Evaluation of technical proposals
- viii) Approval of technical proposals and invitation to technically shortlisted firms to attend financial bid opening.
- ix) Public opening of financial proposal
- x) Evaluation of financial proposal.
- xi) Selection of the winning proposal.
- xii) Negotiations with the selected firm, if required
- xiii) Award of contract to the selected firm

5.0- DECENTRALIZED ARRANGEMENTS:

- Procurements by GPs is limited to the grants under the Incentive component of Atal-Jal credited to GPs by the SPMUs towards achievement of DLIs.
- The participating GPs will follow all prevalent operational procedures applicable and/or those amended from time to time by the Government of Maharashtra for utilization of incentive grants.
- However, GPs may converge / utilize funds from other ongoing and or new development schemes announced by the Govt of Maharashtra and or Government of India, from time to time, to achieve the DLIs. In such cases, procurement processes applicable for such schemes will be followed by the GPs.
- The GPs receiving incentive Scheme funds will be subject to annual audit following the existing auditing arrangements of Maharashtra state and shall also include procurement reviews for a sample of activities under taken under

the Incentive grant.

Program Financial Management in Gram Panchayats

- **Fund Flow and Banking** - Detailed eligibility and process of how the funds to be provided to GPs will be determined based on their achievement of the DLIs (see Disbursement Guidelines in the PG). Detailed process for opening of Program Bank accounts, authorized signatories, registration on PFMS and responsibility of period bank reconciliation will be the responsibility of the Secretary and accounting staff assigned to each participating GP in Maharashtra.
- **Accounting** – Transactions/payments for activities undertaken using funds under the incentive component will be recorded in a separate Atal Bhujal Yojana cashbook. Supporting documentation for expenditures should include detailed contract documents for reference during audits. The cash books maintained by the Gram Panchayats including expenditure filing will be done in the EAT Module of PFMS.
- **Financial Reporting** - Establish the process of reporting Program Expenditure by other implementing agencies and Gram Panchayats in case they are not entering the expenditure directly in EAT of PFMS. Include format of the annual financial statement to be prepared by the GPs.
- **External Audit:** Prevalent local fund office at concerned district, shall carry out audit on compliance of procurement processes and procedures on utilization of Incentive Scheme funds utilized by GPs for various sector related activities. The audit report should also include confirmation of compliance to approved procurement processes, and observations if any.

6.0- FIDUCIARY INTERNAL CONTROLS

- i) All procurement Plans and documents related procurement will be entered in the Program MIS
- ii) Internal controls as detailed in the GFRs that will be applicable to the Program including reconciliation of bank accounts and inter-unit fund transfer, physical verification of assets created under the Program, verification of bills and review of Program Expenditure by the nodal agency.
 - Record keeping of all documents /contracts. Procurement records include all documents relevant to the pre-tendering, during tendering and after tendering i.e. Contract administration phases. It should be possible to reconstruct the entire procurement and contract administration processes from these records. The SPMU, through its subordinate staff and DPMUs, shall maintain the procurement and contract records of each requirement.

Although all records are maintained by the SPMU, wherever DPMU have to carry out contract administration a copy of the contract will be shared with them for contract management. Otherwise all, SPMU shall be responsible for contract administration. Copies of the contract and amendments thereof for each contract, and other related documentation pertaining to each contract will be uploaded in the Project MIS, while forwarding the same to the relevant authorities as detailed in the respective State GFRs. All procurement records shall be stored carefully in such a way that it should be available at any time for verification and audit. The files of the concerned work/contract shall be maintained with the following documents: - *Procurement plan /Estimate*

- *Technical Sanction and Administrative Approval*
- *Advertise published in Newspaper and copies of all Tenders received*
- *Comparative Statement of Tenders and Minutes of committees and Proceedings.*
- *Letter of Acceptance of tender and copies of earnest money & Security deposit receipts.*
- *Contract Agreement copy /Work Order*
- *Any other relevant documents which forms the part of contract*

iii) Complaint Redressal Mechanism

All complaints/grievances and action taken by the SPMU/DPMU/GPs and or other such authorized/ mandated agencies in the state, shall be maintained in a systematic order in the respective offices for audit/inspection. Copies of the documentation will be uploaded in the Program MIS as and when it is made operational. Subsequently, all grievances and redressal measures undertaken shall be entered in the Program MIS, regularly.

iv) Oversight and procurement Review to ensure consistency and compliance.

Procurement review refers to review of files and documents relating to the procurement of Goods, works and consultancy services. The procurement of Goodsworks and Services under the program will be undertaken as per the laid down guidelines for Atal Jal and the procedures detailed in the Maharashtra GFR and amendments issued thereof. The broad objectives of the review is to evaluate the procurement process towards utilization of public funds, safeguards undertaken, system effectiveness and efficiency, and conformity to rules and regulations. It also helps in determining willful negligence including likely fraud/corruption evidence, if

any. The report and observations of procurement review carried out by the internal auditor shall also serve as a guide to undertake timely corrective steps that may need to be initiated for taking remedial measures to streamline and improve the procurement system. The SPMU shall keep records of all documents for annual

procurement reviews.

v) **Compliance mechanism for ensuring mitigation measures are put in place.** The observations on procurement review by both internal auditors and external auditors shall be rectified and or remedial measures shall be adopted as advised in the review report and or as accorded in the GFR or the prevalent laws governing procurement in the state of Maharashtra. On completion of the remedial measures, a report will be submitted to the SLISC for its review and approval. Upon receipt of approval of the SLISC, a copy of the report will be submitted to NPMU for its information and also uploaded in the MIS.

7.0- INTERNAL AUDIT & PROCUREMENT REVIEW

The internal auditor of the NPMU will carry out internal audit of the SPMUs and DPMUs in each participating district in Maharashtra. A sample of 15% of the contracts will be reviewed by the internal auditor for all procurement of Goods / works / Services and the contracts concluded will be obtained / collected online through MIS and Monthly/Quarterly Reports submitted by the SPMUs.

The annual procurement review shall broadly include but is not limited to the following aspects:

- a) Whether the procurement/Annual plan was prepared?
- b) Whether the procurement was made as per the Annual action plan/procurement plan?
- c) Whether the method adopted for procurement was as per the delegation of powers and threshold limits relevant for the State.
- d) Whether the Procurement process was aligned with the norms prevalent in the State?
- e) Whether the necessary approval was taken from appropriate authority wherever required?
- f) Whether the procurement committee is in place and involved in the procurement procedure?
- g) Have the procurement focal point person/s in the GP been identified and trained. Is the procurement focal point person fully aware of the requirements set out for the program?
- h) Whether the overall procurement was done within a reasonable time? If not, then what is the avoidable delay and how it is proposed to be addressed.
- i) Whether proper and adequate documents relating to procurement were maintained?
- j) Whether the selection was competitive and transparent?
- k) Whether the selection provided equal opportunity to all interested bidders?
- l) Was technical and financial evaluation done properly and in a fair manner?
- m) Was the contract aligned to the Invitation for Quotation (IFQ) in terms of specifications and quantity?

- n) Are all the contracts and related records kept properly?
- o) Is the asset verification register maintained and are the assets verified periodically?
- p) Whether the contracted firm, supplied the goods or executed the work as per the quality, quantity and price agreed upon and contract executed in accordance with the contractual terms.
- q) Was the quality (and quantity) of goods received or the works executed certified by the nominated official/designated authority.
- r) Are there procurement complaints? If yes, then have they been resolved and closed.
- s) Are there any delays in contract completion?
- t) Are there any payment delays?
- u) Are there contracts that have gone into arbitration?
- v) Are there any findings related to Fraud and corruption as defined in the World Bank Anti-corruption guideline?
- w) Tentative dates of the internal audit should be finalized by NPMU.

Reporting:

The internal auditors will provide an audit report for the units audited during the half year, containing findings and recommendations to enable SPMU/DPMU to take timely action. The report should be discussed and agreed with the auditee and should be structured in a manner giving the observations, the implications of the observations, the suggested recommendation, and the management comments/ agreed actions. In addition, the internal auditor shall provide an Executive Summary highlighting the critical issues which require the attention of the management and the status of actions on the previous recommendations.

The audit observations should be supported by instances and quantified, as far as practicable. The audit reports shall be submitted to SPMU and to auditee within 30 days from the end of the audit. The communication shall contain Management Letter which will inter-alia include:

- a. Comments and observations on the financial management records, systems and controls that were examined during the course of the review.
- b. Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
- c. Comments and observations on the Procurement and contract management compliance to the applicable processes and procedures for Goods, works and consultancies, availability of records, systems, controls and gaps that were examined during the

review. Compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance.

- d. Matters that have come to attention during the review and might have a significant impact on the implementation of the Project.
- e. Any special review procedures required of a compliance nature (for example, compliance of the procurement procedures, procedure for selection of consultants etc. recommended by the World Bank).
- f. Any other matters that the auditor considers pertinent.

The Executive Summary should normally cover the following items

- a. Objectives of the audit;
- b. Methodology of the audit;
- c. The status of implementation of the financial management system;
- d. The status of compliance of the previous audit reports, including major audit observations pending compliance.
- e. The key areas of weaknesses that need improvement; classified into following areas
 - i. Disallowance of expenditure as per bank rules
 - ii. Process/Procedural Lapse
 - iii. Accounting Lapse
 - iv. Accounting books & records not maintained.
 - v. Difference between cash drawn and expenditure reported.
 - vi. Recommendations for improvements.

8.0- EXTERNAL AUDIT & PROCUREMENT REVIEW

The annual statutory audit report shall include confirmation of compliance to GFRs/extant procurement rules and regulation for procurements under the Scheme carried out by the SPMU, DPMUs and / or other executing agencies in Maharashtra. The statutory audit of the Program will be conducted by the Auditor's General Office every year as per their schedules. During the audit/review the team will audit the Contracts and Procurement procedures adopted and give a report to the SISC and the SPMU for information and necessary action.

9.0- SOCIAL AUDIT-

The GPs will present the Water Security Plan, Annual Work Plan and Annual Financial Statements before the Gram Sabha and disclose these and expenditure details on the notice board/other prominent places/their own website or that of the State Department of Rural Development and Panchayati Raj and Atal Jal website.

Annex: Procurement Formats

- Format for Procurement Plan for Goods /works and consultancy.
- Form for seeking of extension of time by the contractor.
- E-tendering Notice
- Register for sale of tenders.
- Format for Quotation for Goods/works

F. No. T-40012/1/2018-GW Section (pt. 2)
Government of India
Ministry of Jal Shakti
Department of Water Resources, RD & GR

Shram Shakti Bhawan, Rafi Marg, New Delhi,
Dated: 09 January, 2020

To,

1. The Chief Secretaries of Govt. of
(Gujarat, Haryana, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan & Uttar Pradesh)
2. Principal Secretaries of the implementing agencies of the concerned States

Sub: Approval of the Cabinet for implementation of Atal Bhujal Yojana (ATAL JAL).

I am directed to convey the approval of the Government of India for implementation of Atal Bhujal Yojana (ATAL JAL) under the Ministry of Jal Shakti, Department of Water Resources, River Development and Ganga Rejuvenation (DoWR, RD&GR), as a Central Sector Scheme, with an outlay of Rs. 6000.00 crore (Rupees Six thousand crore). Fifty percent of the outlay will be raised as World Bank loan and the remaining fifty percent will be provided as budgetary supports from Government of India. The Scheme will be implemented over a period of five years from 2020-21 to 2024-25 in seven identified States viz. Gujarat, Haryana, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan & Uttar Pradesh.

2. Budget allocation:

2.1 The Scheme envisages an outlay of Rs. 6000.00 crore for Institutional Strengthening & Capacity Building component and Incentive Component. The component-wise details are given below:

S.No.	Component	Outlay (Rs. in crore)
1.	Institutional Strengthening & Capacity Building	1400.00
2.	Incentive	4600.00

2.2 Detailed component and State-wise financial outlays are given in Annexure I.

2.3 As the Atal Bhujal Yojana (ATAL JAL) is financed under Programme for Results (PforR) instrument of the World Bank, the Allocations under Incentive Component may change based on progress achieved and funds utilized by the participating States during the course of implementation of the Scheme.

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3. Implementation Plan:

3.1 All the identified States under the Scheme would be known as the Project Implementing Agencies (PIAs).

3.2 The PIAs will be required to submit their Project Implementation Plan (PIP) for the entire project as per the approved outlay, Annual Work Plans (AWP) & Annual Procurement Plans (APP) for the year 2020-21 latest by 31.03.2020. The AWP and APPs for subsequent years are required to be submitted by 31st December of the preceding year.

3.3 The PIAs may initiate activities related to institutional strengthening and capacity building, preparation of Bid documents, floating of bids for procurement of equipments, construction of piezometers and development of Management Information system etc. at the earliest to ensure that the funds allocated are utilized within the stipulated time frame.

4. Creation of NPMU / SPMUs:

4.1 The National Programme Management Unit (NPMU) will be created in the Ministry of Jal Shakti, DoWR, RD & GR, and would be supported by suitable experts from technical and other relevant fields who will also provide support to all the PIAs for effective implementation of the scheme.

4.2 All the identified participating States would be required to constitute a State Level Inter-Departmental Steering Committee (SLISC) headed by the Chief Secretary to monitor the progress of the Scheme and coordinate implementation activities. This committee shall consist of representatives from the implementation partners such as Departments/Organisations of Finance, Rural Development, Agriculture and Power of the concerned State etc. Further, States would also be required to establish State Programme Management Units (SPMU), District Programme Implementation Units (DPIU) and a dedicated Project Monitoring Unit (PMU) within the PIAs. The constitution of the same along with their contact details may be furnished to NPMU latest by 31.01.2020.

5. MIS/Reporting System:

As the progress of actions to implement the decision of the Cabinet has to be included in Department's Monthly summary, the States are advised to submit their Monthly physical and financial progress reports along with supporting documents through the MIS being developed for ATAL JAL. Till the time, the MIS is in place such progress reports may be sent to NPMU in the DoWR, RD&GR every month.

6. Fund Flow Mechanism:

The fund flow mechanism for the ATAL JAL will be informed separately. In the meantime, as the grants to the States cannot be transferred to the States' Treasury, the Implementing Agencies are required to open a separate Savings Bank Account in a Public Sector Bank for the ATAL JAL and intimate the same to NPMU, DoWR, RD & GR on the E-mail ID ATAL-JAL@NICIN, Tel No. 011-23716747 at the earliest.

Or

7. Procurement Procedure:

The Scheme is being implemented under the Programme for Result (PforR) instrument of the World Bank. This essentially means that the procedures being followed by the Central Government/State Governments shall be adhered to for all tendering and procurements under the Scheme as per the programme guidelines and no World Bank approvals will be required for the same.

8. The programme guidelines for the implementation of the scheme are being finalized by the DoWR, RD & GR and will be separately intimated.

9. This issues with the concurrence of the Integrated Finance Division, Ministry of Jal Shakti, DoWR, RD & GR conveyed vide Diary No. 735/IFD/2019-20 dated 09.01.2020.


(Ashish Kumar)
Director
Tele No. 011-2371 6747

Copy to:

- 1) Chairman, Central Ground Water Board, NH-IV, Faridabad
- 2) Joint Secretary, Cabinet Secretariat, Rashtrapathi Bhawan, New Delhi w.r.t. No. 40/CM/2019(i) dated 30 Dec 2019.
- 3) Joint Secretary, PMO, South Block, New Delhi
- 4) Joint Secretary (PFII), Department of Expenditure, New Delhi.
- 5) Joint Secretary (Personnel), Department of Expenditure, New Delhi.
- 6) Principal Advisor (WR), NITI Aayog, New Delhi.
- 7) Director (Finance), MoWR, New Delhi.
- 8) Chief Controller of Accounts, MoWR, Shastri Bhawan, New Delhi.
- 9) Pay & Accounts Officer (Sectt.), MoWR, Shastri Bhawan, New Delhi.
- 10) Finance Desk/D&T/GA Section, MoWR/ Guard file.

Copy also to:

- 1) Sr. PPS to Secretary (WR), MoWR.
- 2) PPS to AS (WR), MoWR.
- 3) PPS to JS (Admn), MoWR
- 4) PPS to JS&FA, MoWR

ANNEXURE - I

Detailed component and State-wise financial outlays under Atal Bhujal Yojana (Atal Jal)

S. No.	Component		NPMU (DoWR, RD&GR, Ministry of Jal Shakti)	Haryana	Gujarat	Karnataka	Maharashtra	Rajasthan	Uttar Pradesh	Madhya Pradesh	TOTAL
A	Institutional Strengthening and Capacity Building		159.33	252.67	217.65	194.51	188.26	164.68	119.28	103.62	1400
B	Incentive:	%									
	DL1#1: Public disclosure of ground water data/ information and reports	10	-	45.94	54.01	100.83	73.83	102.94	61.17	21.28	460
	DL1#2: Preparation of Community-led Water Security Plans	15	-	68.92	81.02	151.23	110.74	154.40	91.76	31.93	690
	DL1#3: Public financing of approved Water Security Plans through convergence of ongoing/ new schemes	20	-	91.89	108.03	201.65	147.64	205.88	122.34	42.57	920
	DL1#4: Adoption of practices for efficient water use	40	-	183.77	216.05	403.30	295.30	411.75	244.69	85.14	1840
	DL1#5: Improvement in the rate of decline of ground water levels	15	-	80.00	80.00	150.00	110.00	150.00	90.00	30.00	690
	Component B Total	100	-	470.52	539.11	1007.01	737.51	1024.97	609.96	210.92	4600
	TOTAL		159.33	723.19	756.76	1201.52	925.77	1189.65	729.24	314.54	6000

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**Office of Controller General of Accounts
Ministry of Finance
Department of Expenditure
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No. S-11012/3(1)/Bank/Ref. Case/2010/GBA/1351-1454 21st August 2019

Office Memorandum

Subject:- Banking arrangements of the State/District Level Implementing Agencies handling Central Sector Schemes of various Ministries/Departments of Government of India

Reference is invited to this office Memorandum No. S-11012/3(1)/Bank/Ref. Case/2010/RBD/1688-1772 dated 10th November 2016 (copy enclosed) on the subject cited above.

2. It has been observed that significant amount of government funds are lying with Implementing Agencies pending utilization. It is also noted that a significant quantum of these un-spent balances are lying in the Private Sector Banks. Further, in the light of continued capital infusion in Public Sector Banks (PSBs), a need has been felt to re-look at the banking arrangements of the Implementing Agencies getting grants/funds from the Central Government for various schemes.
3. Accordingly, Ministries/Departments are requested to ensure that for the Central Sector Schemes the banking arrangements of the Implementing Agencies, as a norm, are handled by the Public Sector Banks and Regional Rural Banks rather than other Scheduled Commercial Banks (Private Sector Banks).
4. All Ministries/Departments are also requested to have a re-look at the concerned scheme guidelines and accordingly align the banking arrangements of the Implementing Agencies/Autonomous Bodies/Societies.

This issues with the approval of Secretary (Expenditure), Ministry of Finance.


(Taranjit Singh)

Jt. Controller General of Accounts (ARPR)

Encl: As above.

To

1. Financial Advisors of all the Ministries/Departments of Central Government
2. Pr. CCA/CCA/CA with independent Charge of all Ministries/Departments

Copy for information and necessary action: -

1. Joint Secretary (PF-Central), Department of Expenditure, Ministry of Finance, North Block, New Delhi