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# Accounting & Procedure Manual

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Version 1.0

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Prepared By:  
M/S B. Gupta & Co.  
Chartered Accountants

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Consequence of Non-adherence of this Manual	Disciplinary Action may be initiated against the Person/s who violates or tries to violate the procedures without proper written approval.

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The document is intended to formalise and communicate the acceptable procedures of the Samiti, which are required to be followed by the Samiti's personnel in execution of their responsibilities.

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The Office of the Director should be consulted on all clarifications, guidance and interpretation of these procedures and also in case any issue or subject is not addressed by the Manual.

**PROJECT SYNOPSIS**

<b>Project</b>	Consultancy on Accounting and Financial Management Support to State Project Head Office
<b>Client</b>	Bihar Rajya Madhyahan Bhojan Yojana Samiti (BRMBYS), Patna
<b>Consultant</b>	M/s B.Gupta & Co., Chartered Accountants, 4 <sup>th</sup> Floor, “Sukirti”, S.P.Verma Road, Patna – 800 001
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<b>Scope and Provision of Services</b>	<ul style="list-style-type: none"> <li>· Inception Report</li> <li>· Preparation of Accounting &amp; Procedure Manual</li> <li>· Preparation &amp; Computerisation of Accounts</li> <li>· Improvement of Financial Management System</li> <li>· CapacityBuilding</li> </ul>
<b>Project Manager</b>	Mr. Dipankar Sircar, FCA Partner, M/s B. Gupta & Co., Chartered Accountants
<b>Nodal Officer (BRMBYS)</b>	Director, BRMBYS

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## SECTION-I: Introduction

### 1. Definitions

In this manual, unless the context otherwise requires

- (i) “**Accounts**” means all the Ledgers and Sub-ledgers, Schedules, Notes to Accounts and related Registers/Records/Details prepared under Double Entry Accrual System.
- (ii) “**Administrative**” **approval** means formal acceptance by the competent authority of the proposals for incurring expenditure.
- (iii) “**Bank**” at State, District and Sub-divisional level means a nationalised public sector bank or its subsidiary institutions, District Central Cooperative Banks or Kshetriya Gramin Bank or any other Schedule Commercial bank in private or public Sector, where the funds of the Society may be kept in current/savings account or medium to long-term deposit accounts.
- (iv) “**Block Resource Person (BRP)**” means officer employed in the Block Offices controlled by a District Office.
- (v) “**Budget**” means the statement of estimated income and expenditure in connection with operating the Mid-Day-Meal scheme for any Financial Year as approved by the Competent Authority
- (vi) “**Capital Expenditure**” means expenditure involved in the acquisition of assets of permanent nature, including a portion of revenue expenditure that is specially treated so, under orders of the competent authority.
- (vii) “**Capital Receipts**” means receipts realised from the sale or disposal of assets, equipment or any Capital Grants for specified purposes.
- (viii) “**Competent Authority**” means the authority in who powers to accord approval or sanction of expenditure vests or has been delegated i.e. Director or any other Officer to whom such power has been delegated.
- (ix) “**Day**” means a Calendar day.
- (x) “**Detailed head**” means a break-up below a Sub-head. A detailed head indicates the nature of expenditure on a scheme/activity in terms of inputs, such as, salaries, office expenses, etc.



- (xi) **“District Procurement Committee”** means Committee formed in this respect comprising the Person nominated by DM, MDM-in-Charge (Secretary), District Education Officer (Chairperson), District Program Officer-Accounts and District Accounts Manager.
- (xii) **“District Local Purchase Committee”** means the Committee to be formed in this respect comprising MDM-in-Charge, District Accountant and District resource Person to be nominated by the District MDM-in-Charge
- (xiii) **“Employee”** in these rules means an individual appointed to posts on contract or deputation. This will not include those working under services being outsourced.
- (xiv) **“Employer”** means the Bihar Rajya Madhyanha Bhojan Yojana Samiti.
- (xv) **“Executive Committee”** means the Committee formed as per Clause 7 of BRMBYS Bye Laws
- (xvi) **“Financial Sanction”** means sanction accorded by the Competent Authority to the expenditure by a separate order or by signature or counter-signatures on bills or proposals.
- (xvii) **“Financial Year”** means the year commencing on 1st April of a calendar year and ending on 31st March of the following calendar year.
- (xviii) **“General Purpose Financial Statements”** means the Balance Sheet, Income & Expenditure Account and Receipts & Payments Account including schedules, Policies and Notes thereon.
- (xix) **“Head of Account”** means the programme Component provided in the budget with the object of classifying the income and expenditure of the Project.
- (xx) **“Imprest”** Means cash maintained for routine office expenses, travel and other personnel advances
- (xxi) **“State Procurement Committee”** means Committee formed in this respect comprising the Director, Dy. Director, Finance Manager/Accounts Officer, OSD and representative from Education Deptt., GoB.
- (xxii) **“State Local Purchase Committee”** means the Committee to be formed in this respect comprising three persons to be nominated by the Director BRMBYS.
- (xxiii) **“MIS”** means the Management Information System
- (xxiv) **“Non-recurring expenditure”** means expenditure on an item or a work incurred occasionally.

- (xxv) **“Recurring Expenditure”** means expenditure expected to be incurred again and again on an item or a work at intervals.
- (xxvi) **“Revenue Expenditure”** means expenditure, other than Capital expenditure on items of routine nature, such as, pay and allowances of staff, office expenses, expenditure on minor repairs etc.
- (xxvii) **“Revenue Receipts”** means receipts other than capital and debt receipts, of routine nature, such as, Govt. Grants, Rent receipts, Interest on bank deposits, etc.
- (xxviii) **“Rules”** mean the Rules of the Society, registered along with the Memorandum of Associations and modified from time to time in accordance with the procedure laid down in this regard.
- (xxix) **“School”** means the schools covered under the Mid-Day-Meal scheme within the State of Bihar
- (xxx) **“Society”** means the Bihar Rajya Madhyanha Bhojan Yojana Samiti.
- (xxxi) **“State office”** means the Patna Office of Bihar Rajya Madhyanha Bhojan Yojana Samiti also called Directorate
- (xxxii) **“Tender Evaluation Committee”** means a Committee formed by BRMBYS to manage Tenders
- (xxxiii) **“Web Based MIS”** Means the Management Information System maintained through the online website <http://mdmsbihar.org/online>

## 2. Acronyms & Symbols

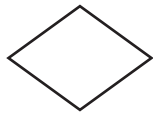
### (1) List of Acronyms

AC/DC	–	Abstract Contingency / Detailed Contingency
AP	–	Accounts Payable
AR	–	Accounts Receivable
BRP	–	Block Resource Person
BOD	–	Board of Directors
BRMBYS	–	Bihar Rajya Madhyanha Bhojan Yojana Samiti
C&AG	–	Comptroller & Auditor General of India (incl. State Level)
DGS&D	–	Directorate General of Supplies & Disposals
DRP	–	District Resource Person
FA	–	Financial Accounting
FAD	–	Financial Accounting Department
GAAP	–	Generally Accepted Accounting Principles
GL	–	General Ledger
GoB	–	Government of Bihar
GoI	–	Government of India
HOD	–	Head of Department
ICAI	–	The Institute of Chartered Accountants of India
JV	–	Journal Voucher
MDM	–	Mid-Day Meal Scheme
MIS	–	Management Information System
NGO	–	Non-Government Organisation
NPO	–	Not- for-Profit Organisation
PAB	–	Programme Approval Board
RBI	–	Reserve Bank of India
SPO	–	State Procurement Officer
VSS	–	Vidyalaya Siksha Samiti

## 2. Symbols Used in Functional Flow Diagrams



Documents



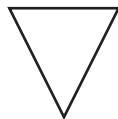
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### 3. General Overview

(1) This Operating Manual details the Accounting Procedures and related Internal Control systems to be followed for the major process activities covering Receipt & Allocation of Fund, Preparing Cash & Bank Books, Bank Reconciliation Statements, Maintenance of various Registers & Ledgers, MIS Preparation, Accrual System Mechanism, Preparation of Final Accounts etc. It deals with the following areas related to the recording of transactions and their control framework:

- (i) Preparation of Budget
- (ii) Receipt of Fund for the Scheme
- (iii) Allocation / Distribution of Fund
- (iv) Preparation of Vouchers/ Receipts / Invoices
- (v) Cash & Bank Book
- (vi) Bank Reconciliation Statement
- (vii) Ledgers and Sub-Ledgers
- (viii) Various Registers
- (ix) Preparation & Maintenance of Utilisation Certificate, PAB Sheet etc.
- (x) Calculation & Accounting for Accruals, Outstandings, Depreciation
- (xi) Provisioning and accounting for Bad & Doubtful Debts
- (xii) Advance & Deposits
- (xiii) Accounting Routine

(2) It should be noted that these procedures are based on the accounting infrastructure and operations in a partly Computerised environment comprising Tally Accounting Software on the one hand and the non-integrated Financial Accounting & Management Information system used for Accounts & MIS on the other.

#### **4. Process Objectives**

(1) The Accounting process dealt with in this Manual covers the entire chain of activities related to the Book-keeping and Accounting/Financial control perspectives of the BRMBYS in a partly Computerised scenario.

(2) The objectives of the Accounting process are to ensure that:

- (i) Proper record keeping of transactions, documentation and evidence are maintained at each stage of the process.
- (ii) Appropriate accounting entries are incorporated based on Generally Accepted Accounting Principles (GAAP).
- (iii) Proper classification & disclosures are made in the financial reports and statements in the line with GAAP so as to promote true and fair disclosures and avoidance of all material misstatements.
- (iv) Due classification & provisioning are made as per prudent norms.
- (v) An appropriate accounting control framework has been instituted and implemented.
- (vi) All back-office formalities connected with accounting are completed within minimum Turn-Around-Times.
- (vii) Information generated by the accounting records is accurate, reliable, and can serve the basis for preparation of MIS.

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## SECTION-II:

### Basics Of Accounting – Book-Keeping & Accounting

#### 5. Single Entry Accounting System

- (1) Single entry system of book keeping may be described as a loose and non-effective way of recording transactions, wherein some transactions are recorded in their two-fold aspect, some are recorded in so far as they affect one aspect only, and few other are completely omitted from being recorded. It can be seen that there is no cohesive system or method in single entry. Under this system a Cash book and other ledger are maintained.
- (2) Disadvantages of Single Entry System : Since every debit does not have a corresponding credit, a Trial Balance cannot be extracted to test the arithmetical accuracy of the entries. In absence of proper records of any assets and of any allowances for depreciation or other losses of value, it is not possible to prepare a Balance Sheet. It is too easy to perpetrate the errors and frauds and too difficult to detect them.

#### 6. The Book-keeping and Accounting Process

- (1) In accountancy the Double Entry Bookkeeping (or double entry accounting) is the basis of the standard system used by businesses and other organisations to record financial transactions. The system is called 'double entry' because each transaction is recorded in at least two accounts. Each transaction results in at least one account being debited and at least one account being credited, with the total debits of the transaction equal to the total credits.
- (2) For example: -If Company A sell an item to Company B and Company B pay Company A by cheque then the book keeper of Company A credits the “Sales” and debits the “Bank”, i.e., both the legs of the transaction, being Sales and Receipt of money being recorded simultaneously in the respective account heads in the Books of Account of Company A
- (3) Conversely the bookkeeper of Company B debits the account “Purchases” and credits the account “Bank”.
- (4) Historically the debit entries are recorded on the left side and credit values on the right hand side of the general ledger account ( in a typical “T” format) and in the normal course of business, a document is produced each time a transaction occurs. Sales and purchases usually have invoices or receipts. Deposit slips are produced when lodgements (deposits) are made to a bank account. Bookkeeping involves recording the details of all of these source documents into multi-column journals (also known as a Book of First Entry or Daybooks.)
- (5) After a certain period, typically a month, the columns in each journal are totalled to give a Summary for the period. Using the rules of double entry, these journal summaries are then transferred to their respective accounts in the ledger through a method called



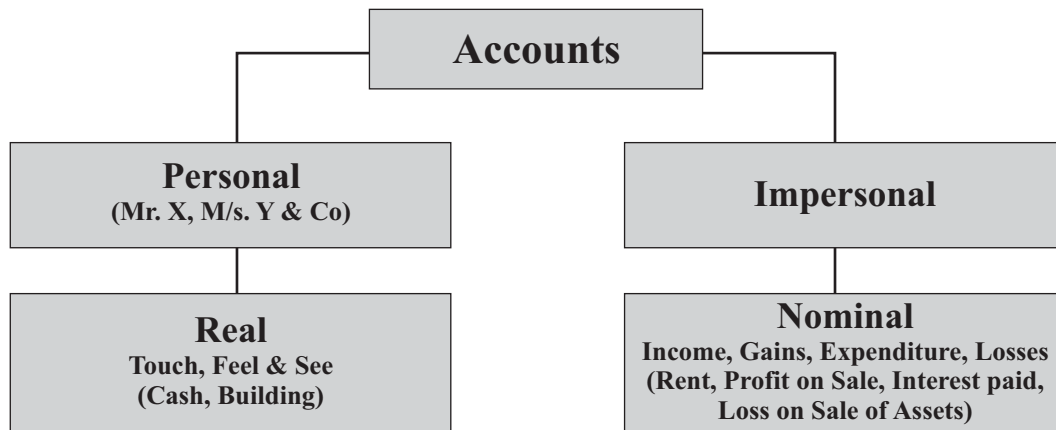
*Posting.* Once the posting process is complete, accounts kept using the “T” format undergo balancing which is simply a process to arrive at the balance of the account.

## 7. Double Entry Accounting System

- (1) The system of double entry may be well compared to a scale which must have equal weight on both sides in order that the scale is balanced. Thus if the weight of one side of the scale is increased or decreased the same weight must be correspondingly added to or removed from the other side. A more common expression of double entry book keeping system is the accounting equation.
- (2) The total assets of an entity equal the equities. This reflects the fundamental equation of  $A = E$ , where “A” denotes Assets and “E” denotes Equity.
- (3) Assets are the goods and properties which the entity owns as well as claims against outsiders which the entity has not collected yet.
- (4) Equities are the claims against the assets and indicate the source of assets. The source may be owners themselves or outsiders, e.g. owners invest funds in entity and Creditors lend money to the entity.
- (5) Advantage of Double Entry System:
  - (i) It is possible to keep a full record of the dual aspect of each transaction.
  - (ii) Transactions are recorded in a scientific and systematic manner and thus the Books of Accounts provide the most reliable information for controlling the entity efficiently and effectively.
  - (iii) Since the Total Debit under this system be equal to total Credit, arithmetical accuracy of the books can be tested by means of a Trial Balance.
  - (iv) An Income and Expenditure Account can be prepared to know the excess of income/ expenditure during a particular period and to know how such excess income/ expenditure has arisen
  - (v) The financial position of the entity as on a particular date can be readily ascertained by preparing a Balance Sheet as on that date.
  - (vi) In terms of control over accounts and funds, frauds are minimised because alteration in accounts becomes difficult and discovery of irregularities is facilitated.

## 8. Classification of Accounts

- (1) Accounts are classified primarily into two types, Personal and Impersonal. Impersonal Accounts are further segregated into Nominal and Real Accounts.



- a) **Personal Account** - When a transaction involves a person, the related account is termed as Personal Account, vis., Mr. X, M/s Y & Co., M/s FCI, etc.
- b) **Impersonal Accounts** are accounts which are not Personal Accounts
- c) **Real Account** - Transactions relating to all items that can one can “Touch Feel and See”. Accounts that fall under this category include Cash, Buildings, such as Machinery, Furniture etc.
- d) **Nominal Account** - All recurring expenses/incomes, gains, losses are booked under Nominal Account and include such as Salary, Rent, Interest paid, Profit / Loss on Sale of Asset etc.

## 9. Golden Rule of Debit and Credit

The Golden Rule of Accounting, emanating from the above classification of Account heads, is described below:

Nature of Account	Rule
Nominal Account	Debit all expenses and losses
	Credit all incomes and gains
Real Account	Debit what comes in
	Credit what goes out
Personal Account	Debit the receiver
	Credit the giver

**10. Abbreviations used in Book-keeping**

a/c	–	Account
B/S	–	Balance Sheet
c/d	–	carried down
b/d	–	brought down
b/f	–	brought forward
Dr.	–	Debit record
Cr.	–	Credit record
G/L	–	General Ledger
P&L	–	Profit & Loss
I-E	–	Income & Expenditure Account
TB	–	Trial Balance

**11. Understanding Debits and Credits**

- (1) In a simple way it can be explained as when an amount is entered on the left side of an account, it is a Debit and the account is said to be debited. When an account is entered on the right side, it is a Credit, and the account is said to be credited. Here are the basic debit & credit rule:

**Assets & Expenses**

Dr	Cr
(Increases)	(Decreases)

**Liabilities, Capital & Income**

Dr	Cr
(Decreases)	(Increases)

- (2) An account has a debit balance when the sum of its debits exceeds the sum of its credits; it has a credit balance when the sum of the credits is the greater. In double-entry accounting, which is in almost universal use, there are equal debit and credit entries for every transaction. Where only two accounts are affected, the debit and credit amounts are equal. If more than two accounts are affected, the total of the debit entries must equal the total of the credit entries.
- (3) Debits and Credits

Double-entry book-keeping is governed by the accounting equation. If revenue equals expenses, the following basic equation must be true:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

At any point in time, revenue may not equal expenses. If so the equation can be further expanded, so that the (extended) equation becomes:

$$\text{Assets} = \text{Liabilities} + \text{Equity} + (\text{Revenue} - \text{Expenses})$$

#### *Examples of debits and credits*

##### Purchase of Computer

*Debit* Computer account-- (Fixed) Asset account is increased

*Credit* Creditors account -- Liability account is increased

##### Paying supplier for the Computer

*Debit* Creditors account --- Liability account is reduced.

*Credit* Bank account --- Asset account is reduced.

## **12. Understanding Cash Book, Journal, General Ledger, Trial Balance, Income & Expenditure A/c and Balance Sheet:**

### **(1) Cash / Bank Book:**

- a) All cash transactions are entered in the Cash Book as the Book of first accounting records. Entries in the Cash Book are made on both its debit and credit sides under Double entry principle. All Receipts are entered on the Debit side and all Payments are entered on the Credit side.
- b) A Bank Book is also a Cash Book with entries of Receipts in the Bank account and Payment made through such Bank Account. Each Bank account has a separate Bank Book linked to it in the organisation's Books of Accounts.
- c) Ledger accounts are prepared on the basis of such entries in Cash and Bank books. Hence, Cash and Bank Books are considered as Subsidiary books also.
- d) Cash/Bank Book is again a Ledger and a Principal book since it serves as Cash account and Bank account, the balances of which are recorded in the Trial Balance via ledger directly.
- e) It should be remembered that in a Cash/Bank Book:
  - (i) All cash and bank receipts and payments are entered chronologically in the cash book
  - (ii) Cash Book never shows a credit balance

(iii) Both Cash & Bank Book serve the functions of Journal also.

(2) Journal

A journal is a record that keeps accounting transactions in chronological order i.e. in order of date. All accounting transactions are recorded through journal entries that show account names, amounts, and whether those accounts are recorded in debit or credit side of accounts. A journal entry is called "balanced" when the sum of debit side amounts equals to the sum of credit side amounts. It is also known Day Book because it contains the account of every day's transactions.

(3) General Ledger

The complete set of accounts for a business entry is called a general ledger. It is the "reference book" of the accounting system and is used to classify and summarise transactions and to prepare data for financial statements. It is also a valuable source of information for MIS purposes, giving balance at the end of the period.

(4) Trial Balance

As every transaction results in an equal amount of debits and credits in the ledger, the total of all debit entries in the ledger should equal the total of all credit entries. At the end of the accounting period, we check the equality by preparing a two-column schedule called a trial balance, which compares the total of all debit balances with the total of all credit balances. The procedure is as follows:

- (i) List account titles in numerical order.
- (ii) Record balances of each account from the Ledgers and Cash & Bank Books, entering Debit balances in the left column and Credit balances in the right column.
- (iii) Add the columns and record the totals.
- (iv) Compare the totals. They must be the same.
- (v) If the totals agree, the Trial Balance is in balance, indicating that debits and credits are equal for the hundreds or thousands of transactions entered in the ledger. While the trial balance provides arithmetic proof of the accuracy of the records, it does not provide theoretical proof.

(5) Receipt & Payment A/c

Receipt and Payment account is a mere summary of Cash and Bank Book for an accounting period. It begins with the Cash in hand and at Bank at the commencement and ends with that at the close of the period. Similarly to Cash account, in Receipts and Payments account, receipts are shown on the Debit side while Payments are shown on the Credit side, without any distinction between Capital and Revenue.

(6) Income & Expenditure A/c

An Income & Expenditure Account shows the Revenues from operations, Expenses incurred in running the organisation and the resulting net surplus generated (excess of Income over Expenditure/ excess of Expenditure over Income) of an organisation over a specific period of time. In short, the Income & Expenditure Accounts is an account compiled at the end of an accounting period to net off the results of operations i.e. (Excess of Income over Expenditure or Excess of expenditure over Income).

#### (7) Balance Sheet

- a) A Balance Sheet is a snapshot of a business' financial condition at a specific moment in time, usually at the close of an accounting period. A Balance Sheet comprises assets, liabilities, and owners' or stockholders' equity. Assets and liabilities are categorised into short-term and long-term perspectives including cash accounts such as checking, money market, or government securities. At any given time,

$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$

- b) It may be pertinent to mention that an Asset is anything the business owns that has monetary value. Liabilities are the claims of creditors against the assets of the business. Owners' Equity, often just called Equity, represents the value of the assets that the owner can lay claim to. In other words, it is the value of all the assets after deducting the value of assets needed to pay liabilities, i.e., the value of the assets that the owner really owns.
- c) Balance Sheets, along with income statements, are the most basic elements in providing financial reporting to potential lenders such as banks, the investors, and various classes of vendors who are considering how much credit to grant the firm.

### 13. Bank Reconciliation Statement (BRS)

- (1) It is a statement prepared to reconcile the difference between the balances as per the Bank Book and the Bank Statement or Bank Pass book on any given date.
- (2) It may be noted that it is neither compulsory to prepare Bank Reconciliation Statement nor a date is fixed on which it is to be prepared. BRS is prepared from time to time to check that all transactions relating to Bank are properly recorded by the organisation in its Bank Book and by the Bank in its ledger account, reflected in the Bank statement. It helps in detecting, if there is any error or omission in recording the transactions and ascertaining the correct Bank balance on a particular date.
- (3) A typical Bank Reconciliation Statement has the following format:

**BANK RECONCILIATION STATEMENT AS ON DD/MM/YY****Bank & Branch :** \_\_\_\_\_**A/c No :** \_\_\_\_\_

<b>Particulars</b>		<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>Debit Balance as per Cash Book</b>			√
<b>Add</b>	Cheques issued and drawn but not presented for payment	√	
	Interest allowed by Bank not recorded in Bank Book	√	
	Amount directly deposited by Payer in Bank account	√	
	Interest and dividend collected by Bank	√	
	Cheques paid into Bank but omitted to be entered in Bank Book	√	
	Any wrong credit given by Bank in the Bank Statement	—√—	
			√
<b>Less</b>	Cheque deposited in Bank but not cleared	√	
	Cheques deposited in Bank for collection but dishonoured by Bank	√	
	Standing Instruction given to Bank		
	(e.g., Payment of Insurance Premium)	√	
	Bank Charges directly debited by Bank	√	
	Cheque issued but omitted to recorded in Bank Book	√	
	Any wrong debit given by Bank in the Bank Statement.	—√—	
			(√)
<b>Credit Balance as per Bank Book</b>			√

**14. Points to be considered after/before passing of Accounting Entries in Tally**

- (1) Classification of accounts is very important, because each of the accounts are increased and decreased according to the type of account it is i.e., Asset, Liability, Capital, Contra transactions, Revenues and Expenses.
- (2) All asset accounts will be increased and decreased following the asset diagram. Cash, like all other Assets, is increased with a Debit and decreased with a Credit.
- (3) Revenue is earned and recorded when services are rendered or goods are sold. In case of

receipts through Grant-in-Aid, the Revenue is recognised to the extent the Expenses are incurred and booked against such receipts from Grants.

- (4) If one transaction refers to a prior transaction, one must consider the prior transaction in recording this transaction to avoid double recording revenue or an expense and avoid misstating a receivable or liability account.

## 15. Accounting under Double Entry – examples

- (1) A Government Organisation is set up; they received grant-in-aid of Rs. 1,00,000/-. A Bank account is opened in the name of the organisation.

- (2) The transactions during the year are as follows.

- a) 5 Computer Tables purchased on credit for Rs.3,000/- each.
- b) Cash withdrawn Rs. 15,000/-
- c) 5 Chairs purchased in cash for Rs. 1,500/- each.
- d) Office Space is rented for Rs. 5,000/- per month.
- e) Paid Rs. 6,000/-to Mr. A as Travelling Advance.
- f) Mr. A submits a claim for Rs. 4,800/- and returns back Rs.1,200/-.
- g) Paid Rs. 2,500/-Training Advance to Ms. Y, an employee.
- h) Ms. Y submit claim for Rs. 2,750/-. The organisation pays the balance amount to her.
- i) Paid Rs. 2,000/-asMedical Advance to Mr. B

- (3) The entries would be recorded as follows:

- a) On Start-up of the organisation, the Grant-in-Aid a/c is Credited with the Grant received (Rs. 1,00,000/-)and the Bank Account is Debited with the Asset created(Rs. 1,00,000/-)

Bank Account .....	Dr.Rs. 1,00,000	
Grant in Aid A/c .....	Cr.Rs.	1,00,000

- b) On Purchase of 5 Computer Tables, the Furniture – Computer Tables A/c is Debited for Rs. 15,000/- as Asset and the Vendor A/c is Credited with Rs. 15,000/- as pay out Liability.

Furniture – Computer Tables	A/c Dr.Rs. 15,000	
Vendor A/c .....	Cr.Rs.	15,000



- c) On withdrawal of Cash for Rs. 15,000/- from Bank, Cash A/c is Debited by Rs.15,000 (Increase in Assets) and Bank A/c is Credited by Rs.15,000 (Decrease in Assets). This is also known as a Contra Entry between Cash & Bank accounts

Cash A/c .....	Dr.Rs. 15,000	
Bank A/c .....	Cr.	Rs. 15,000

- d) On Purchase of Chairs, the Furniture-Chairs A/c is Debited by Rs.7,500/- (Increase in Assets) and Cash A/c is Credited by Rs.7,500 (Decrease in Assets)

Furniture-Chairs A/c.....	Dr.Rs. 7,500	
Cash A/c .....	Cr.Rs.	7,500

- e) On Payment of Rent of Office Space, Office Rent A/c is Debited by Rs. 5,000/- (Expenses) and Cash is Credited by Rs. 5,000 (Decrease in Assets)

Office Rent A/c.....	Dr.Rs. 5,000	
Cash A/c .....	Cr.Rs.	5,000

- f) On Payment of Travelling Advance to Mr. A, Travelling Advance to Mr. AA/c is Debited by Rs.6,000/- (Advances) and Cash A/c is Credited by Rs.6,000/- (Assets)

Travelling Advance to Mr. AA/c...	Dr.Rs. 6,000	
Cash A/c .....	Cr.Rs.	6,000

- g) On Submission of Travel Expense Statement by Mr. A for Rs. 4,800/-, and return of Rs. 1,200/- in Cash, the Travel Expense A/c is Debited for Rs. 4,800/- (Expense), Cash A/c is Debited for Rs. 1,200/- (Cash Received) and Travelling Advance to Mr. AA/c is adjusted through Credit of full Rs. 6,000/- Debited earlier.

Travelling Expense A/c.....	Dr.Rs. 4,800	
Cash A/c .....	Dr.Rs. 1,200	
Travelling Advance to Mr. AA/c.....	Cr.Rs.	6,000

- h) On Payment of Advance to Ms. Y for Rs. 2,500/- as Training expenses, Training Advance to Ms. Y A/c is Debited by Rs. 2,500/- (Advance) and Cash A/c is Credited by Rs.2,500/- (Assets)

Training Advance to Ms.Y A/c.....	Dr.Rs. 2,500	
Cash A/c .....	Cr.Rs.	2,500

- i) On submission of Training Expense Statement by Ms. Y for Rs. 2,750/-, the Training Expense A/c is Debited by Rs. 2,750/- (Expenses), the balance claim of Rs. 250/- is paid in Cash by Crediting Cash A/c for Rs. 250/- (Assets) and the Advance paid is adjusted by Crediting the Payment of Advance to Ms. Y A/c for the full Rs. 2,500/- Debited earlier.

Training Expenses A/c .....	Dr.Rs. 2,750	
Cash A/c .....	Cr. Rs.	250
Training Advance to Ms. Y A/c	Cr. Rs.	2,500

- j) On Payment of Advance to Mr.B for Rs. 2,000/- as Medical expenses, Medical Advance to Mr.B A/c is Debited by Rs. 2,000/- (Advance) and Cash A/c is Credited by Rs.2,000/- (Assets)

Medical Advance to Mr.B A/c.....	Dr.Rs. 2,000	
Cash A/c .....	Cr.Rs.	2,000

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## SECTION-III: Existing System

### A. EXISTING SYSTEM OF ACCOUNTING

#### 16. State Office

- (1) At the beginning of the scheme, ad-hoc fund allotment was made by GoI, based on its own Budget Estimates formulated to carry out the MDM scheme at primary and upper primary schools. The fund was sent to the Treasury of GoB. The Programme Approval Board (PAB) letter to this effect was given to MDM Directorate, the then Nodal agency for implementation of the Scheme with copy to Department of Education, GoB. The Director of MDM was entitled to draw fund from the Treasury against Abstract Contingency Bill (AC Bill) on the strength of Allotment letter (PAB letter). The DDO of the MDM Directorate, who withdrew fund from the Treasury, was required to submit the Detailed Contingency Bill (DC Bill) against fund drawn through each AC Bill. The DC Bills comprised vouchers in support of the Fund utilised.

Although BRMBYS was constituted in May 2008 the practice of drawing funds from treasury against AC Bills and subsequent adjustment thereof by putting up DC Bills continued till February 2011. In February, 2011 the GoI issued a guideline and made submission of Utilisation Certificates (UCs), both Quarterly and Annual, mandatory. The UCs, duly certified by Chartered Accountant, should be sent to Accountant General (AG), Bihar. At present the system of AC /DC Bills has been dispensed with and Fund is drawn by the State HO of BRMBYS on submission of BTC Form No. 42 and Form No. 60.

- (2) After roll out of the scheme, i.e. from the 2<sup>nd</sup> year onwards, the allotment was determined by the PAB of the MDM on the basis of Beneficiary Strength reported in Quarterly Progress Report of 1<sup>st</sup> three quarters of the preceding financial year. The Fund sent by GoI for the MDM Scheme is meant for the following components:
  - a) Food Grain
  - b) Transportation
  - c) Conversion Cost
  - d) Honorarium for Cook-cum-Helper
  - e) MME ( Management, Monitoring & Evaluation)
  - f) Kitchen Shed
  - g) Kitchen Devices

- (3) Of the above expenses, those under Sl. No. 1 and 2 are incurred at each District level through District MDM-in-charge, who is an Officer of the Deputy Collector rank (Bihar Administrative Services). Expenses under Sl.Nos.3, 4, 6 & 7 are incurred at School Level and that under Sl. No. 5 (MME) at both State and District levels.

The state office of BRMBYS remits funds to all District offices. This allotment is sent quarterly and copy of Allotment Letter is sent to District Manager of FCI and the District Collector. At the District level the District MDM-in-charge acts as DDO and at the school level the Head Master of the PS /UPS together with the Secretary/Chairperson of VSS jointly act as DDO.

Lifting of Food grains is made at district level from FCI godowns and sent to SFC godowns. From the SFC godowns, food grains are sent to PS/UPS through private transport Contractors (in presence of BRP) with stipulation that the food grains be delivered the same day as of lifting from SFC. FCI bills are paid at the District level every quarter for food grain lifted during the previous months.

## 17. **Concept of Abstract Contingency Bill and Detailed Contingency Bill**

- (1) AC Bills are the vouchers for drawing Advance from Treasury Account.
- DC Bills are adjustment vouchers against each AC bill and comprises all the supporting third party bills, invoices and vouchers exceeding Rs. 1,000/- ( now Rs. 5,000/- ) bearing stamp for “*Passed & Paid*”.
- (2) Subsequent to the amendment in Bihar Treasury Code, the disbursement of Grants-in-aid is facilitated through BTC Form No.42 and is used for drawing the fund from Treasury.
- (3) On incorporation of BRMBYS as a separate juridical body, namely a Society under the Societies Registration Act, 1860 on 21-May 2008 the need for funds reconciliation through DC Bills was technically replaced by the need for submission of Utilisation Certificates. However funds for the Society continued to be withdrawn through AC Bills by the Joint Director / Director till November 2010. As such the need for submission of DC Bills against each AC Bill continued to exist till such time. The process of reconciliation is being carried out vigorously.

## 18. **District Offices**

The District Offices also maintain the Books of Account in line with the State Office. However, School-wise ledger is not maintained; hence the figures from the Income and Expenditure Statement sent by schools are not entered in such Ledger for adjustment in the Accounts maintained at District office. The adjustment of Fund advanced to Schools for running the scheme is based on Form A reports received from schools

**19. Schools**

The schools are the units where the actual expenditure related to MDM scheme is incurred. Schools send monthly Income & Expenditure Statement to the District Office along with Form A. Vouchers of expenditure are maintained at Schools and there is no physical movement of Vouchers to District offices. As such adjustment of Advances is carried out solely on the basis of Form A received from Schools, which has been accepted by AG, Bihar as a Voucher.

**B. EXISTING SYSTEM OF MANAGEMENT INFORMATION SYSTEM****20. History of Management Information System in MDM Scheme and its reporting**

- (1) Since inception of the NP-NSPE programme in 2004, maintenance of Accounts and generation of Reports was generally being done manually, which was not only time consuming, error-prone and labour-intensive but also was not capable of generating varied analytical MIS reports. Hence there was urgent need for setting up a sound system of accounting procedure and information reporting as well as a computer based MIS for MDMS that was robust and reliable. The MIS system evolved as a general form-based reporting structure using Excel software as the tool for data input and reporting from the base level to the final end user of such MIS.
- (2) However, given the magnitude and scale of operations of the Scheme, being spread over hundreds of thousands of schools even in the remotest corners of the country, the need was felt for a centralised MIS system. The Department of School Education and Literacy was entrusted with the task of developing a Web enabled MIS to ensure:
  - a) Effective and de-centralised planning process based on relevant and useful data
  - b) Smooth and timely flow of food grains and cooking assistance
  - c) Prompt information about food grain / fund utilisation
  - d) Better Inventory control
  - e) Timely and automatic report generation
  - f) Transparency & wider dissemination of information on implementation of MDMS.

**21. Phases of Computerisation of MIS**

- (1) The setting up of an effective MIS for regular generation and maintenance of the

voluminous data was emphasised in the process of implementation of the NP-NSPE programme. The computer based Management Information System was developed in the state. The district level officers had been provided with computers and one computer operator / Data Entry operator and one Coordinator. A format for MDM Register had been developed for schools to keep track of conversion cost received, spent and unspent balance at every level along with number of students availing mid-day meal. The Register also keeps track of food grain consumed in line with the State-level MIS reporting structure. Formats have also been developed to monitor inspections being carried out in the districts.

- (2) At the District level, one full time Officer (Sub Divisional Education Officer/Regional Education Officer) has been placed in charge of MDM. Two resource persons at district level and one resource person at block level have been appointed on contract basis for regular monitoring and support. In addition, MDM-in-Charge and one Accountant cum Data Entry Operator have been appointed on contract basis at district level.

## 22. MIS process flow and Reporting levels – what, who and when

- (1) The Management Information System should be developed in making the Mid-day Meal programme robust and more effective. This MIS should have details of not just the food grains lifted from FCI and utilisation (which is already done) but should also record qualitative facts such as the level of involvement of community, the use of infrastructure, a complaint mechanism where any citizen can question irregularities, best practices and so on. These should be fed into the MIS by the village/ block/district level officers.
- (2) The basic process flow of the MIS information is depicted below:
  - a) Block Level:
    - (i) The base level data in Form-A (*Poshahar Panji*) for the purpose of MIS generation and the Income-Expenditure Statement is collected from Schools by the Block Resource Persons through:
      - a. Visit to Schools under their individual Block jurisdiction on a monthly basis to collect the Form-A & I-E statement from the Head Master, or
      - b. Visit to the “*Guru Gosthi*” monthly meeting of the Head Masters of all schools in the Block to collect the Form-A & I-E statement.
    - (ii) The BRP enters the data collected in Form A online in the MDM web portal against the related Block and the I-E data in the relevant MIS

format for the schools in the Block.

- (iii) The Online Entry Report together with the I-E Statement of the Schools under the Block as compiled above is then sent to the District office by BRPs of all Blocks.

b) District Level:

- (i) MDM-in-Charge checks out the compliance in MIS reporting by the BRP, through monitoring of online entry made by them. The Block-wise I-E statements are collated at the District level and sent to the State Office for compilation.
- (ii) MDM-in-Charge also reports to the State Office the Expenses made for the month under the various item heads and the Fund required for the subsequent month.
- (iii) It also intimates the FCI and the SFC the allotted Food Grain quota for the district to be despatched to the schools under its jurisdiction.

c) State Level:

All reports received by the State Office from the Districts are collated to prepare the monthly, quarterly and annual reports for submission to the Ministry of HRD.

## 23. Forms & Format of reporting – Basic to Final level of reporting

The following Forms are used for reporting under the current MIS structure:

Sl.	Table / Report Title	Form No.	Originating Staff / Official	Originating period	Report deadline	Reporting Authority
<b>a)</b>	<b>Annual Report to the Central Govt., by the State HO</b>					
	Coverage (Primary)	QT-1	Data & Systems Manager/ OSD /Dy. Director	End of Quarter	7 days	Min. of HRD, Dept. of School Education & Literacy
<b>b)</b>	<b>Quarterly Report to the Central Govt. by the Districts to the State HO wherein it is compiled for all 38 Districts</b>					
	Coverage (Primary)	QT-1	District MDM in-charge/ OSD/ Dy. Director	End of Quarter	7 days from end of Qtr.	Min. of HRD, Dept. of School Education & Literacy / State HO



	Coverage (Upper Primary)	QT-1A	District MDM in-charge/ OSD/ Dy. Director		--do--	
	Utilisation of Food grains (Pry & U. Pry)	QT-2			--do--	
	Status of Payment of Cost of Food Grains to FCI	QT-2A			--do--	
	Utilisation of Central Assistance Towards Cooking Cost (Pry & U Pry)	QT-3			--do--	
	Utilisation of Central Assistance Towards Cook-Cum-Helper	QT-4			--do--	
	Utilisation of Central Assistance Towards MME & Transportation (Pry & U. Pry)	QT-5			--do--	
	Utilisation of Central Assistance Towards Construction of Kitchen-Cum-Stores	QT-6			--do--	
	Utilisation of Central Assistance Towards Procurement of Kitchen Devices	QT-7			--do--	
	Inspections Carried Out by State / UT Official	QT-8			--do--	
	School Health Programme - (Primary & Upper Primary)	QT-9			--do--	
	Monitoring and Evaluation [Primary + Upper Primary]	QT-10			--do--	
	Availability of other Infrastructure [Primary + Upper Primary]	QT-11		--do--		
c)	Monthly Report by the BRPs to the District Office wherein it is compiled for all Blocks in such Districts					
	Monthly Reports	Compiled I-E of Schools, Poshahar Panji etc.	BRP	End of Month	7 <sup>th</sup> of subsequent month	District Coordinator
d)	Monthly Report by the Schools to the BRPs					
	Schools	I – E statement, Form A, Poshahar Panji	Head Master of School	End of Month	7 <sup>th</sup> of Subsequent month	BRP

## 24. Web based online MIS

With a view to reducing the time lag in flow of information and increasing efficiency in collection of data, thereby enabling near-real time analyses of various parameters of the M D M



programme, a web-based integrated MIS portal has been designed and implemented by BRMBYS. This web-based platform has been significantly effective in reducing time lag in flow of information from the base level at month-end, i.e., the number of students attending schools on a particular day, the number of meals served and the balance in Fund and Food grains.

The status can be seen online near-real time and is publicly viewable, ushering in an era of significant transparency and disclosure. The said data may also be used to update Accounting Records after due verification with the MIS/Records received from the Districts.

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## SECTION-IV:

### Proposed System Of Internal Control

#### 25. Basic Requirements

- (1) The management of the Organisation shall be responsible for developing and implementing a System of Internal Control that will:
  - a) Safeguard the assets of the organisation
  - b) Assure the accuracy and reliability of accounting data
  - c) Promote operational efficiency
  - d) Encourage adherence to prescribed managerial policies, State statutes, and GoI & GoB guidelines and Rules in particular and regulations issued from time to time.
- (2) It is important that the Organisation fulfils the following fundamental requirements in establishing an effective system of internal control:
  - a) An organisation plan, which provides for definite placement of responsibility and for specific lines of responsibility.
  - b) A division of duties between authorisation and record keeping so that the activity of one employee acts as a check on that of another. In cases where there is only one employee, the Board Members or an outside departmental officer should perform necessary functions to provide adequate internal controls, such as performing bank reconciliation.
  - c) The use of forms, documents, and procedures that facilitate control and provide for proper approvals.
  - d) An audit trail for documenting compliance with policies and procedures, particularly those relating to transactions reflected in the books and records.
- (3) The extent to which the above requirements may be expected to exist is related to the size of the organisation. The complete separation of functions and the existence of an internal accounting function are often not feasible in an organisation with a small number of employees, more so when geographically spread out across the state.. Even in a small organisation, however, a high degree of effective internal control may be obtained by the proper plan of organisation and division of duties.

*For example, no individual should be completely responsible for initiating an order, approving the payment, and signing the cheque for the same transaction. If one person does have authority to approve an order and to approve the invoice, then another authorised official should sign the cheque.*

- (4) The Finance Officer or the OSD / Director or their representative in setting up or examining the internal controls of the organisation may use the controls listed below. These controls are not intended to contain comprehensive coverage of all the points that would normally be covered by an external auditor making a detailed review of internal control. They are intended, however, to be a general guide for self-examination by the management of the Organisation to ensure proper internal controls.

## **26. General Controls**

- (1) All disbursements, except petty cash, must be made by cheque.
- (2) No cheques are to be signed until completely prepared and accompanied by supporting documentation and no cheques are to be drawn to “Cash” or “Bearer” under any circumstances unless for the express purpose of withdrawing Cash from the Bank account, duly authorised and sanctioned by the competent authority
- (3) Bank statements are to be independently reconciled by someone other than employees who keep the Cash record or Cheque Receipt/Issue Register. The sequence of cheque numbers is to be accounted for when reconciling the bank statements.
- (4) Cheques should not be issued on the basis of verbal approval and a control should be maintained over blank and voided cheques. Dishonoured, cancelled, stale cheques and Non-negotiated Cheques should be kept in proper custody and duly noted in the Cheque Receipt/ Issue Register.
- (5) The Organisation's Funds, as received from the Government of India under the mid-day meal scheme should always be maintained in a separate bank account, as is currently being done, restricted for inward remittance of such Funds.
- (6) The Organisation should ensure that sufficient fidelity bond and monies insurance coverage should be obtained commensurate with the amount of financial risk in accordance with an internal insurance manual.
- (7) Periodic surprise cash counts and reconciliation of the petty cash fund should be made by persons not connected with the Accounts department
- (8) When cheques are submitted for signature, a Tally-generated Expense or Fund Transfer voucher along with supporting documents should be presented. Original invoices and Payment vouchers should be stamp-marked “Paid” and the cheque number, date, and Account Code number should be posted to the invoice and/or Payment voucher to prevent their resubmission. No payments should be made based on billing statements unless required in emergent circumstance, with the express sanction of competent authority.
- (9) Cash receipts should be recorded and deposited daily, intact.
- (10) Other contributions and other income, if any, should be recorded as received and should

be fully documented.

- (11) A Fixed Asset Register should be maintained and duly updated that would also provide a perpetual inventory of all moveable assets.
- (12) Payroll cheque preparation should be done by someone other than personnel involved in the preparation of the payroll.
- (13) Periodic training to employees in offices in all the Districts should be undertaken to make them aware of all internal control initiatives and compliance requirements.

## **27. Control related to Operation of Bank Account**

- (1) All withdrawal from Bank will be made by Cheque.
- (2) Approval for withdrawal from Bank Account and disbursement of Cheques will be made as per clause 12.4 of the BRMBYS Bye-Laws.
- (3) Only the officers authorized by the Competent Authority of the BRMBYS shall operate the bank accounts either at the State and/or District level.
- (4) All Bank Accounts will be operated jointly by minimum two signatories.
- (5) All cheques will be crossed "Account Payee" before being issued.
- (6) In State Office, all Cheques shall be signed jointly by the Director & any one among Authorised Signatories. The Director may delegate the power of Signing of the Cheque, up to a certain limit to two officers.
- (7) Requisition for Demand Draft/ Bank Draft / RTGS/NEFT shall be signed jointly by the Director & any one among Authorised Signatories. The Director may delegate the power of Signing of the Cheque, up to a certain limit under normal circumstances, to two officers.
- (8) In respect of the District Offices, all Cheques shall be signed jointly by two Officers i.e. MDM-In-Charge and any other officer duly authorized by the Appropriate Authority.
- (9) Cheque Books shall be obtained from the banks, for the accounts operated at State/District levels by the related authorised Accounts personnel.
- (10) On receipt of the cheque books, the authorised Accounts personnel shall ensure that they are carefully examined and counted.
- (11) A Register of Cheque Books shall be maintained and details about the date of bringing the cheque book into use shall be recorded in the above register.
- (12) Timely action for getting additional cheque books should be initiated and cheque books obtained, so that there is no disruption in the issue of cheques as and when required
- (13) The cheque books shall be kept under lock and key in the custody of Authorised

Accounts personnel at State level,MDM-In-Charge at District level. When such officer is relieved from duty, the relieving officer and the relieved officer shall record the number of cheque books/cheque leaves available on the date of relief in the respective cash book along with their signatures. Related Accounts personnel will maintain “Cheque Issue Register” where all written/issued/cancelled cheques will be recorded maintaining the serial number of Cheque.

## **28. Control related to Expenditure**

- (1) Procurement of Goods/Services to be made following the norms prescribed in Bihar Finance (Amendment) Rules 2005, relevant part of which is given in a separate chapter
- (2) The expenditure has been sanctioned by a general or special order of the competent authority, having been delegated with powers of sanction.
- (3) Sufficient funds have been earmarked for the expenditure in the budget estimate of the year or shall be covered by an order for re-appropriation of fund, issued by the competent authority.
- (4) Money shall not be withdrawn from the bank accounts unless it is required for immediate disbursement.
- (5) Payment Voucher is maintained in File
- (6) Subsequently Tally Voucher is attached with the related Manual Voucher kept in the file.
- (7) Voucher numbering shall begin with one at the beginning of each financial year for each type of voucher

## **29. Specific Control related to Capital Expenditure**

- (1) Respective Department Head may fill up Requisition Form and place it to the Director
- (2) The Director would decide the requirement for Capital Purchase
- (3) Procurement of Capital Assets can be done only after receiving approval from Procurement Committee
- (4) Procurement of Capital Assets will be done only against the approved budget from and after following the norms prescribed in Bihar Finance (Amendment) Rules 2005, relevant part of which is given in a separate chapter.
- (5) The Director would approve all the payment related procurement of Capital Assets.

## **30. Accounting Control for Fixed Assets**

- (1) As a major part of control over Fixed Assets, the accounting for fixed assets shall be

done at the State Office & District Offices. The various cost components that shall form part of cost of fixed assets shall be as per the accounting policy on fixed assets.

- (2) Hard copy of Fixed Assets Register shall be maintained at State Office for all assets acquired. Whenever a fixed asset is purchased a payment voucher shall be prepared whereby the respective account head is debited and bank/ cash account is credited. The relevant asset code and description should be specified in the voucher itself.
- (3) On purchase of Assets a journal voucher shall be prepared by debiting the Asset Account Head and credit the name of the supplier. After that payment voucher will be prepared for the payment entry.
- (4) Periodic Physical Verification of Fixed Assets and passing Accounting Adjustment entry is a must.



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## SECTION-V: Procurement Procedure

*[For the purpose of maintaining procurement norms as given in following paragraphs, BRMBYS Procurement and Purchase Committees formed for State and District will have same roles and responsibilities.]*

### A. PROCUREMENT OF GOODS

#### 31. Definition of Goods

The term 'goods' used in this chapter includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant etc. purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library.

#### 32. Fundamental principles of public buying

- (1) Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.
- (2) The procedure to be followed in making public procurement must conform to the following yardsticks:-
  - a) 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 BRMBYS. The specifications so worked out should meet the basic needs of the BRMBYS without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
  - b) offers should be invited following a fair, transparent and reasonable procedure;
  - c) BRMBYS should be satisfied that the selected offer adequately meets the requirement in all respects;
  - d) BRMBYS should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
  - e) at each stage of procurement the BRMBYS must place on record, in precise

terms, the considerations which weighed with it while taking the procurement decision.

### 33. **Powers for procurement of goods**

BRMBYS will have full powers to make their own arrangements for procurement of goods. BRMBYS may purchase through the Central Purchase Organisation (e.g. DGS&D) or State Purchase Organisation with the approval of competent authority. The purchase shall be done on direct payment basis and will require approval from Procurement Committee. In such cases there shall be no need to call for tenders.

### 34. **Designation of State Purchase Organisation**

State Government can designate one or more organizations as State Purchase Organisation [Example: BELTRON] for the procurement of any particular class of goods keeping in view the expertise developed or to be developed.

### 35. **Registration of Suppliers**

- (1) With a view to establishing reliable sources for procurement of goods commonly required for Government use, the State Purchase Organisation prepares and maintains item-wise lists of eligible and capable suppliers. Such list of approved suppliers is known as “Registered Suppliers”. BRMBYS may utilize these lists as and when necessary. Such registered suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. They are also ordinarily exempted from furnishing bid security along with their bids. Director, BRMBYS may also register suppliers of goods through Procurement Committee, which are specifically required by them.
- (2) Credentials, manufacturing capability, quality control systems, past performance, after sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- (3) The supplier(s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration are to apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfil all the required conditions.
- (4) Performance and conduct of every registered supplier is to be watched by the Procurement Committee. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration to any Government agency or for any ground which, in the opinion of the

Government, is not in public interest.

**36. Purchase of goods without quotation**

Purchase of goods up to the value of Rs. 15000 (Rupees Fifteen Thousand) only on each occasion may be made without inviting quotations or bids by Accounts Officer with due approval by Director.

**37. Purchase of goods by Local Purchase Committee**

Purchase of goods costing above Rs. 15,000/- (Rupees Fifteen Thousand) only and up to Rs. 1,00,000/- (Rupees One Lakh) only on each occasion may be made on the recommendations Local Purchase Committee. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under:

*“Certified that we \_\_\_\_\_, the members of the Local Purchase Committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question.”*

**38. Avoidance of Piecemeal Purchase**

A demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

**39. Purchase of goods by obtaining bids**

Except in cases covered above, BRMBYS shall procure goods with the approval of the Procurement Committee by following the standard method of obtaining bids, namely

- a) Advertised Tender Enquiry
- b) Limited Tender Enquiry
- c) Single Tender Enquiry

(1) Advertised Tender Enquiry.

- a) Subject to exceptions incorporated in above paragraphs, invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 25 Lakh (Rupees Twenty Five Lakh) and above. Advertisement in such case should be given in at least one National Daily having wide circulation, one State Daily having wide circulation and in the BRMBYS's website.
- b) BRMBYS should also post the complete bidding document in its web site and permit prospective bidders to make use of the document downloaded from the web site. If such a downloaded bidding document is priced, there should be clear instructions for the bidder to pay the amount by demand draft etc. along with the bid.
- c) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later.

(2) Limited Tender Enquiry.

- a) This method may be adopted when estimated value of the goods to be procured is up to Rs. 25 Lakh (Rupees Twenty Five Lakh). Copies of the bidding document should be sent directly by speed post/registered post/courier/e-mail to firms which are borne on the list of registered suppliers for the goods in question as referred in earlier paragraphs. The number of supplier firms in Limited Tender Enquiry should be more than three. Further, web based publicity should be given for limited tenders. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.
- b) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rs. 25 Lakh (Rupees Twenty Five Lakh) in the following circumstances.
  - (i) The competent authority in BRMBYS certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified
  - (ii) In view of urgency, BRMBYS should also put on record the nature of the urgency and reasons why the procurement could not be anticipated.
  - (iii) There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
  - (iv) The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.
- c) Sufficient time should be allowed for submission of bids in Limited Tender

## Enquiry cases.

- d) *Two bid system:* For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under :
- (i) Technical bid consisting of all technical details along with commercial terms and conditions; and
  - (ii) Financial bid indicating item-wise price for the items mentioned in the technical bid. The technical bid and the financial bid should be sealed by the bidder in separate covers duly super-scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super-scribed. The technical bids are to be opened by the BRMBYSat the first instance and evaluated by Tender Evaluation Committee. At the second stage financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.
- e) *Late Bids:* In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e. bids received after the specified date and time for receipt of bids) should not be considered.

## (3) Single Tender Enquiry.

- a) Procurement from a single source may be resorted to (subject to concurrence from Competent Authority) in the following circumstances:
- (i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods
  - (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
  - (iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm. Proper written reason should be given.
- b) *Contents of Bidding Document:* All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters as below:
- (i) Chapter – 1: Instructions to Bidders.
  - (ii) Chapter – 2: Conditions of Contract.
  - (iii) Chapter – 3: Schedule of Requirements.
  - (iv) Chapter – 4: Specifications and allied Technical Details.

- (v) Chapter – 5: Price Schedule (to be utilised by the bidders for quoting their prices).
  - (vi) Chapter – 6: Contract Form.
  - (vi) Chapter – 7: Other Standard Forms, if any, to be utilised by the purchaser and the bidders.
- (4) **Maintenance Contract:** Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.
- (5) **Bid Security:**
- a) To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except those who are registered with the Central Purchase Organisation/State Purchase Organisation, National Small Industries Corporation (NSIC) or the concerned Department. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The exact amount of bid security, should be determined accordingly by the BRMBYS and indicated in the bidding documents. The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the commercial banks in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.
  - b) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest by the 30<sup>th</sup> day after the award of the contract to the successful Bidder.
- (6) **Performance Security:**
- a) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status etc. Performance Security should be for an amount of five to ten per cent of the value of the contract. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank in an acceptable form safeguarding the purchaser's interest in all respects.

- b) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
  - c) Bid security should be refunded to the successful bidder on receipt of Performance Security.
- (7) Advance payment to supplier: Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:
- a) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
  - b) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc. Such advance payments should not exceed the following limits:
    - (i) Thirty per cent of the contract value to private firms;
    - (ii) In case of a State or Central Government agency or a Public Sector Undertaking such amount as may be necessary as per the terms of contract;
    - (iii) In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.
  - c) The ceilings (including percentage laid down for advance payment for private firms) mentioned above Departments may be relaxed, in consultation with Internal Finance Advisor/Finance Department concerned.
  - d) While making any advance payment as above, adequate safeguards in the form of bank guarantee etc should be obtained from the firm.

*Provided that unless pre-approved by the Principal Secretary in all cases of Advance payment to private suppliers, proper Bank Guarantee or Security must be obtained by BRMBYS.*

- (8) Part payment to suppliers: Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it despatches the goods from its premises in terms of the contract or after receipt of part of the consignment.

#### **40. Transparency, competition, fairness and elimination of arbitrariness in the procurement process**

- (1) All government purchases should be made in a transparent, competitive and fair manner, to secure best value for money. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. Some of the measures for ensuring the



above are as follows:

- a) The text of the bidding document should be self-contained and comprehensive without any ambiguities. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the bidding document in simple language. The bidding document should contain, inter alia:
  - (i) the criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc.;
  - (ii) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc. which may be required to be met by the successful bidder;
  - (iii) the procedure as well as date, time and place for sending the bids;
  - (iv) date, time and place of opening of the bid;
  - (v) terms of delivery; and
  - (vi) special terms affecting performance, if any.
- b) Suitable provision should be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/ or rejection of its bid.
- c) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.
- d) The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.
- e) The bidders should be given reasonable time to send their bids.
- f) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.
- g) The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be general and broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry.
- h) Pre-bid conference : In case of turn-key contract(s) or contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.

- i) Criteria for determining responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding documents.
- j) Bids received should be evaluated in terms of the conditions already incorporated in the bidding documents; no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.
- k) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.
- l) Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation against an ad-hoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder.
- m) In the rate contract system, where a number of firms are brought on rate contract for the same item, negotiation as well as counter offering of rates are permitted with the bidders in view and for this purpose special permission should be given to the State Purchase Organisation.
- n) Contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder.
- o) The name of the successful bidder awarded the contract should be mentioned in the Departments notice board or bulletin or web site.

#### **41. Efficiency, Economy and Accountability in Public Procurement System**

- (1) Public procurement procedure is also to ensure efficiency, economy and accountability in the system. To achieve the same, the following key areas should be addressed:
  - a) To reduce delay, appropriate time frame for each stage of procurement should be prescribed by the Department. Such a time frame will also make the concerned purchase officials more alert.
  - b) To minimise the time needed for decision making and placement of contract, every Department, with the approval of the competent authority, may delegate, wherever necessary, appropriate purchasing powers to the lower functionaries.

- (2) The Society should ensure placement of contract within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.

#### 42. Buy-Back Offer

When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

### B: PROCUREMENT OF SERVICES

*[This chapter contains the fundamental principles applicable to all Departments regarding engagement of consultant(s) and outsourcing of services. Detailed instructions to this effect may be issued by the concerned Ministries or Departments. However, the Departments shall ensure that they do not contravene the basic rules contained in this chapter.]*

#### 43. Hiring of Consultants

**BRMBYS** may hire external professionals, consultancy firms or consultants (referred to as consultant hereinafter) for a specific job, which is well defined in terms of content and time frame for its completion or outsource certain services.

#### 44. Basic Guidelines for Hiring Consultants

- (1) *Identification of Work/Services required to be performed by Consultants:* Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Department does not have requisite expertise. Approval of the competent authority should be obtained before engaging consultant(s).
- (2) *Preparation of scope of the required work/service:* **BRMBYS** should prepare in simple and concise language the requirement, objectives and the scope of the assignment. The eligibility and pre-qualification criteria to be met by the consultants should also be

clearly identified at this stage.

- (3) *Estimating reasonable expenditure:* BRMBYS proposing to engage consultant(s) should estimate reasonable expenditure for the same by ascertaining the prevalent market conditions and consulting other organizations engaged in similar activities.
- (4) *Identification of likely sources:*
  - a) Where the estimated cost of the work or service is up to Rupees 25 Lakhs (Twenty Five Lakh) only, preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Departments or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.
  - b) Where the estimated cost of the work or service is above Rupees 25 Lakhs (Twenty Five Lakh) only, in addition to (i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published in at least one national daily and the BRMBYS's web site. The web site address should also be given in the advertisements. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the BRMBYS, eligibility and the pre-qualification criteria to be met by the consultant(s) and consultant's past experience in similar work or service. The consultants may also be asked to send their comments on the objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested consultants
- (5) *Short listing of consultants:* On the basis of responses received from the interested parties as above, consultants meeting the requirements should be short listed for further consideration. The number of short-listed consultants should not be less than three.
- (6) *Preparation of Terms of Reference (TOR):* The TOR should include
  - a) Precise statement of objectives;
  - b) Outline of the tasks to be carried out;
  - c) Schedule for completion of tasks;
  - d) The support or inputs to be provided by the BRMBYS to facilitate the consultancy.
  - e) The final outputs that will be required of the Consultant;
- (7) *Preparation and Issue of Request for Proposal (RFP):* RFP is the document to be used by the Department for obtaining offers from the consultants for the required work/service. The RFP should be issued to the short-listed consultants to seek their technical and financial proposals. The RFP should contain:
  - a) A letter of Invitation

- b) Information to Consultants regarding the procedure for submission of proposal.
  - c) Terms of Reference (TOR).
  - d) Eligibility and pre-qualification criteria in case the same has not been ascertained through Enquiry for Expression of Interest.
  - e) List of key position whose CV and experience would be evaluated.
  - f) Bid evaluation criteria and selection procedure.
  - g) Standard formats for technical and financial proposal.
  - h) Proposed contract terms.
  - i) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.
- (8) *Receipt and opening of proposals:* Proposals should ordinarily be asked for from consultants in 'Two-bid' system with technical and financial bids sealed separately. The bidder should put these two sealed envelopes in a bigger envelope duly sealed and submit the same to the Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Department at the specified date, time and place.
- (9) *Late Bids:* Late bids i.e. bids received after the specified date and time of receipt, should not be considered.
- (10) *Evaluation of Technical Bids:* Technical bids should be analysed and evaluated by a Tender Evaluation Committee constituted by the BRMBYS. The evaluation committee shall record in detail the reasons for acceptance or rejection of the technical proposals analysed and evaluated by it.
- (11) *Evaluation of Financial Bids of the technically qualified bidders:* The BRMBYS shall open the financial bids of only those bidders who have been declared technically qualified by the Tender Evaluation Committee for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

#### **45. Consultancy by nomination**

Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the BRMBYS. Full justification for single source selection should be recorded in the file and approval of the Executive Committee obtained before resorting to such single-source selection.

#### **46. Monitoring the Contract**

The BRMBYS should be involved throughout in the conduct of consultancy, preferably by taking a task force approach and continuously monitoring the performance of the consultant(s) so that the output of the consultancy is in line with the BRMBYS's objectives.

## **C:     OUTSOURCING OF SERVICES**

### **47.     Outsourcing**

**BRMBYS** may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the following basic guidelines.

### **48.     Guidelines for Outsourcing Services**

- (1) *Identification of likely contractors:* BRMBYS should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other Ministries or Departments and Organisations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, web site etc.
- (2) *Preparation of Tender enquiry:* Department should prepare a tender enquiry containing, inter alia :
  - a)     The details of the work or service to be performed by the contractor;
  - b)     The facilities and the inputs which will be provided to the contractor by the Department;
  - c)     Eligibility and qualification criteria to be met by the contractor for performing the required work / service; and
  - d)     The statutory and contractual obligations to be complied with by the contractor.
- (3) *Invitation of Bids:*
  - a)     For estimated value of the work or service up to Rupees 10 Lakh (Ten lakh) only or less :BRMBYS should scrutinize the preliminary list of likely contractors as identified as above, decide the prima facie eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard practice. The number of the contractors so identified for issuing limited tender enquiry should not be less than six.
  - b)     For estimated value of the work or service above Rupees 10 Lakh (Ten lakh)

only; BRMBYS should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the BRMBYS.

- (4) *Late Bids*: Late bids i.e. bids received after the specified date and time of receipt, should not be considered.
- (5) *Evaluation of Bids Received*: BRMBYS should evaluate, segregate, rank the responsive bids and select the successful bidder for placement of the contract.

#### **49. Outsourcing by Choice**

Should it become necessary, in an exceptional situation to outsource a job to a specifically chosen contractor, the Competent Authority in the BRMBYS may do so in consultation with the Tender Evaluation Committee. In such cases the detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve shall form an integral part of the proposal.

#### **50. Monitoring the Contract**

BRMBYS should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor.

### **D: PROVISION FOR PROCUREMENT THROUGH ELECTRONIC MODE**

#### **51. Enabling Provisions for E-Procurement**

Subject to the procurement procedures mentioned above, BRMBYS Management at their discretion, may procure Goods and Services through E-marketing Portals available on the Net.

### **E: STANDARD RATE PROCUREMENT**

#### **52. Rates based on Past Instances**

In case of past instances (by Deptt. Of Education, GoB or any of the Directorates under the Department) of procurement of Goods or Services of such nature and specification which BRMBYS intends to procure, BRMBYS may adopt the same supplier and same rate if available at that time.



## SECTION-VI: Proposed System Of Accounting

### A. CHART OF ACCOUNTS

#### 53. Meaning, Need and Structure

(1) A Chart of Accounts (COA) is a listing of the names of the Account Heads that an Organisation has identified and made available for recording transactions in its General Ledger. An Organisation has the flexibility to tailor its COA to best suit its needs, including adding accounts as needed.

(2) The Account head and account code should be similar to the budget head and budget code. This should correspond to the interventions and the norm number prescribed in the related Govt. framework. If any sub-head or sub-code is considered necessary, the same shall be operated accordingly.

#### 54. Account Heads and Account Codes

The relevant Chart of Accounts and the associated Account Codes are detailed below:

##### (1) Chart of Account for Income heads

Income	10	Account Code
<b>Income for Scheme</b>	<b>01</b>	<b>10010000</b>
<i>Central Government Assistance</i>	<i>1</i>	<i>10011000</i>
Food Grains		10011001
Conversion Cost - Primary		10011002
Conversion Cost - Upper Primary		10011003
Conversion Cost - NCLP		10011004
Transport Assistance		10011005
Honorarium to Cook cum Helper		10011006
Kitchen Devices		10011007
Kitchen Shed		10011008
Assistance for Management, Monitoring and Evaluation		10011009
<i>State Government Assistance</i>	<i>2</i>	<i>10012000</i>



<b>Income</b>	<b>10</b>	<b>Account Code</b>
Food Grains		10012001
Conversion Cost - Primary		10012002
Conversion Cost - Upper Primary		10012003
Conversion Cost - NCLP		10012004
Transport Assistance		10012005
Honorarium to Cook cum Helper		10012006
Kitchen Devices		10012007
Kitchen Shed		10012008
Assistance for Management, Monitoring and Evaluation		10012009
<b>Other Income</b>	<b>02</b>	<b>10020000</b>
Interest Income		10020001
Income from Disposal of Old Items		10020002
Sundry Other Income		10020009

## (2) Chart of Account for Expenditure heads

<b>Expenditure</b>	<b>20</b>	<b>Account Code</b>
<b>Programme/Scheme Expenditure</b>	<b>01</b>	<b>20010000</b>
Food Grains		20010001
Conversion Cost Primary		20010002
Conversion Cost Upper Primary		20010003
Conversion Cost NCLP		20010004
Transport Assistance		20010005
Honorarium to Cook cum Helper		20010006
Kitchen Devices		20010007
Kitchen Shed		20010008
<b>MME Expenses</b>	<b>02</b>	<b>20020000</b>
<i>School Level Expenses</i>	<i>1</i>	<i>20021000</i>

<b>Expenditure</b>	<b>20</b>	<b>Account Code</b>
Form & Stationery		20021001
Training of cook cum helpers		20021002
Aprons and/or Caps		20021003
Trunk and/or Storage Bin		20021004
Weighing Machines		20021005
Water Purifier		20021006
Replacement / Repair / Maintenance Of		
Cooking Device, Utensils		20021007
Sundry Other Expenses (MME)		20021009
<b><i>District/State Level Expenses</i></b>	<b><i>2</i></b>	<b><i>20022000</i></b>
Hiring Charges Of Manpower	1	20022100
Salary to Staff and Employees		20022101
Honorarium to Ex-employees		20022102
Incentive		20022103
Transport & Conveyance	2	20022200
Travelling and Conveyance		20022201
Vehicle Hire Charges		20022202
Fuel		20022203
Office Expenditure	3	20022300
Maintenance of Computer and System		20022301
Telephone and Mobile Expenses		20022302
Generator Hire Expenses		20022303
Stationary Expenses		20022304
User Charges for IVRS		20022305
Data communication Expenses		20022306
Rent		20022307
Miscellaneous Expenses		20022309
Capacity Building Of Officials	4	20022400

<b>Expenditure</b>	<b>20</b>	<b>Account Code</b>
Training Expenses		20022401
Honorarium to Guest Faculties		20022402
Publicity, Preparation Of Relevant Manuals	5	20022500
Publicity Expenses		20022501
Statutory Auditors' Remuneration		20022502
Internal/Concurrent Auditors' Remuneration		20022503
Consultancy Fees		20022504
External Monitoring & Evaluation	6	20022600
Fees to Monitoring Agency		20022601
<b>Depreciation, Amortizations &amp; Write-offs</b>	<b>03</b>	<b>20030000</b>
Depreciation on Building		20030001
Depreciation Computer , Printer & Faxes		20030002
Depreciation on Electrical Equipment and Fittings		20030003
Depreciation on Vehicles		20030004
Amortizations		20030005
Non-recoverable Assets written-off		20030006

### (3) Chart of Account for Asset heads

<b>Assets</b>	<b>30</b>	<b>Account Code</b>
<b>Fixed Assets</b>	<b>01</b>	<b>30010000</b>
Land & Buildings	1	30011000
Land		30011001
Building		30011002
Furniture, Fixture and Office Equipment	2	30012000
Computer Printer & Fax		30012001
Air Conditioner and Fan		30012002
Diesel Generating Set		30012003
Electrical Equipment, Switches and Fittings		30012004

<b>Assets</b>	<b>30</b>	<b>Account Code</b>
Office Furniture		30012004
Vehicles	3	30013000
Motor Cars		30013001
Motor Cycles		30013002
Other Assets	4	30014000
<b>Accumulated Depreciation</b>	<b>11</b>	<b>30110000</b>
Accumulated Depreciation on Building		30111002
Accumulated Depreciation Computer , Printer & Faxes		30112001
Accumulated Depreciation on Air Conditioner and Fan		30112002
Accumulated Depreciation Diesel Generating Set		30112003
Accumulated Depreciation on Electrical Equipment, Switches and Fittings		30112004
Office Furniture		30112005
Accumulated Depreciation on Motor Cars		30113001
Accumulated Depreciation on Motor Cycles		30113002
<b>Investment</b>	<b>02</b>	<b>30020000</b>
Investment in Specified Securities	1	30021000
Investment in Other Securities	2	30022000
<b>Current Assets, Loan &amp; Advances</b>	<b>03</b>	<b>30030000</b>
<b>Loan &amp; Advances</b>	<b>1</b>	<b>30031000</b>
Advance to Schools/ Madarsa /Maktabs	1	30031100
Advance to NGO	2	30031200
Advance to Employees	3	30031300
Advance to Supplier and Contractors	4	30031400
Advance to Consultants and Service Providers	5	30031500
<b>Inter Unit Accounts</b>	<b>04</b>	<b>30040000</b>
Inter unit for Scheme Expenses	01	30040100
District 1-38 & HO	01-39	30030101

<b>Assets</b>	<b>30</b>	<b>Account Code</b>
Inter Unit for MME Expenses	02	30040200
District 1-38 & HO	01-39	30040201
Stores and Inventory	4	30034000
Food Grain		30034001
Kitchen Devices		30034002
Stationary Items		30034003
Any Other		30034004
Cash & Bank Balance	05	30035000
Cash in Hand		30035001
Cash at Bank	02-20	30035002

**(4) Chart of Account for Liability heads**

<b>Liabilities</b>	<b>40</b>	<b>Account Code</b>
Funds & Surplus	01	40010000
Own Funds	1	40011000
MME Fund		40011001
Revenue Surplus		40011002
Other Funds	2	40012000
Unadjusted balance against Pending DC Bills		40012001
<b>Grant in Aid</b>	<b>02</b>	<b>40020000</b>
Assistance from Central Government	1	40021000
Food Grains		40021001
Conversion Cost Primary		40021002
Conversion Cost Upper Primary		40021003
Conversion Cost NCLP		40021004
Transport Assistance		40021005
Honorarium to Cook cum Helper		40021006
Kitchen Devices		40021007

<b>Grant in Aid</b>	<b>02</b>	<b>40020000</b>
Kitchen Shed		40021008
Assistance from State Government	2	40022000
Food Grains		40022001
Conversion Cost Primary		40022002
Conversion Cost Upper Primary		40022003
Conversion Cost NCLP		40022004
Transport Assistance		40022005
Honorarium to Cook cum Helper		40022006
Kitchen Devices		40022007
Kitchen Shed		40022008
Assistance for NCLP	3	40023000
Food Grains		40023001
Conversion Cost		40023002
Transport Assistance		40023003
<b>Grant in Aid from State Government</b>	<b>03</b>	<b>40030000</b>
Conversion Cost		40030002
Honorarium to Cook cum Helper		40030004
<b>Current Liabilities and Provisions</b>	<b>04</b>	<b>40040000</b>
Payable to FCI		40040001
Payable to suppliers and contractor*	1	40041000
Payable to Consultants*	2	40042000
Tax Deducted at Source	3	40043000
TDS on Contractor Payments		40043001
TDS on Salaries		40043002
TDS on Professional Services		40043003
TDS on Rent		40043004

\* Personal Ledger Accounts will be opened for each of the suppliers/

contractors/consultants with the last three digits of the code running from 001 to 999.

- (5) The above Chart of Accounts and the Account Codes therein, have been prepared taking into consideration the current scale of operations of BRMBYS as per the following Coding Structure.
- (6) For creation of fresh codes/sub-codes a formal request must be made to the Accounts Officer at the State Office, explaining in detail the reasons for the same. If the Accounts Officer concludes that such fresh code/sub-code is justified he may forward his recommendation regarding the fresh code/sub-code within the overall coding structure, to the Director for approval. No fresh codes may be created without the Director's approval.





























