

## **Financial Procedures**

1. The scheme of `DRDA Administration` shall be a centrally sponsored scheme. The funds required under this programme shall be shared between the Centre and the States in the ratio of 75:25. Funds will be released directly to the DRDAs, in accordance with the guidelines under this programme.

2. The Centre will release funds in two installments.

### **a) Release of First Installment**

i) The release of first installment can be made without any formal request if the second installment in the previous year had been released without any condition. If latter installment was not released at all or was released with some conditions, formal requests for release of first installment are required from the DRDAs after the conditions have been fulfilled / reasons for non-release of the second installment have been met. For the first year i.e., 1999-2000 all the DRDAs will be released first installment on an ad-hoc basis.

ii) The release of the first installment should ordinarily be completed by the end of the second month of the financial year.

### **b) Release of Second Installment**

i) The quantum of the second installment shall be subject to actual requirement within the overall ceiling. The second installment of Central funds shall be released on the request of the DRDAs in the prescribed performa on fulfillment of the following conditions.

1) Budget provision for the current year may be indicated by the State Governments. The Central release will not exceed it proportionately.

2) The State Government should have released its contribution during the previous year. Deficiency in release of its share will be deducted from the second installment. Also the contribution of the State Government for the first current year should have been released.

3) Available funds including carry forward funds should have been utilized at least to 60%.

4) The opening balance of the DRDAs should not exceed 15% of the allocation of the year in which funds are being released. In case, the opening balance exceeds this limit, the Central share of the amount by which it exceeds this limit will be deducted at the time of release of second installment.

5) Audit reports, utilization certificates for the previous year should be furnished. This will not be required in the first year i.e., 1999-2000.

6) Any other terms and conditions imposed at the time of the last release should have been met.

ii) The DRDA shall maintain the fund under the head `DRDA Administration`, in a separate bank account in any of the nationalized bank. Interest earned on the funds will necessarily be used only for admissible items of expenditure under DRDA administration. They shall not be used for any programme funding or non-admissible items of expenditure, such as construction of building and purchase of vehicles.

### **c) Maintenance of Accounts**

#### **i) Principles**

Separate accounts shall be maintained of this scheme and each other scheme under which the DRDA receives funds. Such maintenance of accounts is governed by the principles that the expenditure incurred is not repugnant to the objective of the scheme and is made, in accordance with the prescribed procedures. DRDA accounts are to be maintained on double entry system. The accounting procedure for DRDAs has been described in detail in the Government of India, Ministry of Rural Development Publication entitled **Revised Accounting Procedure for District Rural Development Agencies / Societies**, 1984 and subsequent instruction issued / to be issued from time to time. Internal Audit Cells should be specifically charged with the responsibility of overseeing and the observance of these principles. One of the Accounts Officers should perform the role of internal audit.

### **d) Audit of the Accounts**

i) The Project Director should cause the annual accounts of the DRDA to be prepared by a date not later than 30th June comprising Receipt and Payment Accounts, Income and Expenditure Account and Balance sheet. After approval by the Governing body, he shall have the accounts audited by the Chartered Accountant or any other auditor appointed for the purpose. A copy of such audit report (duly signed by auditor) alongwith the annual statement of accounts certified by the auditor and the Chairman of the DRDA thereon should be furnished simultaneously to Government of India and the State Government not later than 30th September.

ii) The Comptroller and Auditor General (CAG) has the right to conduct the audit of the accounts of the society and for this purpose shall have the right of access to the books of accounts and other relevant records of the DRDA. For this purpose a copy

of the annual accounts alongwith the audit report and the comments of the DRDA thereon shall be sent to the audit office nominated by CAG.

iii) The accounts of the DRDA shall also be open to inspection by such individual or parties as are nominated to carryout such inspections by the Ministry of Rural Development at the State level or at the level of the Government of India. All Officers of and above the level of Under Secretary in the Ministry of Rural Development, Government of India and such officer as may be authorized by the State Government may also inspect the accounts.

iv) A Statement showing the schedule of Fixed Assets held by the DRDA / Agency at the end of the financial year should be sent to the State Government and Government of India with the form prescribed alongwith the annual statement of accounts. No depreciation should be charged and value of assets to be shown at the original cost in the accounts.

v) All the Agencies should send a utilization certificate to the Government of India (Department of Rural Development) in the prescribed Performa alongwith annual statement of accounts. The utilization certificate must be prepared strictly on the basis of the Receipts and Payment Accounts and opening / closing balances in both Receipts and Payment Accounts Utilisation Certificate must also tally.

vi) The above provisions are in addition to the statutory requirements under relevant law under which the DRDAs are registered.