



## FAQs for Transfer of Fund to FAs and CBOs under OMM<sup>1</sup>

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*Abstract: A discussion with officials of different departments following Policy Brief 4 of NCDS has resulted in answers to some FAQs. These point out that the amount disbursed to FAs and CBOs are transfer of funds to non-government third party to implement the programme on behalf of the government and that they can be settled with submission of UC and SoE. This will also be in sync with rule 6F of Income Tax Act, 1961.*

### Frequently Asked Questions (FAQs):

*Q1: Can the fund allocated under the Special Programme for Promotion of Millets in Tribal Areas of Odisha (hereafter, Odisha Millets Mission or OMM) be categorised as grant-in-aid?*

*Answer to Q1:* No, because it is budgeted and released under the account head "other charges".

*Q2: Can grant-in-aid be given to non-government third party?*

*Answer to Q2:* Yes, grant-in-aid can be given to non-government third party. However, it cannot be released as grant-in-aid to non-government third party under OMM, as the amount has been budgeted under the account head "other charges".

*Q3: Can advance be given to non-government third party (say, FAs or CBOs) under OMM?*

*Answer to Q3:* Amount disbursed to non-government third parties like FAs and CBOs under OMM is not an advance. It is a transfer/release of funds to the implementing agencies for implementation of the programme on behalf of the government on certain agreed terms and conditions and milestones/objectives. Hence, it is a transfer of funds according to an agreed payment schedule to an agency whose credentials are known through an open process of selection.

*Q4: If a non-government third party receives funds under OMM then will submission of Utilisation Certificate (UC) and Statement of Expenditure (SoE) be sufficient for settlement of expenses made against funds already received and release of the next instalment.*

*Answer to Q4:* Yes. In case of multilateral or bilateral development agency financed programmes, the donor agencies reimburse expenditure against submission of SoE and claims for reimbursement of expenditure and also against amount released from a revolving fund. The same procedure can be adopted in this case.

Moreover, release of funds from state-level implementing agencies to district and sub-district level agencies, third parties like School Management Committees (SMCs) and Gaon Kalyan Samitis (GKS) under Centrally Sponsored Schemes (CSS) like Sarva Shikshya Abhiyan (SSA) and National Health Mission (NHM) also follow this discipline.

Prototype formats for UC (similar to the one prescribed for grant-in-aid under Odisha General Financial Rule (OGFR) in form OGFR 7A) and SoE (similar to norms for grant-in-aid) are provided in Annexure 1 and Annexure 2, respectively. These may be approved for use by the non-government third-party to ensure accountability and assurance for utilisation of funds released to them for implementation of the programme under OMM.

<sup>1</sup> This policy brief is a follow-up of policy brief 4 and subsequent discussions with officials in different departments of the Government.

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In addition, the non-government third parties may be asked to maintain proper account of such funds subject to inspection and audit by the officers from the Department of Agriculture & Farmers' Empowerment as also other internal and external auditors.

*Q5:* Is it mandatory for non-government third party under OMM to submit the original bills/vouchers for settlement of advance given to a third party?

*Answer to Q5:* No. Original bills/vouchers are insisted upon when advance is given to departmental officers who work within the government department or its field formations for execution of a work or procurement of a service for proper accounting of the expenditure and preservation of bills/vouchers to satisfy audit. But, in this case, the third party implementing agency has to keep the bills/vouchers for compilation of its accounts and audit by its chartered accountant. However, the accounts and original bills/vouchers and other connected records of those agencies working for OMM, may be required to be kept open for any inspection or audit by the concerned department or other government departments or their internal and external auditors.

*Q6:* From the funds released, if a component is not utilised (say, for processing of machinery because the rules have not been finalised), can additional amount be released for other components (like honorarium for Community Resource Person, CRP), as the amount earmarked for these other components have been expended as per their requirement?

*Answer to Q6:* Without releasing additional amount, a revised sanction/release order for reallocation of funds among the units/components may be made for enabling the implementing agency to spend the available funds as per actual requirement and proper authorisation through reallocation. This will lessen unnecessary paper work for refund of unspent amount and fresh sanction of additional amount required.

*Q7:* Can the photocopies of bills/vouchers be passed by the Project Director, Agricultural Technology Management Agency (PD, ATMA) either as a temporary or permanent measure?

*Answer to Q7:* UC and SoE are sufficient (see answer to Q4) for ensuring accountability and assurance for amount spent. Bills/vouchers should be retained by the agencies that carry out the functions on behalf of government with funds provided by government. It is also easy to administer. Verifying large number of bills/vouchers and their preservation in ATMA or OMM or Deputy Director Agriculture's office will be an additional and avoidable task. It will make the process more cumbersome.

*Q8:* Can payment to CRP be made on the basis of work or on the basis of workdays?

*Answer to Q8:* A work done report and absentee statement for the CRP may be the basis for payment to CRP.

*Q9:* Can an executive order be passed for asking bills/vouchers bypassing rule 6F of Income Tax Act, 1961 where it is indicated that the organisation spending and submitting income returns has to preserve the bills/vouchers in their office for seven years?

*Answer to Q9:* No, an executive order cannot override a statutory provision.

*Q10:* Can the above questions and answers be relevant for the "Special Programme for Promotion of Integrated Farming in Tribal Areas" (hereafter, Integrated Farming or IF) or other interventions where there is transfer of funds to non-government third party?

*Answer to Q10:* Yes, the above questions and answers can be relevant for IF or other interventions where there is transfer of funds to non-government third party who are implementing them on behalf of the government.



## Annexure 1

## Prototype Format for Utilisation Certificate (similar to Form OGFR 7A)

Reporting Period: \_\_\_\_\_

I hereby certify that a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) has been utilised under the "Special Programme for Promotion of Millets in Tribal Areas of Odisha"<sup>†</sup> released by \_\_\_\_\_<sup>§</sup> during the year \_\_\_\_\_ and the amount available for expenditure (in rupees) during the said year were as follows:

**1 Fund available during the reporting period**

1.1 Unspent Balance at the close of the previous reporting period	
1.2 Fund received during the reporting period	
1.3 Total fund available [1.1+1.2]	

**2 Expenditure during the reporting period**

2.1 Out of unspent balance as in 1.1 above	
2.2 Out of the grant referred to in 1.2 above	
2.3 Total expenditure [2.1+2.2]	

**3 Unspent balance at the end of the reporting period**

3.1 Total fund available minus total expenditure [1.3-2.3]	
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I further certify that the expenditure of Rs \_\_\_\_\_ shown as expenditure has been expended solely for the activities and for no other purpose and that the sum of Rs. \_\_\_\_\_ shown as balance at the end of the reporting period is available for expenditure and no part of it has been diverted to other purposes.

I further certify that a list of works on which the expenditure of Rs. \_\_\_\_\_ has been incurred and the amount spent on each has been prepared and is maintained in our office.

Date

Place

Signature with Seal

<sup>†</sup> This may be replaced with the relevant programme or as appropriate in other interventions.

<sup>§</sup> This refers to the funding agency. For Facilitating Agencies (FAs) and Community Based Organisations (CBOs) under "Special Programme for Promotion of Millets in Tribal Areas of Odisha" the Agricultural Technology Management Agency (ATMA) of the concerned district is likely to be the funding agency.



## Annexure 2

## Prototype Format for Statement of Expenditure (SoE)

Reporting period: \_\_\_\_\_

Sl. No.	Details	Targets for the Year		Total Expenditure	
		Physical (in numbers)	Financial (in rupees)	Physical (in numbers)	Financial (in rupees)

Expenditure under: Special Programme for Promotion of Millets in Tribal Areas of Odisha<sup>†</sup>  
 Funding agency: \_\_\_\_\_<sup>§</sup>

Date

Place

Signature with Seal

<sup>†</sup> This may be replaced with the relevant programme or as appropriate in other interventions.

<sup>§</sup> For Facilitating Agencies (FAs) and Community Based Organisations (CBOs) under "Special Programme for Promotion of Millets in Tribal Areas of Odisha" the Agricultural Technology Management Agency (ATMA) of the concerned district is likely to be the funding agency.

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