

No.F.12/3/2010-AC/dsfal *DSM/914-921*
GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
FINANCE (ACCOUNTS) DEPARTMENT

'A' Wing, 4th Level,
Delhi Secretariat,
I.P. Estate, New Delhi.

Dated: *12.07.2011*

Government Order

Subject: Instructions and Guidelines regarding Expenditure Management in Autonomous Bodies/Grantee Institutions, etc. – regarding.

Expenditure management by administrative departments, in respect of autonomous bodies/grantee institutions under their respective jurisdictions, leaves much to be desired. Without prejudice to the general applicability of 'economy instructions' issued, so far, for regulating expenditure, Government have decided to enforce financial discipline in autonomous bodies/grantee institutions in regard to incurring of expenditure out of grant-in-aid sanctioned by government through the following guidelines:-

- (1) **Expenditure out of grant-in-aid:** Expenditure out of grant-in-aid shall be incurred only on essentials and in public interest. Expenditure shall be incurred by the autonomous body/grantee institution only for purposes/schemes/projects for which it has been sanctioned.
- (2) **Financial propriety:** While incurring expenditure utmost prudence and financial propriety should be exercised by autonomous bodies/grantee institutions and no wasteful expenditure whatsoever should be incurred in any manner.
- (3) **Adherence to economy instructions:** All the autonomous bodies/grantee institutions shall observe the economy instructions issued by the Government of India/Government of NCT of Delhi, from time to time, in toto, to ensure financial discipline and expenditure management. Wherever any relaxation in respect of economy instructions is required, prior concurrence of Finance Department shall be obtained through the Administrative Department, concerned. However, post facto approval shall be an exception and should not be assumed as a norm.
- (4) **Generation of revenue/internal resources:** All the autonomous bodies/grantee institutions shall evolve suitable mechanisms to maximize generation of internal resources so as to attain self-sufficiency/self-sustainability to the maximum extent. Administrative Departments are in a position to encourage this through both advice and supervision.
- (5) **Review of activities:** The administrative departments shall review the working of autonomous organizations receiving grant-in-aid, periodically, depending on the scale and nature of activities/programmes/schemes being carried out by the grantee institutions so as to ensure that the objectives for which the organizations were set up have been or are being achieved or if there has been a substantial failure in achievement of objectives, remedial actions required to be taken.

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- (6) **Memorandum of Understanding:** All the autonomous bodies/grantee institutions having budgetary support of more than Rupees Five crore per annum from the government are required to enter into a memorandum of understanding (MOU) with the administrative department, spelling out clearly the output targets in respect of the activities/programmes/schemes being carried out and qualitative improvements in output, along with commensurate input requirements. The output targets, prescribed in measurable units of performance, shall form the basis of budgetary support extended to these organizations.
- (7) **Pattern of assistance:** All the administrative departments shall formulate a pattern of assistance in respect of the autonomous bodies/grantee institutions under their administrative control, in consultation with Finance Department. All sanctions of grants-in-aid should conform to the pattern of assistance and rules governing such grants-in-aid. The administrative departments should ensure that the sanction/release of grants is considered only on the basis of viable and specific schemes drawn up in sufficient detail by the grantee institutions or organizations. The budget for such schemes should disclose, *inter alia*, the specific quantified and qualitative targets to be attained against the outlay.
- (8) **Instalments of grants-in-aid:** The administrative department shall prescribe conditions regarding quantum and periodicity for release of grants-in-aid in instalments in consultation with Finance Department. However, the release of last installment of the annual grant must be conditional upon the grantee institutions providing satisfactory evidence of proper utilization of installments released earlier and achievement of targets assigned by the administrative departments, concerned.
- (9) **Recurring and non-recurring grant:** Every order sanctioning a grant shall indicate whether it is recurring or non-recurring and specify clearly the object for which it is being given and the general and special conditions, if any, attached to the grant.
- a. In the case of non-recurring grants for specified object, the order shall also specify the time-limit within which the grant, or each installment of it, is to be spent.
 - b. When recurring grant-in-aid is sanctioned to an institution or an organization for the same purpose, the unspent balance of the previous grant shall be taken into account in sanctioning the subsequent grant installments.
 - c. All grantee institutions/autonomous bodies which receive more than fifty percent of their recurring expenditure in the form of grants-in-aid, shall formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in Government.
 - (d) All grantee institutions/autonomous bodies shall avail the advantage of pension or gratuity schemes or insurance schemes or house building loans or vehicle loans schemes, etc., available in the market for their employees instead of undertaking liability on their own or government account.

- (10) **Accounts of grantee institutions/autonomous bodies:** All the institutions or organizations receiving grants-in-aid should, irrespective of the amount involved, maintain subsidiary accounts of the government grant and furnish to the Administrative Department a set of audited statement of accounts. The audited statement of accounts is required to be furnished after utilization of the grants-in-aid or whenever called for. The accounts of all grantee institutions or organizations shall be open to inspection by the sanctioning authority, Directorate of Audit and CAG.
- (11) **Audit of accounts:** All autonomous bodies/grantee institutions shall appoint chartered accountants for audit of their accounts and complete audit within three months after the close of the financial year. Thereafter, they shall inform the Directorate of Audit of Government of NCT of Delhi, so as to enable them to conduct the audit of the autonomous Bodies/grantee institutions.
- (12) **Settlement of CAG paras/audit paras:** All autonomous bodies/grantee institutions shall initiate necessary steps to settle the CAG audit paras as well as audit paras raised by the Directorate of Audit within the prescribed time-frame.
- (13) **Annual reports and financial statement:** All autonomous bodies/grantee institutions shall prepare Annual Reports along with audited statements of accounts. The said reports/statements will be submitted to the Administrative Department concerned for placing the same on the table of Delhi Legislative Assembly every year.
- (14) **Achievement-cum-performance report:** All autonomous bodies/grantee institutions shall prepare an **Annual Action Plan indicating the physical targets for their various programmes/schemes** with the approval of the administrative department concerned for each financial year in the month of April every year and submit a copy of the same to Planning/Finance/Audit Departments. All the autonomous bodies/grantee institutions shall submit performance-cum-achievement reports soon after the end of the financial year. The performance-cum-achievement reports shall be made available to the Directorate of Audit also. The Administrative Departments, concerned, shall insist upon submission of the said reports. Consequent upon submission of said reports, the administrative departments shall examine the same and issue appropriate directions to the grantee institutions wherever required for taking corrective measures.
- (15) **Utilization certificates:** All the autonomous bodies/grantee institutions shall submit a certificate of actual utilization of the grants received for the purpose for which it was sanctioned as laid down in Rule-212 of GFR, 2005.
- (16) **Register of grants:** Administrative departments/sanctioning authorities shall maintain a Register of Grants in the format given in Form GFR-39.

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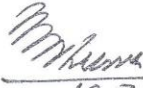
- (17) **Procurement of various items:** Autonomous bodies/grantee institutions shall follow the procedure as laid down in GFR, 2005, Circulars/O.Ms issued by Finance Department/Central Vigilance Commission from time to time, in toto, in respect of all cases of procurement of goods, general store items, laboratory equipments, research/training equipments, etc., as well as in the matter of outsourcing of services, appointment of consultants and execution of works.
- (18) **Execution of projects/works:** Prior approval of competent authority as notified in Order No.PA/DSF/Misc./2010-11/DSIV/2505-2515, dated June 02, 2011, issued by FD shall be obtained by all grantee institutions/autonomous bodies in the matter of execution of projects/schemes keeping in view the estimated cost/value of the project.
- (19) **Creation of posts:**
- (a) In view of functional requirement, if any post is to be created, the autonomous bodies/grantee institutions shall submit a consolidated proposal for seeking the prior concurrence of FD through their administrative department with full justification before obtaining the approval of the competent authority for creation. However, the terms and conditions of service, i.e., pay scales, allowances, etc., shall not be higher than those applicable to similar categories of employees in this government.
- (b) Further, autonomous bodies/grantee institutions receiving grant-in-aid of Rupees 10 crore and above shall initiate action to create posts of accounts functionaries with an appropriate designation (i.e., as equal in terms of pay scale as well as duties and responsibilities to the post of Deputy Controller of Accounts and Accounts Officer of Government of NCT of Delhi) with prior approval of FD, so as to ensure stringent control over expenditure and proper financial management. The said posts will be filled from the accounts cadre of the Government of NCT of Delhi on deputation basis failing which on contract basis.
- (20) **Appointment of officers of All India Services/DANICS/Accounts Cadre in autonomous bodies/grantee institutions on deputation basis:** The grantee institutions/autonomous bodies shall ensure that the officers who join the autonomous bodies/grantee institutions on deputation basis draw their salary either in their own pay scale *plus* Deputation Allowance or in the pay scale one step higher than their own pay scale in the parent cadre without deputation allowance.
- (21) **Purchase of new vehicles:** There will be a complete ban on purchase of new vehicles including purchase against condemned vehicles. However, if for functional requirement of the grantee institution, it is essential to purchase a vehicle then prior concurrence of Finance Department must be obtained through the administrative department concerned.

- (22) **Purchase of furniture, air-conditioners, fax machines, photocopiers and refrigerators, etc.** : Purchase of furniture, air-conditioners, photocopiers, fax machines, refrigerators, etc. may be made, only if it is necessary and in public interest to do so, after seeking relaxation of economy instructions from Finance Department. Proper assessment of the actual requirement may be carried out before seeking relaxation of economy instructions and before undertaking the tendering process. The prior approval of the Technical Evaluation Committee (TEC) of IT Department, GNCTD, shall be obtained for the purchase of IT related hardware and software.
- (23) **Official lunches and dinners:** Official lunches and dinners should be rare and the guest list should as far as possible not exceed 20 (twenty). The rate of working lunches/dinners should not exceed the rate approved by the government.
- (24) **Diversion of funds:** Funds received as grant-in-aid under plan/non-plan shall not be diverted to any other scheme or purpose without the prior concurrence of Planning Department (in respect of plan funds) and Finance Department.
- (25) **Concurrence of Finance Department:** Presence of the Principal Secretary (Finance) or his nominee in meetings of any of the committees/boards of autonomous bodies/grantee institutions does not amount to concurrence/approval of Finance Department. Hence, autonomous bodies/grantee institutions shall seek the concurrence of Finance Department through their administrative department, wherever concurrence is required.
- (26) **Release of Grant-in-aid:** Henceforth grant-in-aid in respect of aided institutions shall be released only if the administrative department after satisfying itself in the light of aforesaid instructions recommends that the grant-in-aid be released.

The aforesaid instructions intend to set out an overall policy on expenditure management with special emphasis on economy and avoidance of wasteful expenditure. The autonomous bodies/grantee institutions will have to take steps to become self-reliant and should exercise stringent control over expenditure and ensure that utmost prudence and diligence is exercised in incurring expenditure out of grants-in-aid. Release of grants or sanction of financial assistance by this government to autonomous bodies/grantee institutions shall henceforth be linked to their compliance with these instructions.

Cases of clarification/interpretation/relaxation of the aforesaid instructions, if any, may be referred to the Finance Department through the administrative department, concerned. The 'Executive Head' of the autonomous body/grantee institution shall be held personally responsible for any deviations from the above guidelines without the prior approval of Finance Department.

This issues with the prior approval of Hon' Finance Minister.


18.7.2011
(B.L. Sharma),

Spl. Secretary (Finance).

To

1. All Pr. Secretaries/Secretaries/HODs with the request to ensure that these instructions are strictly followed by the autonomous bodies/grantee institutions functioning under their control.
2. Heads of all autonomous bodies/grantee institutions of Government of NCT of Delhi.
3. Controller of Accounts, Pr. Accounts Office, Vikas Bhawan, New Delhi.
4. Controller of Accounts, Directorate of Audit, Delhi Secretariat, I.P. Estate, New Delhi.

Copy forwarded to the following for information and further necessary action:-

1. Addl. Secy. (Fin.)/DSF(I)/DSF(II)/DSF(III)/DSF(IV)/USF(B)/USF(A/Cs)/all Desk Officers of Finance Department.
2. Website of Finance Department.