

CIRCULAR

Sub: CMWSSB – Fin (Bud) – Standard Operating Procedure – To be Followed – Capital Works - from FY 2022-23 – Reg.

With reference to the above subject, it is informed that, a standard operating procedure (SOP) has been proposed to be followed from the financial year 2022-23 with respect to guidelines and utilisation of Budget provision as detailed below.

STANDARD OPERATING PROCEDURES FOR PROJECT FINANCIAL MANAGEMENT

ADMINISTRATIVE SANCTION AND ALLOTMENT OF PROJECT CODE.

1. For all Capital Works, Administrative Sanction (AS) is to be obtained.
 - a. For works under taken under Board Capital funds approval should be obtained through Finance (Budget) Section.
 - b. For works sponsored by Central Government Funds/State Government Funds / External Aid, G.O. is to be received.

Copy of AS for all types of work to be forwarded by concerned technical wing to Finance (Funds) Department for records and follow up.

2. Based on the Administrative Sanction, Project code is to be obtained by concerned technical wing from Finance (Capital Expenditure) Wing. (Documents to be forwarded by technical wing are Administrative approval / Technical sanction / Abstract for foregoing estimate / Report accompanying for estimate/ Challan copy for Deposit work / approved Capital Budget for Board funds). Order copy of Project Codes given should be forwarded to Funds Section for records.
3. Upon receipt of Project Code tenders will be floated for engaging contractors.

II. Follow up and Accounting for Receipt of funds

1. Any correspondence requesting fund release from Nodal Agencies / State or Central Government/ External Aid Agencies to be initiated by concerned technical and compulsorily routed through Finance (Funds) Department.
2. Finance (Fund) Department to regularly follow up with funding agencies along with the concerned Technical Wing for receipt of Project Funds.
3. Once fund is received, the details of fund received should be shared by Fund Section to concerned technical wing / or technical wing to Fund Section as the case may be, to facilitate updation of records.
4. Separate Bank Accounts will be maintained for projects as stipulated by the scheme.
5. All Project Bank Account (Currently under the control of Finance Cash Section) will be placed under the control of Finance (Funds) Section.

III. Payment of Project Bills

1. Finance Contracts will be in charge of scrutiny and passing of Project Bills. While passing the bills Finance Contracts should ensure that the Expenditure passed is within the Administration approval / Revised Administration approval and also satisfies all other payment terms and conditions.
2. Once the bill is passed in Finance Contracts, the same will be forwarded to Internal Audit wing for scrutiny. Upon passing of bills in IA section, the bill will be validated for payment by Finance Contracts and forwarded to Finance Funds for payment.
3. Herein after, release of funds for approved project bills will be under the purview of Finance (Funds) Section. (Currently under the control of Finance Cash section)
4. Finance(Funds) Section will check for availability of project funds in concerned Project Bank Account.
5. If funds are available immediately payment will be made.
6. If the funds are to be received on reimbursement basis, based on the procedure given in the scheme, funds will be released from Board Capital funds

contractor, after getting necessary approval from Managing Director, and then recouped to Board Capital funds after receipt from funding agencies.

7. For payments to be made in interest of completion of work, in spite of insufficient funds, based upon request of concerned Chief Engineer orders of Managing Director will be solicited for making payment from diverting from Board Capital Funds. Upon receipt of Project funds, the amount should be recouped to Board Capital funds.
8. "Diversion and Recoupment of Funds" register to be maintained by Funds Section and a report of the same as to be submitted to Managing Director once in a Quarter.

Completion of project:

1. Before sending the final bill for payment, reconciliation of provisional completion report to be obtained from Capital expenditure section by concerned Technical wing.
2. Capital expenditure section should reconcile the provisional completion report after checking whether actual expenditure including overhead allocations are within Administrative Sanction. Necessary Revised Administrative sanction has to be obtained if needed as per delegation of powers.
3. Final bill should be sent along with the provisional completion report for payment to Finance (Contracts) section.
4. Once the final payment is made, final completion report to be obtained from capital expenditure section. There should be no further expenses booked after issuance of final completion report.
5. After issuance of final completion report, the project should be converted into Asset by Finance (Assets) section.
6. For contracts which involve "Construction and Operation & Maintenance", upon completion of Project work, Completion report should be obtained and the project code should be closed. Any expenditure towards O&M should be booked under the relevant 'O&M Budget code' only after getting necessary Budget provision by concerned O&M wing and should not be continued to be booked in Project code.

7. Utilisation Certificate to be furnished to funding agencies on time which is to be ensured by technical wing and file to be processed through Finance(Funds).

V. CAPITAL BUDGET and BUDGETARY CONTROL


1. Capital Budget will be prepared by Finance (Budget) Section, including Budget to be submitted to GoTN for getting State Government Budgetary Support.
2. For all capital works necessary Budget should be requested by concerned Chief Engineer/ HoD in "Budget Estimates" meeting based on the works to be taken up in that year. Budget allocation will be provided only for works for which already "Administrative Sanction" has been given. No Budget will be provided for works for which AS is yet to be accorded.
3. Quarter wise expenditure projections and probable source of funding are to be given before the start of every quarter to Finance (Funds) Section by concerned Chief Engineer.
4. Based on the projections Finance (Funds) is to follow up with all funding agencies for receipt of funds.
5. In the first week of every month, the expenditure statement for every project showing progress, Funds received, and Bank Balance in every project account, Funds diverted from Board Funds and yet to be recouped, will be sent to concerned Chief Engineer by Finance Funds section.
6. Scheme wise consolidated Financial Statement indicating cumulative Receipts and expenditure and Fund diversion will be submitted to Managing Director at the beginning of every month by Finance Funds Section.
7. In the second week of every quarter following meetings will be conducted by Finance Director with all Chief Engineers
 - (a) Review of Financial Progress of all Projects against Capital Budget and revision of Capital Budget if required. This review will be basis for "Revised Estimates" for Capital Budget.
 - (b) Review of Completion Reports pending for projects which have been physically completed and projects which are in execution for a long period of time.

The Review Reports of above two meetings will be submitted to the perusal of Managing Director. Finance (Funds) section to conduct during second week of every month a coordinating meeting with all Project SE's and EE's to sort out issues of receipt of bills pending for Projects for lack of funds, Project code to be allotted for works having AS, issues in CR and any other Project related issues. If required, Contracts and Finance (Budget) sections are to participate in the meetings to discuss the issues.

sd/-24.05.2022

MANAGING DIRECTOR

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25/5/22
COF(R)

CEO&M) – I, II, CE(P) – I, II, III, All SE, COF(R), All Area Engineers I - XV, EE - RO-I, RO-II, STP(N), STP(S), RC, QC, PM, AOBM, DCOF – I / II / III / IV / V / VI, Veeranam, 530 MLD, Minjur Desal, Nemmeli Desal, Training Centre, Quality Assurance Wing.

TO to MD / TO to Exec Dir / PC to FD / TO to Engg Dir