

Local Body (Financial Administration) (First Amendment) Rules, 2061 (2005)

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Whereas, it is expedient to amend the Local Body (Financial Administration) Regulation, 2056 (1999 A.D.),

Now, therefore, in exercise of the power conferred by Rule 265 of the Local Self-Governance Act, 2055 (1999 A.D.) Government of Nepal has framed the following Rules.

1. Short Title and Commencement: (1) These Rules may be called as "Local Body (Financial Administration) (First Amendment) Rules, 2061 (2005 A.D.).

(2) These Rules shall come into force immediately.

2. Amendment in Rule 2 of the Local Body (Financial Administration) Regulation, 2056 (1999): In Rule 2 of the Local Body (Financial Administration) Regulation, 2056 (1999) (hereinafter referred to as "Principal Regulation"),-

(1) In Clause (d), the words "or otherwise" shall be omitted.

(2) For Clause (e), (f) and (g), the following Clause (e), (f) and (g) shall be substituted:-

(e) "Tender" means a proposal submitted in the form prescribed by a local body in a wax-sealed envelop by a willing person, firm, company or organisation as per a notice published by a local body for procuring goods and materials, carrying out public construction works or carrying out repair thereof or taking any service or collecting local body's internal income and this term

includes the statement along with per unit price and other document related thereto.

(f) "Tender Document" means a tender form consisting of tender invitation notice and direction given to the tenderer, general or special terms and conditions of a contract, specification, design, bill of quantity, terms of reference, evaluation process, including work schedule or the document relating to the invitation of proposal for consultancy service and this term includes drawing (map) and bill of quantities or the document inviting technical and financial proposal.

(g) "Contract" means an act of having concluded an agreement by a local body by making or not making public bidding for lower price or higher price or through tender or quotation or any other means upon completion of the process of this Rule to carryout a public construction or repair work or for supply of goods and materials or receiving services or collection of internal income.

(3) In Clause (h), after the words " or to provide services" the words "or to raise internal income of a local body pursuant to this Rule or prevailing Nepal laws" shall be inserted.

(4) In Clause (1), after the word "includes" the words "sectoral branch chief or chief employee of the office to be involved in the implementation of the devolved functions until the sectoral branch is established and" shall be inserted.

(5) After Clause (n), the following Clause (o), (p), (q) and (r) shall be inserted:-

(o) "Special circumstance" means natural and divine calamities such as draught, famine, food crisis, arid,

deluge, earthquake, flood, landslide, fire and the circumstances occurred all of a sudden or unexpectedly from special causes.

- (p) "Bidding" means a bid caused to be quoted from the persons willing to receive a contract in order to make contract arrangement for collection of internal income of a local body pursuant to this Rule.
- (q) "Quote" means the figure of cash or kind agreed in respect of a contract in a bidding by a person willing to receive that contract.
- (r) "Special Fund" means a fund into which an amount is deposited for a particular purpose after releasing it as per the approved budget from the fund of a local body.

3. **Amendment in Rule 4 of the Principal Regulation:** In Sub-rule (4) of Rule 4 of the Principal Regulation, after the words " approved project", the words "on the basis of budget" shall be inserted.

4. **Amendment in Rule 8 of the Principal Regulation:** In Rule 8 of the Principal Regulation,-

- (1) In Sub-rule (2), for the words " with the bill and receipts" the words" by having the bill and receipts certified from the Chairperson" shall be substituted.
- (2) In proviso to Sub-rule (2), for the word "expended", the words "up to Two Hundred Rupees" shall be substituted.
- (3) In Sub-rule (6), for the words "monthly statement of the accounts" the words "Four monthly and annual income and expenditure statement to the office of the District Development Committee and monthly income and expenditure statement" shall be substituted.

(4) After Sub-rule (8), the following Sub-rule (9) shall be inserted:-

(9) The statement of income, expenditure and approved programme shall be forwarded to the District Development Committee for making public, after pasting it in the notice board of the Village Development Committee and in a public place.

5. **Amendment in Rule 9 of the Principal Regulation:** In Rule 9 of the Principal Regulation, after Clause (h), the following Clause (i) shall be inserted:-

(i) Whether the statement of income, expenditure and approved programme is caused to be made public or not.

6. **Amendment of Rule 10 of the Principal Regulation:** In Rule 10 of the Principal Regulation,-

(1) In Sub-rule (1),-

(a) in Clause (a), for the words "Fifteen Thousand" the words "Fifty Thousand" shall be substituted.

(b) in Clause (b), for the words "Fifteen Thousand" the words "Fifty Thousand" shall be substituted.

(2) After Sub-rule (1), the following Sub-rule (1a) shall be inserted:

"(1a) The statement of the cost estimate approved pursuant to Clause (a) of Sub-rule (1) shall be required to be submitted to the meeting of the Village Development Committee to be held immediately after the estimate is so approved."

7. **Amendment in Rule 15 of the Principal Regulation:** In Sub-rule (4) of Rule 15 of the Principal Regulation, after the words "additional books of accounts," the words "forms prescribed in this Rule for Municipality or District Development Committee or" shall be inserted.

8. **Amendment of Rule 16 of the Principal Regulation:** After Sub-rule (1) of Rule 16 of the Principal Regulation, the following Sub-rule (1a) shall be inserted:-

"(1a) Notwithstanding anything contained in Sub-rule (1), accounts shall be kept in accrual transactions pursuant to this Rule by the Municipal Corporation and Sub-Municipal Corporation in phase wise basis within three years; by other Municipality within Five years and by a newly established Municipality within Five years from the date of commencement of this Sub-rule.

9. **Amendment in Rule 22 of the Principal Regulation:** In Sub-rule (1) of Rule 22 of the Principal Regulation, after the word "estimate", the words "drawing (map), design, specification, and rate analysis related thereto" shall be inserted.

10. **Insertion of Rule 26A, in the Principal Regulation:** In the Principal Regulation, after Rule 26, the following Rule 26A shall be inserted:-

"26A. **Special Fund:** (1) A Municipal Council may appropriate required amount to the following special funds from the internal income collected into its fund:-

- (a) Natural calamities relief special fund
- (b) Repair maintenance special fund,
- (c) Poverty alleviation and social mobilization special fund
- (d) Women and child development special fund
- (e) Health insurance special fund
- (f) Environmental management special fund

(2) The procedure for operation of the fund under Sub-rule (1) shall be as approved by the Municipal Council.

11. **Amendment in Rule 31 of the Principal Regulation:** In Rule 31 of the Principal Regulation, after Clause (f), the following Clause (g) shall be inserted;

"(g) To work as the secretariat of account committee"

12. **Insertion of Rule 31a. in the Principal Regulation:** In the Principal Regulation, after Rule 31, the following Rule 31A. shall be inserted:-

"31A. **Selection of Auditor:** For the purpose of selecting an auditor, a Municipal Corporation and Sub-Municipal Corporation and a Municipality shall list the name of auditors after inviting application from appropriate class by publishing a notice in the case of Municipal Corporation and Sub-Municipal Corporation in a national daily newspaper and in the case of a Municipality in a newspaper to be published regularly in local level and shall appoint an auditor pursuant to Section 35 of the Act from among the auditors so listed.

13. **Amendment of Rule 34 of the Principal Regulation:** For Rule 34 of the Principal Regulation the following Rule 34 shall be substituted:

"34. **Operation of Account:** An account opened by a District Development Committee shall be operated by the joint signature of the secretary or an officer designated by him and the chief of the financial administration section or an account employee designated by him."

14. **Amendment of Rule 38 of the Principal Regulation:** In Sub-rule (1) of Rule 38 of the Principal Regulation, for the words "amount shall be required to be expended in the specified works " the words " the competent authority shall be required to expend the amount in the specified works or to delegate power to the chief of the concerned sectoral branch or office for expense" shall be substituted.

15. **Insertion of Rule 44A. in the Principal Regulation:** In the Principal Regulation, after Rule 44, the following Rule 44A. shall be inserted:

"44A. Special Fund: (1) Every District Council may appropriate fund to the following special funds from the internal income collected into its own fund:-

- (a) Disaster management special fund
- (b) Human resources development special fund
- (c) Repair- maintenance special fund
- (d) Local development special fund
- (e) Environmental management special fund
- (f) Poverty alleviation and social mobilization special fund

(2) The procedure for operating the fund under Sub-rule (1) shall be as approved by the District Council.

16. **Amendment of Rule 46 of the Principal Regulation:** In Rule 46 of the Principal Regulation, for the words "contingent works" the words "contingent development construction works" shall be substituted and proviso to the same Rule shall be omitted.

17. **Amendment of Rule 49 of the Principal Regulation:** In Rule 49 of the Principal Regulation,-

1. In Clause (a), in the beginning", the words "of the District Development Committee Fund and the amount released therefrom" shall be inserted.
2. After Clause (g), the following Clause (h) shall be inserted:-
"(h) to work as the secretariat of the account committee."

18. **Amendment of Rule 51 of the Principal Regulation:** In Sub-rule (4) of Rule 51 of the Principal Regulation, after the words "additional books of accounts", the words "forms prescribed in this Rule for other local body or" shall inserted.
19. **Amendment of Rule 52 of the Principal Regulation:** In Sub-rule (2) of Rule 52 of the Principal Regulation,-
- (1) For Clause (a), the following Clause (a) shall be substituted:-
 - (a) up to Twenty Five Thousand Rupees at a time in the case of Village Development Committee and upto one hundred thousand rupees in the case of other local body, directly from the market."
 - (2) Clause (b) shall be omitted.
 - (3) In Clause (c), for the words "upto Two Hundred Thousand", the words "up to one million" shall be substituted.
 - (4) In Clause (d), for the words "more than Two Hundred Thousand Rrupees" the words "more than One Million Rupees" shall be substituted.
20. **Insertion of Rule 52A. in the Principal Regulation:** In the Principal Regulation, after Rule 52, the following Rule 52a. shall be inserted:-
- "52A. Procurement or Public Construction Action Plan to be Prepared:** (1) A procurement or construction action plan shall be required to be prepared in procuring goods and materials or in having a public construction work carried out or in taking intellectual or professional service in a fiscal year of an amount more than One Hundred Thousand Rupees appropriated in a budget sub-head. In such procurement or construction action plan, time period generally of the following matters must be set out:-

- (a) of preparing specification, if goods and materials are to be procured,
- (b) of preparing evaluation criteria of quotation, tender or proposal invitation letter,
- (c) of preparing document relating to quotation or tender or proposal invitation letter and of inviting the same,
- (d) of requiring to evaluate quotation or tender or proposal invitation letter,
- (e) of accepting quotation or tender or proposal invitation letter,
- (f) of concluding agreement,
- (g) of commencing work,
- (h) of completing work.

(2) The action plan prepared under Sub-rule (1) shall be required to be made public and one copy thereof shall be required to be transmitted to the concerned body.

21. Amendment in Rule 53 of the Principal Regulation: In Rule 53 of the Principal Regulation, in Sub-rule (1),-

(1) Clause (a) and (e) shall be omitted.

(2) In Clause (b), the words " an enterprise mostly owned by a foreign government or" shall be omitted and after the words "in accordance with Memorandum of Understanding", the words "as per the procurement guidelines of such agency" shall be inserted.

22. Amendment in Rule 54 of the Principal Regulation: For Rule 54 of the Principal Regulation, the following Rule 54 "shall be substituted:-

54. Provision for Making Procurement by a Purchase Order:

While procuring under Rule 52, procurement at a time for up to Three Thousand Rupees in the case of Village Development Committee and up to Five Thousand Rupees in the case of other local bodies shall have to be made by having an order made and procurement of any amount more than that amount shall have to be made only by an approved purchase order.

23. Amendment in Rule 55 of the Principal Regulation: For Rule 55 of the Principal Regulation, the following Rule 55 shall be substituted:

55. Procurement or Other Works to be Carried out by

Quotation: (1) While procuring goods and materials or having other works carried out through quotations pursuant to Clause (c) of Sub-rule (1) of Rule 52, written quotations shall be invited from at least Three firms or companies to the extent available from among the firms or companies which have obtained value added tax and income tax registration certificate; and such goods and materials shall be procured from the quotation provider which has offered the lowest price out of the quotations received or such work shall be caused to be carried out from such quotation provider.

(2) While procuring goods and materials or having any other works carried out by quotations pursuant to Sub-rule (1), a notice shall be required to be pasted in the offices referred to in Sub-rule (5) of Rule 59 by giving a time period of seven to fifteen days and according to necessity such notice shall be published in a local or national level newspaper.

(3) Notwithstanding anything contained in Sub-rule (1), if no firm or seller having obtained value added tax, income tax registration certificate exists in a district declared remote area by Government of Nepal, procurement may be made by receiving

quotations from the sellers listed in a list of sellers available in the district prepared by the following committee after receiving a description of whether the value added tax or income tax certificate is obtained from the concerned Inland Revenue Office for that district or not:-

- (a) Chief of the local body -Chairperson
- (b) Officer Level representative,
District Administration Office, -Member
- (c) Officer Level representative,
District Technical Office -Member
- (d) Representative, Funds and
Accounts Comptroller's Office -Member
- (e) Representative, District
Chamber of Industry and
Commerce -Member
- (f) Planning and Administrative
Officer or an officer
designated by the Local
Development Officer -Member
- Secretary

(4) The secretariat of the District Development Committee shall act as the secretariat of the committee formed pursuant to Sub-rule (3).

(5) The secretariat of the District Development Committee shall be required to transmit the list prepared pursuant to Sub-rule (3) to the concerned Tax Office.

(6) Quotation of a seller having no value added tax and income tax registration certificates shall not be accepted save in the conditions referred to in Sub-rule (3).

(7) While requiring to carry out a work or procuring goods and materials by quotations, deposit shall be taken and a bond shall be caused to be executed as is taken and executed in requiring to carry out a work by a tender.

(8) A form of quotation including specification of the goods and materials to be purchased or the work that shall be caused to be carried out shall be required to be prepared prior to inviting a quotation.

(9) A quotation giving person, firm, company or organisation shall be required to purchase from the local body a quotation form along with specification bearing the signature of the secretary or an employee designated by him and the seal of the office upon payment of a charge of Three Hundred Rupees and submit quotation in the same form.

(10) In inviting a quotation, the main matters referred to in Sub-rule (5) of Rule 59 shall also be required to be mentioned.

(11) Quotations shall be required to be opened in the place specified in the quotation invitation notice immediately after the expiry of the last date for submission of quotation in the presence of, to the extent possible, the concerned person, firm, company or organization who has submitted the quotation or his/her /its representative. The quotation shall be required to be accepted within Fifteen days from the date of the quotation being so opened and the information thereof shall have to be given to all the concerned.

(12) Quotation once submitted should not be returned back.

(13) The provision and procedures referred to in Sub-rule (3) of Rule 59 and Rule 63 and 64 shall also be applicable to quotation.

24. Insertion of Rule 55A. in the Principal Regulation: In the Principal Regulation, after Rule 55, the following Rule 55A. shall be inserted:-

55A. Provision Concerning Carriage of Goods and Materials: In requiring goods and materials to be carried a local body shall be required to make arrangements for carriage of goods by preparing goods and materials carriage program and cost estimate keeping in view of the timing of release of the budget and to the approved budget as well and in completion of the following process:-

- (a) up to One Hundred Thousand Rupees at a time, from direct negotiation
- (b) amount more than One Hundred Thousand and up to One Million Rupees at a time, from quotation,
- (c) any amount above One Million Rupees by tender or bidding for lower price.

(2) The carriage rate of the means of carriage prevailing in a district shall be as determined by the wage rate fixation committee of the district in the beginning of every fiscal year. In case the rate requires to be reviewed in the mid of the fiscal year for unexpected reasons, the committee may review it.

(3) In fixing the carriage wage rate, even within a single district different wages may be fixed according to place having regard to the condition and level of roads, ways.

(4) A cost estimate shall be required to be prepared on the basis of the rate fixed by the wage rate fixation committee of the district pursuant to Sub-rule (2).

(5) Carriage under Clause (a) of Sub-rule (1) shall be required to be done on the basis of the rate fixed by the wage rate fixation committee of the district.

(6) Competitive methods shall be applied in carrying goods and materials through the means other than those specified by the wage rate fixation committee of the district.

(7) In a carriage under Clause (b) and (c) of Sub-rule (1) provision and procedures of Rule 55, 59, 63, 64, 65, 66 and 68 shall be applicable with mutatis mutandis.

25. Amendment of Rule 57 of the Principal Regulation : (1) In Sub-rule (1) of Rule 57 of the Principal Regulation-

- (1) In Clause (a), for the words “Fifty Thousand” the words “One Hundred Thousand” shall be substituted.
- (2) Clause (b) shall be omitted.
- (3) In Clause (c) for the words “more than Five Hundred Thousand Rupees but not exceeding Two Million Five Hundred Thousand” the words “more than One Hundred Thousand Rupees but not exceeding one million” shall be substituted.
- (4) For Clause (d) the following Clause (d) shall be substituted:-

(d) a work costing any amount more than One Million Rupees by tender or bidding for lower price”.

26. Amendment of Rule 59 of the Principal Regulation: In Rule 59 of the Principal Regulation;

- (1) In Sub-rule (1), after the words “bill of quantity”, the words”, copy of the approved standard of construction” shall be inserted.

- (2) In Clause (b) and (c) of Sub-rule (2), for the words “Fifty” the words “Twenty Five” shall be substituted.
- (3) In Sub-rule (3), for the words “a bank” the words “in the fund of the local body” shall be substituted.
- (4) In Sub-rule (4), after the words “overhead expenses,” the words “and value added tax” shall be inserted.
- (5) In Sub-rule (5) for the words “five million”, the words “two million five hundred thousand” shall be substituted.
- (6) In Sub-rule (6), for the words “as per necessity so as to enable to purchase and submit the tenders in other local bodies as well” the words, “for enabling to purchase tender from more than one office or local body and to submit to anyone office only subject to that all the submitted tenders shall be opened in only one place at one time on the final date for submission of tender” shall be substituted.
- (7) Sub-rule (7) shall be omitted.
- (8) In Sub-rule (8), for the word “Fifteen” the word “Thirty” shall be substituted.
- (9) For Sub-rule (12), the following Sub-rule (12) shall be substituted:-

(12) In cases where tender is to be re-invited, tender may be invited by keeping standing also the tenderer under Clause (g) of Sub-rule (2).

Provided that, if a tenderer so kept standing ,being dissatisfied, files an application for withdrawal of his tender before Twenty Four hours of the time limit specified for re-submission of tender, his tender shall be returned back and if a tender is so returned back the security (bid bond) must be returned back as if the tender were rejected.”

- (10) for proviso to Sub-rule (13), the following proviso shall be substituted:

Provided that, this provision shall not be applicable to foreign construction entrepreneurs and in cases where Government of Nepal has waived this restriction for any remote area.

- (11) for Sub-rule (15) the following Sub-rule (15) shall be substituted:-

(15) In inviting a tender for a procurement or public construction work, provision shall be made for taking technical and financial proposal in a single envelop and awarding contract after evaluating them. In so inviting a tender, the criteria for evaluation, according to the nature of works and necessity, generally, of the following technical aspects shall be required to be clearly stated in the tender document :-

- (a) experiences required for the proposed work,
- (b) required work efficiency and qualifications of the proposed manpower,
- (c) required technical goods and materials and equipment,
- (d) statement required to disclose financial condition i.e. minimum average transaction, running capital, net worth, loan, capability to borrow loan,
- (e) technical specification of goods and material,
- (f) goods and materials supply or construction work schedule.”

- (12) After Sub-rule (15), the following Sub-rule (15a.) and 15b.) shall be inserted:

(15a.) A tender failing to meet the criteria referred to in Sub-rule (15) cannot be accepted.

(15b.) In procuring goods and materials or in having a public construction work carried out in completion of Sub-rule (15) pre-qualification shall not necessarily be required to be done.

- (13) Sub-rule (16) and (17) shall be omitted.

- (14) After Sub-rule (17), the following Sub-rule (18), (19), (20),(21), (22) and (23) shall be inserted:-

(18) If a tender is so submitted by cartel as to create an artificial competition, the tender of the person making such cartel shall be cancelled, deposit shall be forfeited, the name of such person, firm, company, or organization shall be entered into blacklist and information thereof shall be given to the concerned body.

(19) Any person can make a complaint before the tender inviting office with evidence of the matter that a tender has been submitted by cartel. If a complaint so made proves to be true from an investigation over it action shall be taken pursuant to Sub-rule (18).

(20) If from a complaint made by somebody or otherwise it is found even after the commencement of a contract work that competition was caused to be prevented from cartel or financial inducement or use of force, such contract shall be cancelled, deposit and other amount shall be forfeited and the name of the person, firm, company or organization who has committed such act shall be entered into blacklist. The name also of the tenderer

who did not take part in competition under financial inducement shall be required to be entered into the blacklist.

(21) Notwithstanding anything contained in the foregoing provisions, no action shall be taken pursuant to Sub-rule (18) and (19) unless somebody makes a complaint within thirty days from the last date of submission of tender or the local body otherwise receives any information prior to the acceptance of tender.

(22) If somebody prevents other competitors from submitting tender in any way with the object of receiving contract, the contract to be submitted by him shall be cancelled and deposit amount may be forfeited.

(23) In order to make an inquiry as to whether or not an act under Sub-rule (20) has been committed, a local body shall have to constitute a committee consisting of officer representative of the District Administration Office and the Funds and Accounts Comptroller's Office as well.

(24) If it is found from the inquiry conducted by the committee under Sub-rule (23) that such act has been committed, the local body shall be required to take action pursuant to Sub-rule (20).

27. Amendment of Rule 61 of the Principal Regulation: In Rule 61 of the Principal Regulation: -

- (1) Clause (a) shall be omitted.
- (2) In Clause (f) after the words "has been mentioned falsely" the words "or that local agent has not been shown despite having a local agent" shall be inserted
- (3) In Clause (g) for the word "Tax", the words "Inland Revenue" shall be substituted.

28. Amendment of Rule 62 of the Principal Regulation : In Rule 62 of the Principal Regulation, for the words “Tax Office” the words "Inland Revenue Office" shall be substituted.

29. Amendment of Rule 63 of the Principal Regulation: In Rule 63 of the Principal Regulation, after Sub-rule (1), the following Sub-rule (1a) shall be inserted:-

(1a.) If in opening a tender pursuant to Sub-rule (1) it is found that it has not been signed by the tenderer or his duly authorized representative, figure and word are not clear, strikes are not signed, there is discrepancy in the amount stated in figure and words or there exists any other remarkable matter, the same shall be stated in a *muchulka* (a public deed) which shall be caused to be signed by all the persons present.

30. Amendment of Rule 64 of the Principal Regulation: In Rule 64 of the Principal Regulation,-

(1) For Clause (c), the following Clause (c) shall be substituted:-

(c) Tender document not signed by the tenderer or his authorized representative.

(2) After Clause (h) the following Clause (h1) shall be inserted: -

(h1) If the rate of every item of bill of quantity of construction work is not filled in.

31. Amendment of Rule 65 of the Principal Regulation: In Rule 65 of the Principal Regulation,-

(1) In Clause (a), in the beginning, the words “in contravention of the criteria of Rule 59 and” shall be inserted.

(2) For Clause (b) the following Clause (b) shall be substituted:-

(b) Out of the tenders submitted pursuant to this Rule, the tender of a tenderer having quoted the lowest figure upon

meeting the evaluation criteria prescribed by this Rule shall be accepted.”

- (3) For Clause (f) the following Clause (f) shall be substituted:-
 - (f) If the lowest evaluated tender is higher up to ten percent than the amount fixed at the time of the cost estimate, where the cost estimate has been fixed, such tender may be accepted after seeking a written approval from one level higher officer by assigning reasons. If the lowest evaluated tender is higher than ten percent of the cost estimate tender shall be required to re-invite. If even the tender re-invited quotes bid higher than ten percent of the cost estimate, tender shall be re-invited after reviewing cost estimate.
- (4) In Sub-clause (1) of Clause (k) for the words “priority shall be given to a company which has a proposal to work” the words “there shall be incorporated a term and condition to the effect that a company shall work” shall be substituted and in Sub-clause (2) for the words “Fifty Million” the words “Two Hundred Fifty Million” shall be substituted and Sub-clause (3) and (4) shall be omitted.
- (5) Clause (l) and (m) shall be omitted.
- (6) After Clause (n) the following Clause (o) shall be inserted:-
 - (o) In accepting tender pursuant to this Rule, a tender shall be accepted after making a comparative chart of tenders. After a tender has been accepted, the name of the tenderers, evaluated bid of all tenderers, and the grounds of acceptance of and the figure as well of the accepted tender shall be made public.

32. Insertion of Rule 65a in the Principal Regulation :In the Principal Regulation, after Rule 65, the following Rule 65A. shall be inserted :-

65A. Variation Order : In cases where a condition requiring to make a variation order occurs after the work has been commenced upon conclusion of a contract agreement of a work the following shall be done :-

- (a) No variation order shall be so given as to incur expenditure more than fifteen percent of the contract agreement amount. If an order is so given the accepting authority shall have to bear it.
- (b) Variation order shall not be given without making budget provision.
- (c) In every variation order there shall be a statement as to whether or not it will have effect on rate, additional time, price increment, compensation.
- (d) Variation order shall not be given in a rate exceeding the rate under contract agreement.
- (e) In an item having more rate but less quantity, variation order shall not be so given as to be more than hundred percent.
- (f) In giving variation order, in every variation order there shall be clearly stated the nature of variation, big item, small item, whether time extension is required or not, if required, how many days, whether the new rate of variation item is more or less than the item of the bill of quantity, up-to-date alteration, what percent of the total agreement amount, wherefrom and how the additional amount will be met, how much percent will the total contract amount after variation order be of the initial agreement amount.

Explanation: For the purpose of this Rule “variation order” means an order to be made by a competent authority in a condition in which, where there has occurred a situation during the contract agreement execution stage warranting addition to, decrease in, addition of or substitution of new item in the work quantity of the initial agreement, it will be economical and the effectiveness of expenditure will be increased in making, subject to the purview of the available budget amount, such alteration in the previous contract than in making arrangement for a new contract”

33. **Amendment of Rule 66 of the Principal Regulation :** In Rule 66 of the Principal Regulation,-

- (1) In Sub-rule (1), (2) and (3), for the words, “Five Million”, the words, “One Million” shall be substituted.
- (2) In Sub-rule (4), at the end, the following words shall be inserted:
“after having a bidding (for lower price) so made the bid quoted in the bidding shall be presented in a chart, particulars (*muchulka*) thereof shall be prepared and caused to be signed by the representatives present.”
- (3) After Sub-rule (4) the following Rule 5 and 6 shall be inserted:-
 - (5) Bidding under this Rule may be made through the medium of sealed or open quote.
 - (6) In having a bidding made pursuant to this Rule, there must be participation of at least three qualified applicants.

34. **Amendment of Rule 69 of the Principal Regulation:** In Rule 69 of the Principal Regulation, the following proviso shall be inserted :-

Provided that, in the case of particular type of machine, instruments and equipment lying in the office they may be repaired

subject to the purview of Rule 52 through the means of service contract from a person or organization carrying out such repair work, after preparing a list of such equipment.

35. **Amendment of Rule 70 of the Principal Regulation** : In Rule 70 of the Principal Regulation, after Sub-rule (1), the following Sub-rule (1a) shall be inserted:-

(1a) For the purpose of having a work done pursuant to Sub-rule (1), a local body shall be required to classify and list on subject wise basis the consumers' committee and make their records up-to date

36. **Amendment of Rule 71 of the Principal Regulation**: In Rule 71 of the Principal Regulation, after Clause (a), the following cause (a1) shall be inserted:-

(a1) To submit statement of registration, renewal, general meeting and annual program and budget of its own committee to the concerned local body.

37. **Amendment of Rule 73 of the Principal Regulation** :In Sub-rule (2) of Rule 73 of the Principal Regulation, for the words "Fifty Thousand" "the words "One Hundred Thousand" shall be substituted."

38. **Insertion of Chapter 5A. in the Principal Regulation** :In the Principal Regulation, after Rule 84, the following "Chapter 5A." shall be inserted :-

Chapter-5A

Provision Concerning Collection of Internal Income

(arrangement of contract) of the Local Bodies.

- 84A. **Local bodies May Make Contract Arrangement for Collection of Internal Income:** (1) A concerned local body may make a contract arrangement for one fiscal year for collection of tax, service fee, charge, and other internal income of the rate as

levied by the concerned council of the concerned local body subject to the Act and this Rule.

Provided that, if it appears that the local body's revenue will increase or in cases where administrative liability will increase if contract arrangement is made from time to time, contract arrangement may be made at a time for up to Three years in maximum.

Explanation: For the purpose of this Rule, "internal income" means the income a local body is entitled to collect within its area save the grant to be received from Government of Nepal, amount to be received from the allocation of revenue and other grant of special nature.

(2) A group of two or more than two local bodies may, by their mutual consent, jointly make contract arrangement pursuant to Sub-rule (1).

(3) A local body shall have already completed the act of conclusion of contract agreement by making a contract arrangement generally prior to the beginning of a fiscal year.

(4) The following procedures shall be applied in making contract arrangement pursuant to Sub-rule (1):-

- (a) An implementation action plan with minimum fixed contract amount and a recovery action schedule as well shall be prepared by projecting internal income by taking into account the availability of every internal income source for the next fiscal year, probable mobilization, management and cost of the mobilization of that source and running year's contract figure as well.

- (b) After a recovery action schedule and implementation action plan has already been prepared pursuant to Clause (a), in order to make contract arrangement, a tender document shall be prepared consisting of the rate determined by the council, general and special conditions of the contract, and matters to be stated in notice, and other necessary description as well.
- (c) If, on the basis of the implementation action plan under Clause (a), an internal income is to be collected less than One Hundred Thousand Rupees agreement shall be concluded by direct negotiation and if internal income is to be collected more than One Hundred Thousand Rupees agreement shall be concluded by inviting a tender.
- (d) In inviting a tender pursuant to Clause (c), in the case of a tender of up to One Million Rupees a notice shall be published in a newspaper to be regularly published in local level by giving at least Fifteen days' time and arrangements shall be made for pasting such notice also in the offices referred to in Sub-rule (5) of Rule 59. In the case of a tender of more than that amount a notice shall be published in a national level daily newspaper of "A" class by giving at least Twenty One days' time.

(e) The following matters shall be stated in a notice under Clause (d):-

- (1) if there exists a previous contract, the matter as to at what amount and on what conditions the contract was awarded ,
- (2) main conditions of the contract,
- (3) Source wise and place wise description and the probable volume of the revenue to be collected,
- (4) the matter of rebate, if any, to be given upon payment in lump sum of the amount under the contract,
- (5) place where from the tender form can be obtained (in specifying place the concerned local body may, by its decision, include the name of more than one local bodies and the District Administration Office, sectoral offices and the Funds and Accounts Comptroller's Office as well or make arrangements also for enabling to receive form by downloading it from the internet). In submitting the tender so downloaded from the internet, the amount applicable as per the notice must be required to be paid,
- (6) mode of forwarding tender,

- (7) name of the office or officer to whom the tender should be forwarded (in specifying the name of office or officer the concerned local body may, by its decision, include the name of more than one local bodies and the District Administration Office, the sectoral offices and the Funds and Accounts Comptroller's Office as well),
 - (8) price payable for tender,
 - (9) last date and time for submission of tender and the time, date and place of opening tender,
 - (10) the date of making decision upon tender,
 - (11) amount to be kept for guarantee or type of bank guarantee (bid bond) and validity period.
 - (12) Other necessary matters.
- (f) In fixing the price of tender pursuant to Sub-clause (8) of Clause (e), the price as stated in Sub-rule (2) of Rule 59 shall be fixed.
- (g) The registration, opening procedure of the tenders submitted within the time limit of the notice published pursuant to Clause (e), matters to be stated by a foreign tenderer while submitting a tender, action to be taken in respect of a foreign tenderer having local agent, statement to be

submitted by the agent of a tenderer and other procedures shall be as set out in Rule 59, 60, 61, 62, 63 and 64.

- (h) If no tender is received or fewer than three tenders are received in inviting tender for the first time pursuant to Clause (d), tender shall be invited by re-publication of notice.
- (i) If no tender is submitted even in publishing a notice for the second time pursuant to Clause (h), a notice of public bidding shall be published by adding the following matters into the content of the notice under Clause (e) by giving at least Seven days' time:-

1. office of the Local body or any other place in which the bidding will be done,
2. time and date of bidding, and
3. Other necessary matters.

(5) A person who submits or quotes bid pursuant to Clause (e) and (i) of Sub-rule (4) shall be required to attach an original voucher of having deposited, for security (bid bond), five percent of the amount he has quoted if he is Nepali citizen and ten percent of the amount he has quoted if he is a foreigner in the name of the local body which has published such notice in the bank specified in the notice or the original copy of a bid bond issued by a bank recognized by the Nepal Rasta Bank having validity period as specified in the notice

(6) Save in cases where it will be forfeited pursuant to this Rule, the amount kept for security pursuant to Sub-rule (5) shall be required to be returned back to the person or organization

whose tender or bid has been rejected within thirty five days of such tender or bid having been rejected.

Provided that, until a *chalanpurji* or *patta* (contract execution authority letter) is received or taken, there shall be no obstruction for a local body to withhold the security of those guarantee holders, out of the persons who have promised to undertake that contract, who have serially been recommended for award of the contract

(7) No action shall be taken over a bid quoted latter than the time or date specified for bidding in the notice published under Sub-rule (4) or in a place other than the one specified for bidding in such notice or a bid quoted by post, telephone or telegram.

84B. To accept contract: (1) A local body may accept or reject any or all tenders submitted or any or all bids quoted pursuant to a notice published under Sub-rule (4) of Rule 84A. by assigning or without assigning any reason.

(2) Upon receipt of at least three valid tenders, the tender of a tenderer who has quoted the highest bid shall be accepted.

(3) If less than three tenders are submitted in inviting tender for the first time, tender shall be re-invited by keeping standing those tenders.

Provided that, if a tenderer who is so kept standing wants to so submit a supplementary tender as to increase the figure quoted by him in the tender submitted earlier by him he may submit a supplementary tender by adding deposit of the figure further agreed only as per rule.

(4) Even if only a single valid tender is submitted in inviting tender for the second time and the figure is more than the

minimum figure published by the local body in the notice such tender may be accepted.

(5) In making a public bidding pursuant to Clause (i) of Sub-rule (4) of Rule 84A. the bidding shall be required to be started from the minimum figure and the bid of a bidder quoting the highest bid shall be forthwith approved by taking deposit or bank guarantee under Sub-rule (5) of Rule 84A.

(6) The power to approve a tender or the bid of a public bidding under this chapter shall rest with the authorities referred to in Rule 23 and 41 as stated in the said Rules.

84C. Issuance of contract execution authority letter (patta) and execution of bond : (1) After a tender or bid for collection of internal income has already been accepted pursuant to this Rule, the local body or authority making contract arrangement shall have to give notice thereof to the tenderer or bidder within seven days.

(2) In issuing a notice pursuant to Sub-rule (1), the notice shall be served or caused to be served by giving Seven days time excluding journey time stating clearly therein the matter that if the tenderer or bidder does not come to execute a bond as per his/her/ its promise the contract will be awarded to the tenderer or bidder next to him/her/it. If in issuing such notice, the person who is to receive such notice is not found or does not receive notice and such notice is pasted on the house/door of the person who is to receive such notice in the presence of four local persons including one member of the local Village Development Committee as witnesses, he shall be deemed to have received such notice.

Provided that, the concerned person shall be deemed to have received notice even if such notice is published in a local newspaper.

(3) If the said person appears within the time of the notice issued pursuant to Sub-rule (1) and (2) and agrees to execute a bond the secretary of the local body making contract arrangement shall forthwith have a bond executed from him and give him a *patta* (contract execution authority letter) . If such person does not appear or disagrees to execute a bond as per his promise, contract arrangement shall be made by publishing a notice under Sub-rule (2) by giving priority to other tenderer or bidder as per the order of second, third next to him.

(4) The authority accepting a tender or quote of a bid invited jointly by local bodies or making contract arrangement shall make a request to the tender or bid accepting joint committee within Three days of the tender being opened or bid being quoted for giving sanction for approving or rejecting the tender or bid and shall do as decided by that committee. The joint committee of the local bodies also shall have already granted within Fifteen days of such request being made its sanction as to whether the tender or bid has been accepted or not. If a local body sustains any loss/damage for failure to make a request or grant sanction within that time such loss or damage shall be recovered from a responsible person by whose delay or recklessness such request or sanction failed to be made or granted within that time.

(5) After a tender or bid has been accepted, the concerned tenderer or bidder shall be given a *patta* (contract execution authority letter) pursuant to Schedule-150b setting out all the conditions of awarding contract after receiving from him a

performance bond from a bank recognized by the Nepal Rastra Bank having at least Six months validity or cash amount equal to the total amount of the fixed contract amount and after having him executed a bond pursuant to Schedule-150a.

(6) If a tenderer or bidder, after receiving the notice of the tender or bid having been accepted, does not take a *patta* (contract execution authority letter) within the time specified in that notice, the security kept by him pursuant to Sub-rule (4) of Rule 84A. shall be forfeited and collected into the fund of the local body.

84D. Mode of paying installment of the fixed contract amount : (1)

While making the contract arrangement for the work of collecting internal income of a local body, the figure of an installment to be recovered shall be determined as per the recovery action schedule setout in the notice of contract and tender and other terms and conditions.

Provided that, in preparing such action schedule the probable revenue collection time must correspond with the installment payment time and the interval between installments must not exceed by four months.

(2) If a contractor pays in lump sum the fixed contract amount at the time of the conclusion of agreement rebate may be given up to ten percent in maximum according to rationality.

Provided that, the percentage of such rebate must have been stated in the notice of tender or bidding.

84E. Termination of Contract: (1) After a *patta* (contract execution authority letter), bond has been given pursuant to this Rule, save in cases where an act is committed in contravention of any terms and conditions of a *patta* (contract execution authority letter) or

bond or where any work required to be carried out under such terms and conditions has not been carried out no contract shall be terminated or left in the main time prior to the completion of contract period.

(2) If a contractor collects tax in a rate higher than the rate levied by the local body or collects tax, service fee or charge on goods and materials not included in the agreement or so collects tax as to be double despite there being the evidence of one local body having collected tax, the concerned local body shall be required to return back to the concerned person such amount by recovering it from such contractor.

(3) If the activities set out in Sub-rule (2) are recurred, the contract of such contractor shall be terminated and his deposit shall be forfeited, his name shall be blacklisted and information thereof shall be given to other local bodies and the office as well of Government of Nepal issuing contractor's license.

(4) Where a contract is terminated pursuant to Sub-rule (3) and there is available a person or firm to undertake the contract for the remaining period of the same fiscal year, contract may be awarded after taking the whole contract amount of such remaining period in lump sum as per the rate and recovery action schedule of previous contract

(5) In cases where a contractor is terminated pursuant to Sub-rule (3), the loss caused to the local body by it and the amount, if any, to be recovered from the contractor by the local body and a ten percent interest thereon as well shall be recovered from him as government dues if the same is not recovered from the security kept by him.

Provided that, where the contractor has failed to discharge the work of contract for circumstances beyond his control, the

local body may, after consultation with the concerned revenue advisory committee, remit appropriate amount out of the amount to be recovered as per the contract.

(6) A local body shall have to bear the loss caused to a contractor from the breach by it of any terms and conditions set out in the *patta* (contract execution authority letter) given to the contractor by making contract arrangement or the removal from contract prior to the expiry of contract period.

39. Amendment of Rule 101 of the Principal Regulation: For Rule 101 of the Principal Regulation the following Rule 101 shall be substituted:-

101. Provision Concerning Daily Allowance and Travel Expense of Employees: (1) The provision concerning the daily allowance and travel expense of the employees of a local body shall be as follows:-

- (a) Officer, who can, give travel and deputation order in the work of the local body: An order of travel or deputation within the country in the work of a local body may be given in the case of the Secretary of the District Development Committee or an employee equal to his level by the Ministry of Local Development and in the case of employees below that level by the Secretary of the concerned local body or an officer to whom he has delegated power.
- (b) The Ministry of Local Development may give an order of travel or deputation outside of Nepal to an official or employee of any local body for the work of the local body.

- (c) An order of travel or deputation for the work of a local body should be given by filling in the form of travel order and keeping records in the format of Schedule-155. It shall be the duty of the officer capable of giving travel or deputation order to specify that the travel shall be made by the less expensive route or means so far as possible.
- (d) For the purpose of providing daily allowance and travel expense, employees are classified as follows:-
- (1) Secretary of the District Development Committee or Municipality -first level
 - (2) Officer level employees -second level
 - (3) Other employees -third level
- (e) If a travel within Nepal in connection with the work of a local body requires a ticket the expense incurred for ticket will be paid.
- (f) In cases where an employee of a local body is required to return back by the order of the officer giving travel order a ticket of any means of travel he has already purchased he will be entitled to from the office the charges applicable for returning back such ticket. In cases where such employee requires to be returned back his home due to the necessity of returning back the ticket or due to no flight on the flight day for reasons of air

flight date having been changed, such employee will be entitled to, after having the same certified from the concerned body, the payment of the taxi, rickshaw and bus fare amount from the office.

- (g) An employee who travels by surface public transportation means (excluding taxi) a place which can be travelled by use of air transportation services will be entitled to, if he is entitled to use such air services, the double amount of the fare rate of such public transportation means.
- (h) In cases where an employee traveling or deputed outside his office in connection with the work of a local body has to spend night being unable to return back to home, such employee will be entitled to, in addition to the daily allowance under Schedule-151, hotel stay expense of upto Seven days in maximum as per bill not exceeding in the amount stated in the same Schedule.
- (i) An employee who is so deputed in the work of a local body as to visit to and return from a place having bus or other public transportation facility on the same day will be entitled to only travel expense pursuant to this Rule.
- (j) If an employee takes leave in connection with a travel or deputation, he will not be

entitled to daily allowance and travel expense during the period of such leave.

(2) An employee going from one district to another district after being transferred or promoted from one local body to another local body shall be given the following daily allowance and travel expense. However, no hotel stay expense shall be given:-

(a) An employee going from one district to another district or from one local body to another local body of more than Twelve miles (Six *Kosh*) distance of the same district after being transferred, promoted or appointed as an acting shall be required to submit the statement of the amount for the daily allowance and travel expense he is entitled to and the travel expense bill to the previous office.

(b) After examining the statement received pursuant to Clause (a), the concerned local body shall be required to pay the amount he is entitled to as per Rule. In making payment so the following shall be done:-

(1) Employees of first and second level shall be given air fair payable when traveling by short and economical air route as far as possible or bus fair, daily allowance entitled to under this Rule and One Thousand Rupees in lump sum for miscellaneous expense.

(2) Employees of third level shall be given air fair payable if travel by air will be less expensive or bus fair, daily allowance entitled to as per this Rule and One

Thousand Rupees in lump sum for miscellaneous expense.

- (3) If an employee has to travel on foot of the place having no transportation facility after being transferred, promoted or appointed as acting daily allowance shall be required to be given by calculating the days the travel will take by the rate of Twelve miles (Six *Kosh*) per days. If there remains a remainder upon dividing the *Kosh* to be walked on foot by five half a day's daily allowance shall be given for the remaining *Kosh* (One *Kosh* equals to Two miles).
- (4) Employees going to attend the deputed office, after being transferred, promoted or appointed as acting, shall be required to be given for the purpose of taking his family with him an additional amount equal the amount he is entitled to under Clause (a) or (b).

Provided that, additional amount will not be given for miscellaneous expense.

- (5) Employees traveling pursuant to this Sub-rule shall not be required to submit other bill receipt except the requisition letter and acceptance letter.

(3) While traveling within the country or abroad through the means of transportation like aeroplane, ship, train, bus, minibus etc. the employee shall be entitled to get the expenditure to be incurred for having an insurance done of Seven Hundred Fifty Thousand Rupees

during the period of his traveling or deputation on assignment, in traveling to the place to which he has been deputed and returning from that place.

(4) If an employee requires to be returned back home after being disassociated from the local service for whatsoever reasons, he shall be given from the office where from he is disassociated daily allowance and travel expense pursuant to this Rule of the level from which he was disassociated from service.

Provided that, such facility shall not be given to a temporary employee.

(5) In the event of death of any employee in the district of his /her deputation, his wife or her husband shall be given the daily allowance and travel expense entitled pursuant to this Rule from the office of his/her deputation in returning back to his /her home.

(6) If the travel by air transport is less expensive the competent authority may give an order to an employee of any level to use means of the air transport. In so giving an order there must be clearly specified the place from and to which the means of air transport shall be used.

(7) Save in cases where a travel is made after being transferred or promoted, an employee deputed on travel shall be required to submit the travel report along with the required bill, receipt by filling in the bill of daily allowance and travel expense he is entitled to as per rule to the concerned office within Seven days of the end of the travel.

Provided that, in the case of flight insurance it will be suffice to submit only such insurance number.

(8) The concerned District Development Committee shall be required to prepare and keep the description of distance from one place to another place within the district and make available to all local bodies within the district.

(9) If a decision is made to have a person other than the employee and official of a local body travelled inside Nepal or abroad in the work of a local body, the daily allowance and travel expense and other facilities he will be entitled shall be as stated in the concerned decision. Provided that, the rate of such daily allowance and travel expenses shall not be more than that of first level employee.

(10) An employee traveling abroad in connection with the work of a local body by aeroplane shall be entitled to the travel expense of economy class.

(11) An employee traveling countries referred to in Schedule-151 for international conference, seminar, ceremony, invitation, meeting, training, study tour, and in connection with any other work of a local body shall be given daily allowance at the rate provided for in the same Schedule.

Provided that, in case a hotel bill is submitted, the employee shall be given for stay expenses the amount under the bill and daily allowance only Forty percent of the daily allowance rate specified for that country. Stay expense in excess of the amount of the daily allowance rate shall not be paid. However, if daily allowance is given pursuant to this Rule in traveling abroad pursuant to this Sub-rule, he will be entitled to full daily allowance for departure day and in the case of arrival day one half of the daily allowance to be given for the immediate preceding day of the arrival day.

(12) In cases where an employee traveling abroad pursuant to Sub-rule (11) for international conference, seminar, ceremony, invitation, negotiation or meeting has been provided meals and accommodation on behalf of a friendly country or international agency but has not been provided pocket money, such employee shall be given ten United States dollar per day as pocket money. Pocket money shall not be given for a travel for training or study.

(13) Pocket money will not be given pursuant to Sub-rule (12) if a friendly country or international agency gives money for meals and stay.

Provided that, if the amount to be given pursuant to Sub-rule (12) for travel under Sub-rule (11) other than the travel for training or study is less than the daily allowance entitled to under this Rule, the deficit amount shall be given as daily allowance.

(14) In the transit countries of a travel to and from the country of deputation an employee will be entitled to only the amount as is provided for such countries.

(15) In cases where an employee traveling to and from abroad pursuant to Sub-rule (11) has to spend night in a transit country and the agency making available means of travel has not provided meals and accommodation in such country, he will be given the expense under Sub-rule (11) for the night spent.

(16) Daily allowance shall not be given for the days lived at the pleasure of an employee in excess of the days the travel route for an international conference, seminar takes and the days from the day before the beginning of the conference to the next day of the conclusion of the conference.

(17) If while traveling abroad pursuant to Sub-rule (11) an employee falls ill all of a sudden requiring medical treatment by being admitted into a hospital, the certified amount incurred in the treatment shall be paid, if not borne by the concerned agency, by a local body.

(18) Notwithstanding anything contained elsewhere in this Rule, an employee traveling bordering cities of India referred to in paragraph (5) of Schedule-151 shall be given daily allowance under Clause (a) of paragraph (2) of Schedule-151 and stay expense pursuant to Sub-rule (11).

(19) Employees deputed from a local body to participate an international conference, seminar, meeting, invitation, delegation, training, study, ceremony, fair etc. shall be given Seven Thousand Rupees in the case of first and second level employee and Five Thousand Five Hundred Rupees in the case of third level employee for clothing allowance.

Provided that, generally no employee shall be given clothing allowance until the visit program is fixed.

(20) Notwithstanding anything contained in Sub-rule (19), clothing allowance shall not be given in the following conditions:-

- (a) Save training, in traveling foreign border area adjoining to the border of Nepal.
- (b) Where there is a provision of a foreign government or union and organisations providing clothing allowance.

(21) In cases where an employee is not permitted to travel by the decision of a local body after giving him clothing allowance upon the travel programme having been fixed pursuant to the proviso to Sub-rule (19), the concerned employee shall be required to return the rupees received for clothing allowance within Thirty Five days from the date of having received that amount.

(22) If an employee who has received clothing allowance is himself unwilling to travel or resigns from service or disassociates himself from the service of the local body, he shall be required to return back the clothing amount in lump sum within Thirty Five days of having unwilling to travel or the resignation being accepted or being dismissed from the service.

(23) If an employee who is not permitted to travel on the occurrence of conditions under Sub-rule (22) is a service holder, the

salary paying officer shall recover the clothing allowance he has taken by deducting it from his salary and if he is out of service he shall be required to return back the amount within Thirty Five days of having been disassociated from the service. If he does not pay such amount within Thirty Five days the rupees received by him for clothing allowance shall be recovered from him as government dues pursuant to prevailing laws.

(24) An employee who has once received clothing allowance from Government of Nepal or an agency of Government of Nepal's undertaking or local body will not be entitled to another clothing allowance until Two years have expired from the date of having received clothing allowance.

(25) A person shall not so receive clothing allowance as to be double. A departmental action shall be taken against those who receive such allowance knowingly that it will be double and they shall be fined an amount equal to the clothing allowance amount and the fine and the clothing allowance shall be recovered from him.

(26) If an employee traveling abroad to participate an international conference etc after being deputed from Government of Nepal or local body or for training receives clothing allowance from a governmental or other agency, he will be given from the local body only the deficit amount out of the amount entitled to under this Rule.

(27) In cases where an employee has taken the reimbursement payment of the clothing allowance entitled to pursuant to Sub-rule (2) after returning from the visit for reasons of having failed to receive that amount for some reasons prior to traveling abroad to participate a conference, seminar, meeting, training, study, the period of Two years shall be computed for the purpose of Sub-rule (24) from the date of having travelled for participation.

(28) An officiating or acting employee traveling abroad shall be given the daily and travel allowances the post of the officiating or acting is entitled to.

(29) If a person is proved to have taken payment by submitting false statement for the purpose of taking facility available under this Rule, a double amount of the amount he has taken by submitting false statement shall be recovered by deducting it from his salary if he is in the service of the local body and in the case of others the amount shall be deducted from any amount they are entitled to and if the employee who has to make such deduction do not deduct the concerned local body shall be required to recover from the salary as well of the employee who does not deduct and a departmental action as well shall be taken against him.

40. Amendment of Rule 108 of the Principal Regulation: In the Principal Regulation, in proviso Sub-rule (1) to Rule 108, after the word "Committee" the words "four monthly and annual income and expenditure" shall be inserted.

41. Insertion of Rule 117A, 117A. and 117C. in the Principal Regulation: In the Principal Regulation, after Rule 117, the following Rule 117A., 117B. and 117C. shall be inserted:-

117A. Procedure for Recovery as Government Dues: (1) In order to recover the amount remaining to be recovered pursuant to Section 260 of the Act, a local body shall be required to publish a notice in a national and local newspaper in the name of the concerned person by giving Twenty One days time limit.

(2) Prior to publishing a notice under Sub-rule (1) the concerned local body shall be required to withhold or request in writing to withhold the property registered in the name of the person who is to pay the amount or in his family's name or the

amount, if any, he has to receive from a government office or a local body.

(3) If a request is made pursuant to Sub-rule (2) to withhold (property), a government office or local body shall be required to withhold and give information thereof to the local body.

(4) After expiry of the time limit stated in a notice under Sub-rule (1) and after the property or amount is withheld pursuant to Sub-rule (2), the local body shall be required to fill in the description of Schedule-153 of the Local Body (Financial Administration) Rules, 2056 (1999) and make available the same to the District Administration Office.

(5) Upon receipt of the description under Sub-rule (4), the District Administration Office shall be required to recover pursuant to prevailing law and make available the said amount to the local body within One year.

(6) A local body shall be required to make available in lump sum an amount equal to one percent of the amount required to be recovered pursuant to this Rule to the District Administration Office for administrative expense.

(7) Out of the amount recovered pursuant to this Rule a local body may make available up to one percent amount to the police personnel deputed to that work and upto One percent amount to the employee of the District Administration Office as reward on the recommendation of the chief of the said body.

117B. To Make Inquiry About the Amount Failed to be Recovered:

(1) If the secretary of a District Development Committee or Municipality submits a report along with causes before the District Development Committee or Municipality stating that an

amount more than Fifty Thousand is not recoverable, the concerned District Development Committee or Municipality may constitute the following committee by specifying time limit according to necessity for submission of a report after making inquiry in to it:-

- (a) Chairperson of the account committee constituted pursuant to sub-section (4) of Section 188 of the Act -Coordinator
- (b) Chief of the Funds and Accounts comptroller's Office or an officer level employee designated by him - Member
- (c) Officer level employee of the District Administration Office -Member
- (d) Officer level expert designated by the committee as per necessity -Member
- (e) Secretary of the District Development Committee or Municipality or an officer level employee designated by him - Member
Secretary

(2) The committee under Sub-rule (1) shall itself determine its procedure.

117C. To Remit Arrear or Advance:(1) An inquiry under Rule 117B. shall be caused to be carried out for an arrear amount required to be settled by giving remission pursuant to Sub-rule (4) of Rule 117 or if an arrear is required to be settled due to the death or

disappearance of the employee or official who had taken advance or due to other divine accidental event.

Provided that, if an arrear or advance of less than Twenty Five Thousand amount is required to be settled by giving remission, the chief of the financial administration section shall be required to submit along with causes and proof thereof to the secretary and the secretary, if he considers it appropriate to remit the arrear, shall be required to recommend to the District Development Committee for remission.

(2) The District Development Committee shall be required to submit before the District Council along with causes, proof and justification for remission the amount concluded to be irrecoverable from the investigation carried out pursuant to Rule 117B. or the advance or arrear amount recommended pursuant to Sub-rule (1) for remission.

42. Amendment of the Rule 130 of the Principal Regulation: For Clause (e) and (f) of Rule 130 of the Principal Regulation, the following Clause (e) and (f) shall be substituted:-

(e) Chief of the District Technical Office.

(f) Planning and administrative Officer of the District Development Committee or in his absence an officer level employee designated by the President.

43. Amendment in Schedule of the Principal Regulation: For Schedule-151 of the Principal Regulation, Schedule attached herewith shall be substituted.