

**Minimum Condition and Performance Measure Assessment
Manual, of Village Development Committee 2009**

(with amendment and Revision)

**Government of Nepal
Secretariat of Local Bodies Fiscal Commission**

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Acronyms

DDC:	District Development Committee
VDC:	Village Development Committee
FA:	Financial Audit
IFA:	Internal Financial Audit
LBFC:	Local Bodies Fiscal Commission
MCS:	Minimum Conditions
PMs:	Performance Measures
NPC:	National Planning Commission
FY:	Fiscal Year
MCPM:	Minimum Conditions and Performance Measures

Chapter 1

Preliminary

1.1 Preamble

Local Self Governance Act (LSGA) 1998 assure to collect tax to District Development Committees (DDCs) and Government of Nepal (GoN) providing block grant to as provisioned in section 236 of the same act. Addition and deduction on the annual block grant is provisioned on the basis of best performance of local bodies and rewarding the local bodies is provisioned in the LSGA financial regulation 1999 of law 273 "Gha" assessing indicator based Minimum Conditions and Performance Measures (MCPM). To implement that provision LBFC was undertaking assessment of the performance based on the Minimum Conditions (MC) since FY 2007/2008. It was realized that there is necessary to change the prevailing practice and this provision has been amended and revision in FY 2012/2013 and added indicators of performance measures and hence is under implementation.

1.2 Short Title and Commencement

- a) Name of this operational manual is "Minimum Conditions and Performance Measures Operational Manual 2066, (With amendment and revision)
- b) The indicators of Minimum Conditions (MC) mentioned in this operational manual applied for the assessment of works done from FY 2012/2013. Indicators of Performance Measures (PM) shall be applicable in the VDCs selected by secretariat in first year (works done in the FY 2012/2013) and from the second year (FY 2013/2014) shall be applicable in all VDCs.

1.3 Definition

Unless the subject or context otherwise required, in this manual,

- a) "Act" means the Local Self Governance Act, 1998,
- b)"Regulations" means Local Self Governance Regulations, 1999
- c)"Financial and Administration Regulation" means Local Bodies Financial and Administration Regulation 2064,
- d)"Village Development Committee" means formed Village Development Committee under article 12 of Local Self Governance Act 1998
- e) "District Development Committee" means formed District Development Committee under article 176 of Local Self Governance Act 1998
- f)"Commission" means Local Bodies Fiscal Commission,

- g) Ministry means, Ministry of Federal Affairs and Local Development,
- h) "Local Development Officer" means, Local Development Officer who also act as secretary of District Development Committee,
- i) "Minimum Conditions" means indicators and works that must be done under Local Self Governance Act and the regulations under this act other laws and manual related to Village Development Committee that must be done by the Village Development Committee mentioned in chapter 2 of this manual and measuring methods as mentioned in this manual.
- j) "Performance measure" means the indicators of performance measures including methods of measurement mentioned in chapter three (3) of this guideline
- k) "Member Secretary" means member secretary of Local Bodies Fiscal Commission (LBFC)
- l) "Secretariat means" secretariat of Local Bodies Fiscal Commission (LBFC)
- m) "Fiscal Year" means period of started from Shrawan 1 (July/Aug) to end of Ashad (June/July)
- o) "Current FY)" means FY when the evaluator teams undertake evaluation
- p) "Last FY" means the previous FY when the evaluator teams undertake evaluation
- q) "Previous FY of Last FY" means two years back FY of the current FY
- r) "VDC Secretary" means secretary of the Village Development Committee
- s) Focal Person" means the contact official in the concern DDC who is deputed to coordinate the Minimum Conditions of Performance Measures of the Village Development Committee
- t) "Resource Mobilization Guideline" means Local Bodies Resource Mobilization and Management guideline 2012

Chapter- II

Indicators of the Minimum Conditions and its measurement method

2.1 Minimum Conditions (MCs)

Under the Minimum Conditions there are seven (7) indicators

Indicator points	Name of the Indicator
1.	Planning and approval of budget
2.	Annual Progress Review
3.	Inventory of income-expenditure and utilization of grant
4.	Final Financial Audit
5.	Kinds/Commodity goods (<i>Jinsi</i>) management
6.	Social Protection Programme
7.	Personnel Management

2.2. Explanation of the Minimum Conditions and Measurement Method

Indicator: 1 Planning and approval of budget

1.1 Explanation of the indicator and basement of its law/policy

Under the Article 26 (1) (Ka) and Article 43 (1) of Act, annual program and budget planning for the current fiscal year must be approved by the VDC council before the end of *Poush* (Dec-Jan).

1.2 Table for measurement

SN	Status of the approval of annual program and budget	Yes	No
1	The annual program and budget of the current FY approved by the VDC council before the end of <i>Poush</i> (Dec-Jan)		
2	Submission of approved annual program and budget to DDC before the end of <i>Magh</i> (Jan- Feb)		

1.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be fulfilled.

1.4 Sources of verification

- Notice on the call of VDC council and invitation letter to stakeholders
- Attendance register of the VDC council, minute and the approved village development plan
- Covering letter of submission of village development plan to DDC

Indicator: 2 Annual Progress Review

2.1 Explanation of the indicator and basement of its law/policy

The VDC must undertake annual progress review of the activities undertaken during the previous FY within the first trimester of last FY according to Article 52 of the Act.

2.2 Table for measurement

SN	Status of annual progress review	Yes	No
1	Annual progress review of the activities undertaken by the VDC during previous FY done within the first trimester of last FY.		
2	Minute with decisions of the review meeting along with attendance of the participants		
3	Submission of progress review report with covering letter within one month from the date of progress review held to the concern DDC		

2.3 Measurement Method: If there will by (√) in all boxes Minimum Conditions shall be fulfilled.

2.4 Sources of verification

- Letter of invitation to attend in the review meeting to the stakeholders
- Attendance register of the review meeting
- Decision of the review with report
- Office copy of covering letter of the report submission

3. Details of income-expenditure and utilization of the grant

3.1 Explanation of the indicator and basement of its law/policy

Based on the Article 55 of the Act on revenue/tax collection and Article 60, the income in the village development fund and expenditure from the village development fund must be in accordance to the format specified in the law 18 of Local Bodies Financial and Administrative guideline 2064 (2007). Also, the capital budget must not be expended on the activities that are *current* in nature.

3.2 Table for measurement

SN	Status on utilization of grant and income-expenditure details	Yes	No
1	All the internal income are kept in compliance with income receipt (specified in annex 9)		
2	Utilization of heading-wise revenue/tax collection book (Annex-		

	10)		
3	Utilization of bank cash book (annex: 17)		
4	Maintain the advance book (Annex: 20) and kept the details of advance		
5	No expenditure in activities of <i>current</i> nature activities from the capital grant provided by the Government of Nepal.		

3.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be fulfilled.

3.4 Sources of verification

- Income receipt
- Book of heading-wise daily tax collection
- Bank cash book
- Advance book
- Detail of expenditure, financial detail and financial audit report

Indicator: 4 Final Financial Audit

4.1 Explanation of the indicator and basement of its law/policy

Based on the Article 69 of the Act, financial audit of all the financial transactions of the previous FY of last FY must be done within last FY. (This indicator is confirming as fulfilled if the DDC did not appointed financial auditor for final financial audit).

4.2 Table for measurement

SN	Status of the financial audit	Yes	No
1	Name of the financial auditor from among the short-listed financial auditor with recommendation forwarded to DDC within the first trimester of last FY.		
2	Final financial audit of all the income and expenditure of previous FY of the last FY completed within the last FY		
3	The financial audit duly submitted and discussed in the VDC council.		

Note: If incase on completion of the VDC council, financial audit report of previous FY of last FY is not received, the financial audit of the previous FY and if the financial audit report of the previous FY has

already been submitted, unstated amount and progress on the settlement of the unstated amount must be discussed and decisions must be done on it.

4.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be met.

4.4 Sources of verification

- Letter of VDC to DDC recommending name of financial auditor
- Letter of DDC on appointment of financial auditor for final audit
- Report of final financial audit
- Decision of VDC council

5. Commodity goods management

5.1 Explanation of the indicator and basement of its law/policy

Based on the Article 32 section (chha) of Act and in accordance to law 212 and 213 of administrative financial regulation 2064 (2007), inventory of own current (commodity good) and fixed (land, building and public property etc) must be maintained.

5.2 Table for measurement

SN	Status on the management of commodity goods	Yes	No
1	Inventory of all expendable commodity goods maintained in accordance to annex 50 of administrative and financial regulation		
2	Inventory of all non expendable commodity goods maintained in accordance to annex 51 of administrative and financial regulation		
3	Maintain inventory all fixed assets under own ownership		

5.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be fulfilled.

5.4 Sources of verification

- Inventory of all expendable and non expendable commodity goods (annex 50 and 51 of administrative and financial regulation)
- Land ownership certificate of the land under the name of VDC

Indicator: 6 Social security/protection programs

6.1 Explanation of the indicator and basement of its law/policy

The VDCs must submitted updated list of people who are eligible to receive social security/protection allowance in the current FY in accordance to social security/protection program operational manual

2065 (2008) and the advance taken for this purpose must be settled within the time frame as specified in the law.

6.2 Table for measurement

SN	Status on implementation of social protection program	Yes	No
1	Letter coding the updated list of the citizen eligible to receive social security/protection allowance for the current FY before the end of <i>Poush</i> (Dec-Jan) to DDC		
2	Certified list of citizen who receive social security/protection allowance in last FY with photograph of citizen who received		
3	The advance taken from DDC for the distribution of social security/protection allowance settled within 35 days from the date of taking advance.		

6.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be fulfilled.

6.4 Sources for verification

- Letter to DDC with updated list of all citizens who are eligible to receive social security/protection allowance.
- List of citizen with receipt of who received allowance
- Advance taken for social security/protection allowance, distribution receipt and study on the details submitted to DDC.
- Evidence advance settlement

7. Personal management

7.1 Explanation of the indicator and basement of its law/policy

In accordance to Article 249 of Act, Local Bodies must prepare list of manpower based on the work load with detailed Terms of reference (ToR) and take approval from the VDC council. The council must manage the budget required for salary, allowance, money to deduct for provident fund; gratuity and pension while deciding the personnel requirement. Also the person who is recommended by the position fulfillment committee under the law 215 must be appointed under the law 216.

6.2 Table for measurement

SN	Status on the personnel management	Yes	No
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1	The staff positions approved by the council following all the process provisioned in the Article 249		
2	Appointment done in the approved position, in recommendation with position fulfillment committee paying due attention that the administrative expenditure will not cross the limit		
3	Decision of the position fulfillment done in presence of representative of public service commission		
4	No permanent appointment done beyond going to the approved position		
5	No temporary appointment done in the permanent positions		

Note: All the above mentioned provisions must be undertaken while taking any action of creating position and fulfilling the positions in last FY.

7.3 Measurement Method: If there will be (√) in all boxes Minimum Conditions shall be fulfilled.

7.4 Sources for verification

- Decision of the VDC council
- Process documents while creating the position
- Minute of position fulfillment committee and decisions
- Final financial audit report
- Approved positions and details of position fulfillment

Chapter III

Indicators for Performance Measures, allocated points and methods of measurement

3.1 Indicators of performance measures and allocated points

There are thirteen (13) indicators for performance measures of VDCs. Name of the indicator and allocated points are as follows:

Indicator	Name of Indicator	Allocated points
1	Formulation of participatory village development plan	15
2	Status on budget release and expenditure	10
3	Budget allocation and expenditure on targeted group and area development program	10
4	Publication of detail of the income-expenditure	10
5	Implementation of social security/protection program	5
6	Details/inventory of vital registration	5
7	VDC profile	5
8	Citizen chattered	5
9	Public audit	5
10	Measurement and settlement of completed project (<i>Janch pass-Farfarak</i>)	5
11	Management of internal resources	10
12	Public hearing	5
13	Advance and unstated amount	10
	Total points	100

3.2 Explanation of indicators and its measurement method

Indicator: 1 Formulation of participatory village development plan

1.1 Explanation of the indicator and basement of its law/policy

Plan formulation must be done following the participatory process as provisioned in Article 43 of the Act and law 66 of the guideline.

1.2 Table for measurement

SN	Status on the approval of annual program and budget	Yes	No
1	Assessment of all the resources available in the village development fund		
2	Ward assembly conducted		
3	Village development projects and activities prioritization done by the integrated planning committee meeting		
4	Project-wise/ activity-wise budget allocation done		
5	Approved village development plan publicize in the notice board for the information of people in the VDC area within one (1) month of approval.		

1.3 Method of providing points: If there will be (v) in all boxes of "Yes", fifteen points, if there is (v) in four boxes of "Yes" ten points, if there is (v) in three boxes of "Yes" five points and zero points for otherwise.

1.4 Sources for verification

- Minute of ward level assembly
- Minute of integrated planning committee
- Notice on calling VDC council and letter of invitation for it
- Decision book of the VDC council and approved village development plan
- Evidence of publicizing approved village development plan with signatory of witness.

Indicator: 2 Budget release and expenditure

2.1 Explanation of the indicator and basement of its law/policy

Trimester budget must be requested based on the available grant from Government of Nepal and approved program budget, and made expenditure lying within the resource mobilization operational manual.

2.2 Table for measurement

SN	Status on budget release and expenditure	Yes	No
1	Request for trimester budget release VDC grant as available		
2	More than 80 percent expenditure on the available VDC grant of approved activities by the council		

2.3 Method of providing points: If there will be (v) in all boxes of "Yes", ten points, if there is (v) in one box of "Yes" five points, and zero otherwise.

2.4 Sources for verification

- VDC annual program and budget book
- Xerox copy of VDC's request for budget release
- General voucher of income after getting released budget
- Bank cash book and annual financial statement

Indicator: 3 Targeted group and area development program budget allocation and expenditure

3.1 Explanation of the indicator and basement of its law/policy

Out of total available capital budget of last year, VDC must allocate budget for targeted group and area development program as specified by resource mobilization operational manual.

3.2 Table for measurement

SN	Status of allocation and expenditure on targeted group and area development	Yes	No
1	Last year's VDC council allocate minimum of ten percent budget for current FY program that provide direct benefit to women and children of poor group		
2	Last year's VDC council allocate at least fifteen (15) percent budget for the activities that directly benefit to economically poor of all ethnic group, economically and socially deprived group and section as declared by Government of Nepal publishing notice as targeted group and community .		
3	Project wise budget sanction as per allocation in point 1 and 2 mentioned above.		
4	Last year's council allocate budget for current year on agriculture sector as specified		
5	Eighty (80) percent expenditure done out of allocation for mentioned group and area in 1,2,and 4 above		

3.3 Method of providing points: If there will be (v) in all boxes of "Yes", ten points, if there is (v) in one box of "Yes" five points, and zero otherwise.

3.4 Sources for verification

- Approved annual program and budget
- Decision book of VDC
- Allocated budget for targeted group and area, contract of the approved project, project completion report, project-wise expenditure and monitoring and decision on the completion of project

Indicator: 4 Publication of the income and expenditure

4.1 Explanation of the indicator and basement of its law/policy

Income and expenditure of last FY must be publicized before the end of Shrawan (July-Aug) of current FY as per Article 65 (5) of the Act.

4.2 Table for measurement

SN	Status on the publication of income and expenditure	Yes	No
1	Income and expenditure of last year publicize before the end of Shrawan (July-Aug) of current FY at VDC notice board, health institutions and school of nearby area.		
2	Forwarded income and expenditure details to concern DDC within 35 days from the day of completion of last FY		
3	Publicize the monthly income collection and expenditure detail at the notice board in last FY		

4.3 Method of providing points: If there will be (v) in all boxes of "Yes", ten points, if there is (v) in one box of "Yes" five points, and zero otherwise.

4.4 Sources for verification

- Publicized detail of income and expenditure duly signed by witness
- VDC board decision or decision of the council
- Proof of publicized monthly detail of income and expenditure

Indicator: 5 Social security/protection program

5.1 Explanation of the indicator and basement of its law/policy

Based on the social security/protection operational manual, updated list adding and removing the name of people who are eligible to receive social security/protection allowance, distribution of social security/protection allowance, settlement of advance must be publicized.

5.2 Table for measurement

SN	Status on implementation of social protection program	Yes	No
1	Updated list after removing the name of persons who died and migrated but getting social security/protection allowance in last FY.		
2	Publicized name list of the people who received social security/protection allowance in last FY before the end of Shrawan (July-Aug) of current FY on notice board of VDC, health institution and other public places		

5.3 Method of providing points: If there will be (v) in all boxes of "Yes", five points, if there is (v) in one box of "Yes" two points, and zero otherwise.

5.4 Sources for verification

- List of persons who received social security/protection allowance
- List of people after deleting dead and migration
- Notice with signature of witness

Indicator: 6 Vital Registrations and record

6.1 Explanation of the indicator and basement of its law/policy

Based on the birth, death and other personal (event registration) Act, 2033 (1976), VDC must maintain birth, death, marriage, migration and divorce events on monthly and annual basis and record must be forwarded to DDC.

6.2 Table for measurement

SN	Status on vital registration and recording	Yes	No
1	All the five personal events registration are well recorded and updated		

2	All the forms related to vital registration (birth, death, marriage, migration) notice form provided on free of cost		
3	Vital registration details of last year forwarded to DDC on monthly basis		
4	Annual vital registration details forwarded to DDC before the end of Baisakh (April-May) of last FY.		

6.3 Method of providing points: If there will be (v) in all boxes of "Yes", five points, if there is (v) in three box of "Yes" two points, and zero otherwise.

6.4 Sources for verification

- Record of vital registration (registration book)
- Monthly and annual points of event registration
- Dispatched register
- Issued covering letter of forwarding

Indicator: 7 Village Profile

7.1 Explanation of the indicator and basement of its law/policy

VDC must collect the basic information from the VDC area and prepare detail showing overall picture of VDC. Information must be collected using the format developed by Ministry and forwarded to DDC. Such profile must be updated in every five (5) years.

7.2 Table for measurement

SN	Status on village profile	Yes	No
1	Village profile prepared in accordance to the format developed by the ministry		
2	Village profile approved by VDC council		
3	The updated profile forwarded to DDC		

7.3 Method of providing points: If there will be (v) in all boxes of "Yes", five points, if there is (v) in two boxes including first point "Yes" two points, and zero otherwise.

7.4 Sources for verification

- Village profile
- Decision of VDC council
- Dispatched register
- Issued covering letter of forwarding profile to DDC

Indicator: 8 Citizens Chartered

8.1 Explanation of the indicator and basement of its law/policy

VDC must display citizen chartered in VDC premises where every service seeker can see and understand mentioning the services available in the VDC and responsible personnel, required fee, time required and process to be followed by the service seeker on the program implementing by VDC.

8.2 Table for measurement

SN	Status on citizen chartered	Yes	No
1	Citizen chartered displayed in VDC premises where every service seeker can see and understand		
2	Citizen chartered clearly mentioned the services available in the VDC, responsible personnel, required fee, time required and process to be followed by the service seeker on the program implementing by VDC.		

8.3 Method of providing points: If there will be (√) in both two boxes of "Yes", five points, and zero otherwise.

8.4 Sources for verification

- Details of citizen chartered
- Citizen chartered board
- Observation of the office

Indicator: 9 Public Audits

9.1 Explanation of the indicator and basement of its law/policy

Public Audit must be done after completing the infrastructure related projects in presence of beneficiaries and stakeholders.

9.2 Table for measurement

SN	Status on Public Audit	Yes	No
1	Public Audit done of all infrastructure related projects		
2	Public Audit done of 80 percent or more infrastructure related projects		

9.3 Method of providing points: If there will be (v) in all boxes of "Yes", five points, if there is (v) in two boxes including first point "Yes" three points, and zero otherwise.

9.4 Sources for verification

- Decision of public audit
- Technical report of projects
- Dispatched register
- Issued covering letter of forwarding profile to DDC

Indicator: 10 Quality Assurance and settlement of the projects

10.1 Explanation of the indicator and basement of its law/policy

Footing on the Article 33 of Act, law 68 of regulations and law 53 of administrative and financial regulation, in case of infrastructure related projects after receiving technical report from the project implementer and for other project after receiving technical and financial report, quality assurance and settlement of completed project must be done within 35 days of submitting the project completion report by the implementer.

10.2 Table for measurement

SN	Status on quality assurance and settlement of completed projects	Yes	No
1	Quality assurance and project settlement of the completed projects done before the end of Ashad (June-July)		

10.3 Method of providing points: If there will be (v) in all boxes of "Yes", five points, and zero otherwise.

10.4 Sources for verification

- Decisions of quality assurance and settlement of completed projects
- Decision book of the VDC council

- Technical reports of the project
- Issued covering letter of forwarding profile to DDC

Indicator: 11 Management of Internal resources

11.1 Explanation of the indicator and basement of its law/policy

Income of the VDC must be increased footing on Article 55,56, 57 and 58 of Act. For the purpose VDC must forecast the possible income sources identifying local resources before the VDC council.

11.2 Table for measurement

SN	Status on the management of internal resources	Yes	No
1	Feasibility study on projection of internal income done for current FY to increase in internal income		
2	More than ten (10) and less than twenty (20) percent increment in internal resources in last FY compare to previous FY of last FY		
3	More than twenty (20) percent increment in the internal resource in the last FY compared to previous FY of last FY.		

11.3 Method of providing points: If there will be (v) in first and third boxes of "Yes", ten (10) points, If there will be (v) in first and second boxes "Yes", five (5) and zero for otherwise.

11.4 Sources for verification

- Forecasting of the income
- Financial details of internal income
- Decision book of VDC council

Indicator: 12 Public hearing

12.1 Explanation of the indicator and basement of its law/policy

Based on Good Governance (Management and execution) Act 2063 and guidelines related to it and public hearing operational manual, VDC must organize regular public hearing on the activities implemented and service delivery. In the public hearing participation of the stakeholders with meaningful representation of women, dalit and disadvantaged group should be assured and the participants must provide opportunity to put their concern on it. After completing the public hearing, report must be submitted to VDC meeting.

12.2 Table for measurement

SN	Status on the public hearing	Yes	No
1	At least two public hearing done assuring one per trimester		
2	Only one public hearing done		

12.3 Method of providing points: If there will be (v) in first box of "Yes", five (5) points, If there will be (v) in second boxes "Yes", five (2) and zero for otherwise.

12.4 Sources for verification

- Minute of public hearing conducted in last FY with attendance of the participants.

Indicator: 13 Advance and Advance settlement

13.1 Explanation of the indicator and basement of its law/policy

Settlement of the advance must be updated as specified time frame in law 190,191 and 192 of administrative and financial guideline. Settlement of the advance of village development fund in previous FY of last FY must be done in accordance to the financial audit and maintain updated advance sheet.

13.2 Table for measurement

SN	Status on the advance and advance settlement	Yes	No
1	No advance on the expenditure of last FY		
2	Only five (5) percent advance on the expenditure of last FY		
3	Out of total cumulative advance of previous FY of last FY, 75 percent settlement done		
4	Updated list of unstated amount kept		
5	Out of total unstated amount, 75 percent or more settlement done		

12.3 Method of providing points: If there will be (v) in first, third, fourth and fifth box of "Yes", ten (10) points, If there will be (v) in any three boxes "Yes", five (5) and zero for otherwise.

12.4 Sources for verification

- Detail of advance and expenditure of last FY
- Details of balance advance of previous FY of last FY
- Details of settlements

Chapter IV

Quality Assurance Audit

4.1 Objectives of quality assurance audit

Quality assurance audit is done to increase the level of confidence and truthfulness on the Minimum Conditions and Performance Measures that directly affect the capital grant to be provided by the Government of Nepal to the VDC. Following are the objectives of this audit:

- Make effectiveness and reliability of MCPM process
- Prepare real and quality MCPM report
- Increase professional accountability among the evaluators
- Provide feed-back for improvement in the measurement process

4.2 Selection of the VDCs for quality assurance audit

Using the appropriate methods as specified by the secretariat, 3-5 VDCs shall be selected from each district for quality assurance audit.

4.3 Result of the quality assurance audit

In case, quality assurance audit report identify and proved that the MCPM evaluator who report by twisting the information, wrong interpretation of the information or altering the result due to negligence or falling on the influence, remaining payment of such evaluators will be withheld and keep them in black list. However, before taking any action to them, concern evaluators are given opportunity for clearance.

Chapter V

Management of Minimum Conditions and Performance Measures

5.1 Management of Accountability of Minimum Conditions and Performance measures

Concern DDCs shall undertaken Minimum Conditions and Performance Measures of VDC in general direction of the Local Bodies Fiscal Commission. The budget required for undertaking MCPM of the VDCs shall be provided to concern DDC in every FY.

5.2 Report management of measurement work

The MCPM study should be done in accordance to the format designed by local body fiscal commission and the report of MCPM should forward to local body fiscal commission before the end of Magh (Jan-Feb) in every fiscal year. If incase, the report need to be adjusted to the quality assurance audit, local bodies fiscal commission will do it and will forward to Ministry of Federal Affairs and Local Development with the list of VDCs and recommendation on addition or deletion of annual unconditional grant.

5.3 Pre notice for Audit

Before conducting MCPM study, concern DDC will disseminate the message and orient VDCs to provide sufficient information on different indicators of MCPM, methods of measuring these indicators and the consequences of MCPM result. Organizing assembly, workshop and using communication means concern DDC will provide information to all VDCs, stakeholders and general people on the consequences on the grant from the government of Nepal and donor agencies when the VDCs fail to perform the job to be done.

5.4 Methods of Minimum Conditions and Performance Measures

Since the result of MCPM directly affect on the provisional grant to the VDCs, concern authorities has to be careful and serious to undertake the job to be done. Secretariat of Local Bodies Fiscal Commission and concern DDC will do following job to conduct MCPM:

- Inform and Orient the authorities and staffs in the VDCs on the background, justifications, objectives, indicators, methods of measurement of MCPM and its direct and indirection effect on the provisional grant to VDCs.
- To provide enough time to prepare the detail information on the indicators, explanation of indicators, means of verification, sources of information of MCPM study, VDCs will be provided

information on the arrival of MCPM team seven (7) days before the MCPM team's arrival in the VDC.

- DDC will follow transparent process to select neutral, independent and experienced MCPM team to assure that no any pre-assumptions (*Purbagraha*) are enforced. Before the final selection of the evaluators, curriculum vitae of the evaluators will be forwarded to LBFC and taken consent.
- Details of selection criteria, minimum qualification marks allocated for qualification, and experiences of the evaluators should be stick on notice board of the DDC.
- In-depth orientation on the indicators, explanation of indicators, methods and process should be given to the evaluators by the DDCs.
- The VDCs should provide true information to the evaluators required for the study during the study time.
- The MCPM study of the VDC should be done on the basis of indicators mentioned in this operational guideline. Indicators should not be interpreted differently, if in any case confusion created, concern DDC and LBFC shall be consulted to clarify on the confusion.
- If the VDCs will not satisfy with the result of MCPM study, can complain to the concern DDC. Local Development Officer in consultation and discussion with supervision committee will settle the complaint as soon as possible.
- The MCPM focal person and other staff of the DDC will be oriented by LBFC organizing regional or district level workshop.
- One day orientation program will be organized by DDC jointly to appointed evaluators and VDC secretaries.
- After analyzing MCPM study result, details of result should be kept/displayed by the DDC in its information section and forward to LBFC.
- DDC should supervise and monitor to assure the quality of MCPM study of the VDC.
- Required support, supervision and monitoring of the VDC MCPM study implementation will be provided by LBFC to the DDCs.
- The MCPM evaluator after reaching to the VDC should organize a meeting inviting VDC officials, concern stakeholders on the indicators and impact of measurement before starting the study. Also the evaluator should take a letter entitled" MCPM study done" in the VDC. No result of the study shall be disclosed.

5.5 Experience and qualification of the evaluator

The evaluator must be at least bachelors' degree from recognized university with at least one year work experience in officer level in rural/community development or social mobilization or public agencies. But

- An individual who is local to the VDC cannot be selected as an evaluator
- The staff member of concern DDC and same VDC cannot be selected as an evaluator
- Paying due attention to the local situation in the district, additional qualification shall be provisioned by the concern DDC getting approval from the evaluator selection committee.
- The additional qualification of an evaluator shall be as specified by secretariat.

5.6 Evaluator selection committee

To undertake the VDC MCPM study the evaluator section committee shall be formed:

SN	Position	Institution/office	Responsibility
1	Local Development Officer	Office of District Development Committee	Coordinator
2	Officer representative	District Technical Office	Member
3	Officer representative	Office of District Treasury Control	Member
4	Officer representative	Officer from government line agencies in the district as nominated by the Local development Officer	Member
5	Planning, monitoring and administrative officer	Office of District Development Committee	Member-secretary

Note:

- 1) In absence of planning, monitoring and administrative officer, officer from DDC nominated by Local Development Officer shall be the member-secretary
- 2) Member of the evaluator selection committee shall not be an evaluator

5.7 Function of an evaluator selection committee is as follows:

- This committee will select the evaluator and undertake VDC MCPM based on the qualification and experience as specified in point 3.6. Additional criteria shall be fixed by the committee to select the evaluators.

- Depending on the geographical situation of the VDCs the committee shall divide 3-5 VDCs in a cluster. Only one evaluator shall be appointed to undertake MCPM study of a cluster.

5.8 Functions and responsibilities of evaluator

- Once the evaluator reach to the VDC, s/he should organize a meeting inviting VDC officials, representatives of political parties and other stakeholders and brief on the definitions/ explanation of indicator, who shall be the appropriate person to provide specific documents required and when the documents shall be provided for MCPM study will be briefed.
- The evaluator should collect required information from responsible official of concern unit/section/sub-section.
- The collected documents by the evaluators should be certified by the VDC secretary.
- After completing the measurement process, the evaluator should get a certified letter from the VDC secretary that the measurement has been completed.
- LBFC shall undertake quality assurance study selecting VDCs representing all development regions. If the result of the quality assurance study and MCPM study seems wide difference, MCPM study shall be cancelled.

5.9 Supervision committee

Following supervision committee shall be formed for coordination, facilitation and supervision of VDC MCPM study:

SN	Position	Institution/Office	Responsibility
1	Chairperson	District Development Committee	Coordinator
2	Local Development Officer	Office of District Development Committee	Member
3	Planning, monitoring and administrative officer	Office of District Development Committee	Member
4	Focal person of DDC focal person	Office of District Development	Member- secretary

5.10 Function, role and right of the supervision committee

- The committee shall monitor and supervise the MCPM study undertaken by the evaluator.
- Coordinate and facilitate MCPM study as per requirement
- Resolve the conflict and problems arise in the VDC during the course of MCPM study.
- Perform other job as specified by Ministry of Federal Affairs and Local Development and LBFC.

5.11 Provision for appeal on the result of MCPM

The evaluator shall be submitted MCPM study report as format specified in the annex: 1 to concern DDC. DDC will forward the same report to the concern VDC for their review and comments. In case the VDC is not convinced with the report of evaluator, VDC shall apply to the Local Development Officer for review with proven documents within 7 days of receiving the report. Final decision shall be done by the Local Development Officer after collecting truths as follows:

- Ask additional means of verification on the points specified in the letter from the evaluator.
- If the additional means of verification is seems not sufficient, depute other evaluator or depute member of supervision committee for review.
- If the result of the re-evaluation found true to the application done by the VDC first report shall be cancelled and approved the second report and this decisions shall be forwarded to the concern VDC. If the difference is found due to negligence or serious mistake, if the evaluator has taken any advance shall be refunded and s/he will be alerted.
- If in case the VDC's claim will be proven wrong the concern VDC shall asked for payment for the cost incurred for re-evaluation and that money shall be deducted from the provisional grant to the VDC.

5.12 Process of distribution of the MCPM based grant

If the VDC fail to perform minimum condition, no any additional capital grant shall be provided despite the minimum grant. Additional capital budget shall be distributed as follows:

- If the minimum condition is performed and minimum score/points in performance measure will not be meeting, 20 percent capital budget shall be deducted from the provisional capital budget.
- Among the MCPM passed VDCs one each best performing VDC will be provided additional 20 percent capital budget.
- Distribution of the capital budget for the remaining VDCs will be done as follows:
 - From among the list of higher score VDCs 25 percent VDC will receive 15 percent additional capital budget
 - Next 25 percent VDCs from the list will receive 10 percent additional budget
 - The capital budget will be deducted by 10 percent from among the next 25 percent VDCs from the list

- Remaining 25 percent VDCS who are at the bottom of the list will get capital budget deducting 15 percent from the allocation.

Note: The formula based grant for the VDC will be distributed based on the MCPM result within the district.

5.13 Implementation of the operational guideline

Based on this operational guideline, sample selection will be done as approved measurement indicators for the MCPM as a pilot study in the first year that will not affect for the grant distribution. From the second year onward, it will be fully implemented and tied with the grant distribution system.

5.14 Act as operational guideline

The provisions mentioned in this operational guideline will be enacted as per this guideline and not mentioned in the guideline will be as per current act and laws.

5.15 Special authority for resolving the complications (*Badha Adkau Fukau*)

The final authority for resolving complication shall lie on LBFC while implementing this operational guideline.